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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 1-33409

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T-MOBILE US, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-0836269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12920 SE 38th Street
Bellevue, Washington
(Address of principal executive offices)
98006-1350
(Zip Code)
(425) 378-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	TMUS	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

As of June 30, 2021, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $86.1 billion based on the closing sale price as reported on the NASDAQ Global Select Market. As of February 7, 2022, there were 1,249,289,954 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K will be incorporated by reference from certain portions of the definitive Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A or will be included in an amendment to this Report.

T-Mobile US, Inc.
Form 10-K
For the Year Ended December 31, 2021

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of this Form 10-K, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- adverse impact caused by the COVID-19 pandemic (the "Pandemic");
- competition, industry consolidation and changes in the market for wireless services;
- disruption, data loss or other security breaches, such as the criminal cyberattack we became aware of in August 2021;
- our inability to take advantage of technological developments on a timely basis;
- our inability to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture;
- system failures and business disruptions, allowing for unauthorized use of or interference with our network and other systems;
- the scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use;
- the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of the Transactions (as defined below), including the acquisition by DISH Network Corporation ("DISH") of the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Personal Communications Company LLC ("Shentel") and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business"), and the assumption of certain related liabilities (collectively, the "Prepaid Transaction"), the complaint and proposed final judgment (the "Consent Decree") agreed to by us, Deutsche Telekom AG ("DT"), Sprint Corporation, now known as Sprint LLC ("Sprint"), SoftBank Group Corp. ("SoftBank") and DISH with the U.S. District Court for the District of Columbia, which was approved by the Court on April 1, 2020, the proposed commitments filed with the Secretary of the Federal Communications Commission ("FCC"), which we announced on May 20, 2019, certain national security commitments and undertakings, and any other commitments or undertakings entered into, including but not limited to, those we have made to certain states and nongovernmental organizations (collectively, the "Government Commitments"), and the challenges in satisfying the Government Commitments in the required time frames and the significant cumulative costs incurred in tracking and monitoring compliance;
- adverse economic, political or market conditions in the U.S. and international markets, including those caused by the Pandemic;
- our inability to manage the ongoing commercial and transition services arrangements entered into in connection with the Prepaid Transaction, and known or unknown liabilities arising in connection therewith;
- the effects of any future acquisition, investment, or merger involving us;
- any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business;
- our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms or to comply with the restrictive covenants contained therein;
- changes in the credit market conditions, credit rating downgrades or an inability to access debt markets;
- restrictive covenants including the agreements governing our indebtedness and other financings;
- the risk of future material weaknesses we may identify while we continue to work to integrate and align policies, principles and practices of the two companies following the Merger (as defined below), or any other failure by us to maintain effective internal controls, and the resulting significant costs and reputational damage;
- any changes in regulations or in the regulatory framework under which we operate;

- laws and regulations relating to the handling of privacy and data protection;
- unfavorable outcomes of existing or future legal proceedings, including these proceedings and inquiries relating to the criminal cyberattack we became aware of in August 2021;
- the possibility that we may be unable to adequately protect our intellectual property rights or be accused of infringing the intellectual property rights of others;
- our offering of regulated financial services products and exposure to a wide variety of state and federal regulations;

- new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations;
- our exclusive forum provision as provided in our Certificate of Incorporation (as defined below);
- interests of our significant stockholders that may differ from the interests of other stockholders;
- future sales of our common stock by DT and SoftBank and our inability to attract additional equity financing outside the United States due to foreign ownership limitations by the FCC;
- failure to realize the expected benefits and synergies of the merger (the "Merger") with Sprint, pursuant to the Business Combination Agreement with Sprint and the other parties named therein (as amended, the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions") in the expected time frames or in the amounts anticipated;
- any delay and costs of, or difficulties in, integrating our business and Sprint's business and operations, and unexpected additional operating costs, customer loss and business disruptions, including challenges in maintaining relationships with employees, customers, suppliers or vendors; and
- unanticipated difficulties, disruption, or significant delays in our long-term strategy to migrate Sprint's legacy customers onto T-Mobile's existing billing platforms.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-K, unless the context indicates otherwise, references to "T-Mobile," "our Company," "the Company," "we," "our," and "us" refer to T-Mobile US, Inc. as a stand-alone company prior to April 1, 2020, the date we completed the Merger with Sprint, and on and after April 1, 2020, refer to the combined company as a result of the Merger.

Investors and others should note that we announce material information to our investors using our investor relations website (https://investor.t-mobile.com), newsroom website (https://t-mobile.com/news), press releases, SEC filings and public conference calls and webcasts. We intend to also use certain social media accounts as means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD (the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and the @MikeSievert Twitter account (https://twitter.com/MikeSievert), which Mr. Sievert also uses as a means for personal communications and observations). The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on our Investor Relations website.

PART I.

Item 1. Business

Business Overview and Strategy

Un-carrier Strategy

We are America's supercharged Un-carrier. Through our Un-carrier strategy, we have disrupted the wireless communications services industry, by actively engaging with and listening to our customers and eliminating their existing pain points, including providing them with added value, an exceptional experience and implementing signature Un-carrier initiatives that have changed wireless for good. We ended annual service contracts, overages, unpredictable international roaming fees, data buckets and so much more. We are inspired by a relentless customer experience focus, consistently leading the wireless industry in customer care by delivering award-winning customer experience with our "Team of Experts," which drives our record-high customer satisfaction levels while enabling operational efficiencies.

As the Un-carrier, we are on a mission to build America's best 5G network, offering customers unrivalled coverage and capacity where they live, work and play. Our network is the foundation of our success and powers everything we do. We are leveraging our mid-band spectrum licenses, including 1700 MHz Advanced Wireless Services ("AWS"), 1900 MHz Personal Communications Services ("PCS") and 2.5 GHz, our millimeter-wave licenses and our foundational layer of low-band spectrum, including 600 MHz, 700 MHz and 800 MHz, to create a "layer cake" of spectrum to provide an unmatched 5G experience to our customers. We believe this layer cake will broaden and deepen our nationwide 5G network enabling accelerated innovation and increased competition in the U.S. wireless, video and broadband industries. As a result of the Merger, we have achieved and expect to continue to achieve significant synergies and cost reductions by eliminating redundancies within our network as well as other business processes and operations.

We continue to expand the footprint and improve the quality of our network, providing outstanding wireless experiences for customers who will not have to compromise on quality and value. Going forward, it is this network that will allow us to deliver new, innovative products and services with the same customer experience focus and industry-disrupting mentality that has redefined the wireless communications services industry in the United States in the customers' favor.

Our Operations

As of December 31, 2021, we provide wireless services to 108.7 million postpaid and prepaid customers and generate revenue by providing affordable wireless communications services to these customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses relate to operating and expanding our network, providing a full range of devices, acquiring and retaining high-quality customers and compensating employees. We provide services, devices and accessories across our flagship brands, T-Mobile and Metro by T-Mobile, through our owned and operated retail stores, as well as through our websites (www.t-mobile.com and www.metrobyt-mobile.com), T-Mobile app, customer care channels and through national retailers. In addition, we sell devices to dealers and other third-party distributors for resale through independent third-party retail outlets and a variety of third-party websites. The information on our websites is not part of this Form 10-K. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Services and Products

We provide wireless communications services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, wearables, tablets and other mobile communication devices, which are manufactured by various suppliers.

Our primary service plan offering, which allows customers to subscribe for wireless communications services separately from the purchase of a device, is our signature Magenta plan ("Magenta"), which includes, among other benefits, unlimited talk, text and smartphone data on our network, 5G access at no extra cost, scam protection features and more. Customers also have the ability to choose additional features, such as unlimited premium data

with our Ultra Capacity 5G service, for an additional cost on our Magenta Max plan. We also offer an Essentials rate plan for customers who want the basics, as well as specific rate plans to qualifying customers, including Unlimited 55+, Military and Veterans, First Responder, and Business.

Our device options for qualifying customers include:

- The option of financing all or a portion of the individual device or accessory purchase price at the time of sale over an installment period, generally of 24 months, using an equipment installment plan ("EIP"); and
- The option to lease a device over a period of up to 18 months and upgrade it when eligibility requirements are met.

In addition to our wireless communications services, we offer fast and reliable High Speed Internet utilizing our nationwide network. Our fixed wireless High Speed Internet provides a real alternative to traditional landline internet service providers and expands access to many people who have historically had only one choice or no access to traditional home broadband. With our High Speed Internet plan, customers can access the internet without worrying about annual service contracts, data overages, startup costs or hidden fees.

We also provide products and services that are complementary to our wireless communications services, including device protection and wireline communication services to domestic and international customers.

Customers

We provide wireless communications services to two primary categories of customers:

- Postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, High Speed Internet, wearables, DIGITS (a service that allows our customers to use multiple mobile numbers on any compatible smartphone, wearable or other device with internet connection) or other connected devices, which include tablets and SyncUp products; and
- Prepaid customers generally include customers who pay for wireless communications services in advance. Our prepaid customers include customers of T-Mobile and Metro by T-Mobile.

We provide Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers access to our network. This access and the customer relationship is managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communications services to postpaid and prepaid customers. Our ability to attract and retain postpaid and prepaid customers is important to our business in the generation of service revenues, equipment revenues and other revenues. In 2021, our service revenues generated by providing wireless communications services by customer category were:

- 73% Postpaid customers;
- 17% Prepaid customers; and
- 10% Wholesale and other services.

Substantially all of our revenues for the years ended December 31, 2021, 2020 and 2019, were earned in the United States, including Puerto Rico and the U.S. Virgin Islands.

Network Strategy

Utilizing our multi-layer spectrum portfolio, our mission is to be "Famous for Network." We have deployed low-band and mid-band spectrum dedicated for 5G across our dense and broad network to create America's largest, fastest and most reliable 5G network.

Our Merger with Sprint greatly enhanced our spectrum position. Integration of the spectrum and network assets acquired in the Merger is expected to occur through 2023. The integration strategy includes deploying the acquired spectrum on the combined network assets to supplement capacity, migrating Sprint customers to our network and optimizing the combined assets by decommissioning redundant sites to realize synergies.

Spectrum Position

We provide wireless communications services utilizing mid-band spectrum licenses, such as AWS, PCS and 2.5 GHz, low-band spectrum licenses utilizing our 600 MHz, 700 MHz and 800 MHz spectrum and mmWave spectrum.

- We controlled an average of 357 MHz of combined low- and mid-band spectrum nationwide as of December 31, 2021. This spectrum is comprised of:
    - An average of 40 MHz in the 600 MHz band;
    - An average of 10 MHz in the 700 MHz band;
    - An average of 14 MHz in the 800 MHz band;
    - An average of 41 MHz in the 1700 MHz AWS band;
    - An average of 66 MHz in the 1900 MHz PCS band;
    - An average of 159 MHz in the 2.5 GHz band; and
    - An average of 27 MHz in the C-band.
- We controlled an average of 1,157 GHz of combined millimeter spectrum licenses.
- In March 2021, the FCC announced that we were the winning bidder of 142 licenses in Auction 107 ("C-band spectrum") for an aggregate purchase price of $9.3 billion. The licenses acquired include an average of 40 MHz across the top markets and an average of 27 MHz nationwide. We expect to incur an additional $1.0 billion in relocation costs associated with the C-band spectrum acquired, which will be paid through 2024.
- In January 2022, the FCC announced that we were the winning bidder of 199 licenses in Auction 110 (mid-band spectrum) for an aggregate purchase price of $2.9 billion. Subsequent to Auction 110, we will control an average of 12 MHz in the 3.45 GHz band nationwide.
- We plan to evaluate future spectrum purchases in current and upcoming auctions and in the secondary market to further augment our current spectrum position.
- As of December 31, 2021, we had equipment deployed on approximately 102,000 macro cell sites and 41,000 small cell/distributed antenna system sites across our network.

5G Leadership

Our 5G network is America's largest, fastest and most reliable:

- As of December 31, 2021, our Ultra Capacity 5G covers 210 million people and can deliver speeds of 400 Mbps or more.
- As of December 31, 2021, our Extended Range 5G covers 310 million people, reaching 94% of Americans.

Competition

The wireless communications services industry is highly competitive. We are the second largest provider of wireless communications services in the U.S. as measured by our total postpaid and prepaid customers. Our competitors include other national carriers, such as AT&T Inc. ("AT&T") and Verizon Communications, Inc. ("Verizon"). In addition, our competitors include numerous smaller regional carriers, MVNOs, including Comcast Corporation, Charter Communications, Inc., Altice USA, Inc. and DISH, many of which offer no-contract, postpaid and prepaid service plans. Competitors also include providers who offer similar communication services, such as voice, messaging and data services, using alternative technologies or services. Competitive factors within the wireless communications services industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies and regulatory changes. Some competitors have shown a willingness to use aggressive pricing or offering bundled services as a source of differentiation. Other competitors have sought to add ancillary services, like mobile video or music streaming services, to enhance their offerings. Taken together, the competitive factors we face continue to put pressure on growth and margins as companies compete to retain the current customer base and continue to add new customers.

Human Capital

Employees

As of December 31, 2021, we employed approximately 75,000 full-time and part-time employees, including network, retail, administrative and customer support functions.

Attraction and Retention

We employ a highly skilled workforce within a broad range of functions. Substantially all of our employees are located throughout the United States, including Puerto Rico, to serve our nationwide network and retail operations. Our headquarters are located in Bellevue, Washington and Overland Park, Kansas.

We attract and retain our workforce through a dynamic and inclusive culture and by providing exceptional benefits, including:

- Competitive medical, dental and vision benefits;
- Annual stock grants to all full-time and part-time employees and a discounted Employee Stock Purchase Program;
- A 401(k) Savings Plan;
- Nationwide minimum pay of at least $20 per hour to all full-time and part-time employees;
- LiveMagenta: a custom-branded program for employee engagement and well-being, including free access to life coaches, financial coaches and tools for healthy living;
- Access to personal health advocates offering independent guidance;
- Tuition assistance for all full-time and part-time employees; and
- A matching program for employee donations and volunteering.

Training and Development

We believe in providing opportunities for our employees to improve their skills and advance their careers. We do this through a variety of programs, including:

- Award-winning career and development programs for all employees at all levels;
- Transparent career paths available to employees and candidates that provide realistic progression timelines, salaries and expectations;
- A Customer Care organization that uses 102 types of programs to train our front line representatives and leaders;
- A Leader-to-Executives Program that provides elite career track opportunities for select MBA students and graduates; and
- Training for employees with disabilities pursuant to U.S. Department of Labor standards.

Diversity, Equity and Inclusion

Diversity, equity and inclusion ("DE&I") have always been a part of the Un-carrier culture, and we are committed to having DE&I touch every aspect of our future. Our Equity in Action Plan is a five-year plan that spans the values we live by, how we invest in and provide opportunities for our employees, how we select the suppliers we do business with and how we advocate for our communities.

For our employees, we have established six DE&I Employee Resource Groups and four sub-affinity groups that have helped us establish and maintain a culture of inclusion. Currently, we have over 50 DE&I chapters across the nation that help spearhead volunteer opportunities, events and meaningful conversation with employees at a local level. Our DE&I networks include the following:

- Accessibility Community at T-Mobile;

- Multicultural Alliance;
    - Asia Pacific & Allies Network;
    - Black Empowerment Network;
    - Indigenous Peoples Network;

    - Magenta Latinx Network;
- Multigenerational Network;
- Pride;
- Veterans & Allies Network; and
- Women & Allies Network.

We have established an External Diversity and Inclusion Council in connection with our civil rights memorandum of understanding. The council includes civil rights leaders representing a wide-range of underrepresented communities. Together with T-Mobile, the council will help identify ways to improve our efforts in focus areas such as corporate governance, workforce recruitment and retention, procurement, entrepreneurship, philanthropy and community investment.

Environmental Sustainability

Reducing Carbon Footprint

We are working to do our part to combat climate change and preserve the environment by setting carbon reduction goals that are aligned with science and investing in renewable energy. We are reducing our carbon footprint through several initiatives, including:

- Setting science-based targets to reduce our Scope 1, 2 and 3 greenhouse gas emissions;
- Investing in renewable energy, as evidenced by our RE100 pledge, a global initiative that unites businesses committed to 100% renewable energy. We met this goal in 2021 through credits and our engagement in Virtual Power Purchasing Agreements (VPPAs) and a Green Direct tariff agreement with nine clean energy providers for expected annual provision of approximately 3.4 million megawatt hours of renewable energy;
- Continuously testing and evaluating new, efficient equipment for our facilities, including switch stations, cell sites, retail stores and customer experience centers to reduce energy consumption; and
- Promoting the circular economy through our device reuse and recycle program, which collects millions of devices for reuse, resale, and recycling annually.

Responsible Sourcing

We believe our suppliers are a valuable extension of our business and corporate values. Our Supplier Code of Conduct outlines expectations around ethical business practices for our suppliers. We require our suppliers to operate in full compliance with laws, rules, regulations and ethical standards of the country in which they operate or provide products or services. We expect our suppliers to share our commitment to ethical conduct and environmentally responsible business practices while they conduct business with or on behalf of us.

We employ a third-party risk management ("TPRM") process to screen for anti-corruption, global sanctions, human rights and environmental risks before engaging with a supplier. Our TPRM process also continuously monitors current suppliers for policy violations and risks.

As DE&I is instrumental to our culture and values, we are on a mission to create fair and equitable opportunities for all suppliers, including veteran or service-disabled veteran-owned, disability-owned, woman-owned, minority-owned, LGBT-owned and small and disadvantaged businesses.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our licenses and authorizations, the sale, transfer and acquisition of certain licenses, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements that affect our operations and pending proceedings regarding additional or modified requirements that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net

neutrality, disabilities access, privacy and cybersecurity, consumer protection and the universal service and Lifeline programs. Many of these and other issues are being considered in ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or operating

results. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Except for operations in certain unlicensed frequency bands, wireless communications services providers generally must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10-15 years depending on the particular licenses. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such noncompliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition. In addition, the FCC retains the right to modify rules related to use of licensed spectrum, which could impact T-Mobile's ability to provide services.

Additionally, Congress's and the FCC's allocation of additional spectrum for broadband commercial mobile radio service ("CMRS"), which includes cellular, PCS and other wireless services, could significantly increase and intensify competition. We cannot assess the impact that any developments that may occur in the U.S. economy or any future spectrum allocations by the FCC may have on license values. FCC spectrum auctions and other market developments may adversely affect the market value of our licenses or our competitive position in the future. A significant decline in the value of our licenses could adversely affect our financial condition and results of operations. In addition, the FCC periodically reviews its policies on how to evaluate carriers' spectrum holdings. A change in these policies could affect spectrum resources and competition among us and other carriers.

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership through an entity controlling the licensee. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest, but must be reviewed and approved. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our Company by DT.

For our Educational Broadband Service ("EBS") licenses in the 2.5 GHz band, FCC rules previously limited eligibility to hold EBS licenses to accredited educational institutions and certain governmental, religious and nonprofit entities, while permitting those license holders to lease up to 95% of their capacity for non-educational purposes. Therefore, we primarily access EBS spectrum through long-term leasing arrangements with EBS license holders. Our EBS spectrum leases typically have an initial term equal to the remaining term of the EBS license, with an option to renew the lease for additional terms, for a total lease term of up to 30 years. On April 27, 2020, the FCC lifted the restriction on who can hold EBS licenses and the 30-year limitation on lease duration, among other changes. T-Mobile has started to acquire some of these EBS licenses but we continue to lease most of our spectrum in this band and expect that to be the case for some time. The elimination of these restrictions will allow and may encourage current license holders to sell their licenses to other parties, including to T-Mobile. While a majority of our leases have contractual provisions enabling us to match offers, we may be forced to compete with others to purchase 2.5 GHz licenses on the secondary market and expend additional capital earlier than we may have anticipated.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communications services providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of devices while driving, service mapping, protection of consumer information, zoning and land use. Notwithstanding this federal preemption, in response to the Pandemic, several state legislatures are considering bills or have passed laws that could potentially set prices, minimum performance standards, and/or restrictions on service discontinuation that could impact our business in those states.

In addition, following the FCC's adoption of the 2017 Restoring Internet Freedom ("RIF") Order reclassifying broadband internet access services as Title I (non-common carrier services), a number of states have sought to impose state-specific net neutrality and privacy requirements on providers' broadband services. The FCC's RIF Order preempted such state efforts, which are inconsistent with the FCC's federal deregulatory approach. Recently, however, the DC Circuit issued a ruling largely upholding the RIF Order, but also vacating the portion of the ruling

broadly preempting state/local net neutrality laws. The court left open the prospect that particular state laws could still unlawfully conflict with the FCC net neutrality rules and be preempted; court challenges to some state enactments are pending.

While most states are largely seeking to codify the repealed federal rules, there are differences in some states, notably California, which has passed separate privacy and net neutrality legislation, and Colorado and Virginia, which have passed privacy laws. There are also efforts within Congress to pass federal legislation to codify uniform federal privacy and net neutrality requirements, while also ensuring the preemption of separate state requirements, including the California laws. If not preempted or rescinded, separate state requirements will impose significant business costs and could also result in increased litigation costs and enforcement risks. State authority over wireless broadband services will remain unsettled until final action by the courts or Congress.

In addition, the Federal Trade Commission ("FTC") and other federal agencies have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown, and changes to regulations, or the applicability of regulations, could result in higher operating and capital expenses, or reduced revenues in the future.

Available Information

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically at www.sec.gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are also publicly available free of charge on the investor relations section of our website at investor.t-mobile.com as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our corporate governance guidelines, director selection guidelines, code of ethics for senior financial officers, code of business conduct, speak up policy, supplier code of conduct, and charters for the audit, compensation, nominating and corporate governance, executive and CEO selection committees of our Board of Directors are also posted on the investor relations section of our website at investor.t-mobile.com. The information on our website is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in
evaluating T-Mobile. Our business, financial condition, liquidity, or operating results, as well as the price of our common stock and other securities, could be materially adversely affected by any of these risks.

Risks related to the Pandemic

The Pandemic may continue to adversely affect our business, liquidity, financial condition and operating results.

The Pandemic has impacted the ways in which our customers use their devices, where and how we work, and our suppliers and vendors' ability to provide products to us. As a result, our business, liquidity, financial condition, and operating results may continue to be adversely impacted by the Pandemic. Current and future Pandemic-related restrictions on, or disruptions of, transportation networks and supply chain shortages could impact our ability to acquire handsets or other end user devices in amounts sufficient to meet customer demand and to obtain the equipment required to meet our current and future network buildout plans, either of which could materially adversely affect us.

The extent to which the Pandemic may impact our future operational and financial performance remains uncertain and is subject to many factors outside of our control, including the timing, extent, trajectory and duration of the Pandemic, the emergence of new variants, the continued development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures and the impact of the Pandemic on the economy and consumer demand. Potential negative impacts of these external factors include, but are not limited to, material adverse effects on demand for our products and services; our supply chain and sales and distribution channels; collectability of customer accounts; our ability to execute strategic plans; and our profitability and cost

structure. To the extent the Pandemic adversely affects our business, results of operations and financial condition, it may also have the effect of exacerbating the other risks discussed in this “Risk Factors” section.

Risks Related to Our Business and the Wireless Industry

Competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers and adversely affect our business, financial condition and operating results.

We have multiple competitors that possess either more or different access to wireless assets, and yet we compete for customers based principally on service/device offerings, price, network coverage, speed and quality, and customer service. We expect the wireless industry's customer growth rate to moderate in comparison with historical growth rates, leading to ongoing competition for customers. We also expect that our customers' appetite for data services will place increasing demands on our network capacity. This competition and our capacity will continue to put pressure on pricing and margins as companies compete for a relatively fixed pool of customers with an ever-expanding variety of products and services. Our ability to compete will depend upon, among other things, continued absolute and relative improvement in network quality and customer service, effective marketing and selling of products and services, innovation, and attractive pricing, all of which will involve significant expenses.

We face increased competition from other service providers, including from cable, wireline and satellite providers, as industry sectors converge. Cable companies such as Comcast, Charter, and Altice are diversifying outside cable, voice and broadband services to also offer wireless services. Wireline companies, such as Frontier and Windstream have announced plans for fiber buildouts, often supported by government funding, which may impact our fixed wireless High Speed Internet growth plans. We expect DISH, which has already acquired several MVNOs, to meet their government commitments and build a wireless network and offer competitive postpaid and prepaid wireless service plans. Verizon and AT&T have refocused on connectivity services, including fiber builds and deployment of next generation wireless technology, and we expect both companies to increase competitive pressure, including expanding partnerships and offerings. These factors could make it more difficult for us to continue to attract and retain customers, adversely affecting our competitive position and ability to grow, which could have a material adverse effect on our business, financial condition and operating results.

We have seen, and continue to expect, additional joint ventures, mergers, acquisitions and strategic alliances in the converged connectivity sector, which could result in larger competitors competing for a limited number of customers. Further consolidation could negatively impact our businesses, including wholesale. For example, we will experience declining revenues from our wholesale business as Verizon migrates legacy TracFone customers off the T-Mobile network and DISH migrates Boost customers to either their standalone network or AT&T. Our competitors may also enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, refusal of our competitors and partners to provide critical access to resources and inputs, such as roaming and/or backhaul services, on reasonable terms could negatively impact our business.

We have recently experienced a criminal cyberattack and could in the future be further harmed by disruption, data loss or other security breaches, whether directly or indirectly through third parties.

Our business involves the receipt, storage and transmission of our customers' confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions and intellectual property (collectively, "Confidential Information"). Unauthorized access to Confidential Information is difficult to anticipate, detect or prevent, particularly given that the methods used by third parties to gain unauthorized access constantly change and evolve. We and our third-party service and equipment providers are subject to attacks and threats to our and their IT networks, systems and supply chain, including attacks and threats by state-sponsored parties, malicious actors, employees or third parties, who may exploit bugs, errors, misconfigurations or other vulnerabilities or engage in social engineering to compromise the confidentiality and integrity of Confidential Information or cause serious operational disruptions (e.g., ransomware).

As a telecommunications carrier, we are considered a critical infrastructure provider and therefore are a persistent target of cyberattacks. In addition, the Pandemic has presented additional operational and cybersecurity risks to our IT systems due to work-from-home arrangements at the Company and our third-party service and equipment providers. Attacks against companies like ours are perpetrated by a variety of groups and persons, including those in

jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we provide confidential, proprietary and personal information to third-party service and equipment providers as part of our business operations. These third-party service and equipment providers have experienced in the past and will likely continue to experience data breaches and other attacks that involve unauthorized access to Confidential Information and create operational disruptions, and they face security challenges common to all parties that collect and process information.

In August 2021, we disclosed that our systems were subject to a criminal cyberattack that compromised certain data of millions of our current customers, former customers, and prospective customers, including, in some instances, social security numbers, names, addresses, dates of birth and driver's license/identification numbers. With the assistance of outside cybersecurity experts, we located and closed the unauthorized access to our systems and identified current, former and prospective customers whose information was impacted and notified them, consistent with state and federal requirements. We have incurred certain cyberattack-related expenses and expect to continue to incur additional expenses in future periods, including costs to remediate the attack, provide additional customer support and enhance customer protection. For more information, see "Cyberattack" in the Overview section of MD&A. As a result of the August 2021 cyberattack, we are subject to numerous lawsuits and regulatory inquiries, the ongoing costs of which may be material, and we may be subject to further regulatory inquiries and private litigation. For more information, see "– Contingencies and Litigation – Litigation and Regulatory Matters" in Note 17 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements, and "– Unfavorable outcomes of legal proceedings may adversely affect our business, reputation, financial condition, cash flows and operating results" below. As a result of the August 2021 cyberattack or other cyberattacks or security breaches involving our Company or our third-party service and equipment providers, we may incur significant costs or experience other material financial impacts, which may not be covered by, or may exceed the coverage limits of, our cyber insurance, and such costs and impacts may have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

In addition to the August 2021 cyberattack, we have experienced other unrelated immaterial incidents involving unauthorized access to certain Confidential Information, and we expect to experience cyberattacks and other cybersecurity incidents in the future. Typically, these incidents have involved attempts to commit fraud by taking control of a customer's phone line. In other cases, the incidents have also involved unauthorized access to certain of our customers' private information, including credit card information, financial data, social security numbers or passwords. We have also experienced, and expect to continue to experience, cyberattacks and other incidents involving our supply chain and in relation to third-party products and services (including cloud services) that are used in our IT environment and business.

Our procedures and safeguards to prevent unauthorized access to information and to defend against attacks seeking to disrupt our services must be continually evaluated and enhanced to address the ever-evolving threat landscape and changing cybersecurity regulations, which could require the investment of significant resources. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent or substantially mitigate the impacts of security breaches or misuses of data, unauthorized access by third parties or employees or exploits against third-party supplier environments, or that we or our third-party service and equipment providers will be able to effectively identify, investigate or remediate such incidents in a timely manner or at all. We expect to continue to be the target of cyberattacks, data breaches or security incidents, given the nature of our business, and we expect the same with respect to our third-party service and equipment providers. Any future cyberattacks, data breaches, or security incidents may have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

If we are unable to take advantage of technological developments on a timely basis, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Significant technological changes continue to impact our industry. In order to grow and remain competitive, we will need to adapt to changes in available technology, continually invest in our network, increase network capacity, enhance our existing offerings, and introduce new offerings to address our current and potential customers' changing demands. Enhancing our network, including the ongoing deployment of our 5G network, is subject to risks related to equipment changes and the migration of customers from older technologies. Negative public perception of, and regulations regarding, the perceived health risks relating to 5G networks could undermine market acceptance of our 5G services. Adopting new and sophisticated technologies may result in implementation issues, such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, customer dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. If our new services fail to retain or gain acceptance in the marketplace or if costs associated with these services are higher than anticipated, this could have a material adverse effect on our business, brand, financial condition and operating results.

We rely on highly skilled personnel throughout all levels of our business. Our business could be harmed if we are unable to retain or motivate key personnel, hire qualified personnel, or maintain our corporate culture.

The market for highly skilled workers and leaders is extremely competitive. This competition has become exacerbated by the increase in employee resignations currently taking place throughout the United States as a result of the Pandemic. We believe our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented personnel for

all areas of our organization, including our CEO and the other members of our senior leadership team. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, changes to U.S. immigration policy, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our Company and our industry, and the effectiveness of our compensation programs. Further, our vaccination and return to office protocols during the Pandemic may also impact the recruitment and retention of employees. If key employees depart or we are unable to recruit successfully, our business could be negatively impacted.

In addition, certain members of our senior leadership team, including our CEO have term employment agreements with us. Our inability to extend the terms of these employment agreements or to replace these members of our senior leadership team at the end of their terms with qualified and capable successors could hinder our strategic planning and execution.

In addition, the continued integration of T-Mobile's and Sprint's businesses and culture could have an adverse impact on our employees. This integration may impact our ability to attract, retain and motivate key personnel, as existing and prospective employees may experience uncertainty about their future roles with us. If key employees depart, our business could be negatively impacted. We may incur significant costs in identifying, hiring and replacing departing employees and may lose significant expertise and talent. As a result, we may not be able to meet our business plan, and our business, financial condition and operating results may be materially adversely affected.

System failures and business disruptions may prevent us from providing reliable service, which could materially adversely affect our reputation and financial condition.

We rely upon systems and networks - those of third-party suppliers and other providers, in addition to our own - to provide and support our services. System, network or infrastructure failures may prevent us from providing reliable service. Examples of these risks include:

- physical damage, power surges or outages, or equipment failure with respect to both our wireless and wireline networks, including those as a result of severe weather and natural disasters, which may occur more frequently or with greater intensity as a result of global climate change, public health crises, terrorist attacks, political instability and volatility and acts of war;
- human error, such as responding to deceptive communications or unintentionally executing malicious code;
- unauthorized access to our IT and business systems or to our network and critical infrastructure and those of our suppliers and other providers;
- supplier failures or delays; and
- system failures or outages of our business systems or communications network.

Such events could cause us to lose customers and revenue, incur expenses, suffer reputational damage, and subject us to fines, penalties, adverse actions or judgments, litigation or governmental investigations. Remediation costs could include liability for information loss, costs of repairing infrastructure and systems, and/or costs of incentives offered to customers. Our insurance may not cover, or be adequate to fully reimburse us for, costs and losses associated with such events.

The scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use, may adversely affect our business, financial condition and operating results.

We continue to deploy spectrum to expand and deepen our coverage, particularly 5G coverage, maintain our quality of service, meet increasing customer demands, and deploy new technologies. However, as we continue to expand and differentiate from our competitors, we may acquire additional spectrum in the future. As a result, we will continue to actively seek to make additional investment in spectrum, which could be significant.

The continued interest in, and acquisition of, spectrum by existing carriers and others, including speculators, may reduce our ability to acquire and/or increase the cost of acquiring spectrum in the secondary market, including leasing or purchasing additional spectrum in the 2.5 GHz band, or negatively impact our ability to gain access to spectrum through other means, including government auctions. Additionally, increased interest from third parties in acquiring spectrum may make it difficult to renew leases of some of our existing 2.5 GHz spectrum holdings in the future. Additionally, the FCC may not be able to provide sufficient additional spectrum to auction or we may be unable to secure the spectrum necessary to maintain or enhance our competitive position in any auction we may elect

to participate in or in the secondary market, on favorable terms or at all. Any return on our investment in spectrum depends on our ability to attract additional customers and to provide additional services and usage to existing customers.

The FCC, or other government entities, may impose conditions on the acquisition and use of new wireless broadband mobile spectrum that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

If we cannot acquire needed spectrum from the government or otherwise, if competitors acquire spectrum that will allow them to provide services competitive with our services, or if we cannot deploy services over acquired spectrum on a timely basis without burdensome conditions, at reasonable cost, and while maintaining network quality levels, our ability to attract and retain customers and our business, financial condition and operating results could be materially adversely affected.

The challenges in satisfying the large number of Government Commitments in the required time frames and the significant cumulative cost incurred in tracking, monitoring and complying with them could adversely impact our business, financial condition and operating results.

In connection with the regulatory proceedings and approvals required to close the Transactions, we agreed to various Government Commitments. These Government Commitments include, among other things, extensive 5G network build-out commitments, obligations to deliver high-speed wireless services to the vast majority of Americans, and marketing an in-home fixed wireless product to households where spectrum capacity is sufficient. Other Government Commitments relate to national security, pricing and availability of rate plans, employment, substantial monetary contributions to support organizations, and implementation of diversity and inclusion initiatives. Many Government Commitments specify time frames for compliance and reporting. Failure to fulfill our obligations under these Government Commitments in a timely manner could result in substantial fines, penalties, or other legal and administrative actions and reputational harm.

We expect to incur significant costs, expenses and fees to track, monitor, comply with and fulfill our obligations under these Government Commitments. In addition, abiding by the Government Commitments may divert our management's time and energy away from other business operations and could force us to make business decisions we would not otherwise make and forego taking actions that might be beneficial to the Company. The challenges in satisfying the large number of Government Commitments in the required time frames and the cost incurred in tracking, monitoring and complying with them could also adversely impact our business, financial condition and operating results and hinder our ability to effectively compete.

Economic, political and market conditions may adversely affect our business, financial condition, and operating results.

Our business, financial condition and operating results are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, unemployment rates, economic growth, energy costs, rates of inflation (or concerns about deflation), and other macro-economic factors.

The wireless industry, broadly, is dependent on population growth. In addition, the Government Commitments place certain limitations on our ability to increase prices, which limits our ability to pass growing costs to customers. Rising prices for goods, services and labor due to inflation could adversely impact our margins and/or growth.

Our services and device financing plans are available to a broad customer base, a significant segment of which may be vulnerable to weak economic conditions, particularly our subprime customers. We may have greater difficulty in gaining new customers within this segment, and existing customers may be more likely to terminate service and default on device financing plans due to an inability to pay.

Further, because Sprint offered a device leasing plan, we expect to realize economic benefit from the estimated residual value of a leased device, which reflects the estimated fair value of the underlying asset at the end of the expected lease term. Changes in residual value assumptions made at lease inception affect the amount of depreciation expense and the net amount of equipment revenue under operating leases. If estimated residual values, in the aggregate, significantly decline due to economic factors, including Pandemic impacts, obsolescence, or other circumstances, we may not realize such residual value. Sprint historically suffered, and we may suffer, negative consequences including increased costs and increased losses on devices as a result of a lease customer default, the

related termination of a lease, and the attempted repossession of the device, including failure of a lease customer to return a leased device.

Weak economic and credit conditions may also adversely impact our suppliers, dealers, and wholesale partners or MVNOs, some of which may file for bankruptcy, or may experience cash flow or liquidity problems, or may be unable to obtain or refinance credit such that they may no longer be able to operate. Any of these could adversely impact our ability to distribute, market, or sell our products and services.

Our business may be adversely impacted if we are not able to successfully manage the ongoing commercial and transition services arrangements entered into in connection with the Prepaid Transaction and known or unknown liabilities arising in connection therewith.

In connection with the closing of the Prepaid Transaction, we and DISH entered into certain commercial and transition services arrangements, including a Master Network Services Agreement (the "MNSA") and a Spectrum Purchase Agreement (the "Spectrum Purchase Agreement"). Pursuant to the MNSA, DISH will receive network services from the Company for a period of seven years. As set forth in the MNSA, the Company will provide DISH, among other things, (a) legacy network services for certain Boost Mobile prepaid end users on the Sprint network, (b) T-Mobile network services for certain end users that have been migrated to the T-Mobile network or provisioned on the T-Mobile network by or on behalf of DISH and (c) infrastructure mobile network operator services to assist in the access and integration of the DISH network. Pursuant to the Spectrum Purchase Agreement, DISH has agreed to purchase all of Sprint's 800 MHz spectrum (approximately 13.5 MHz of nationwide spectrum) for a total of approximately $3.6 billion; provided, however, that if DISH breaches the Spectrum Purchase agreement prior to the closing or fails to deliver the purchase price following the satisfaction or waiver of all closing conditions, DISH's sole liability will be to pay us a fee of approximately $72 million. In such instance, T-Mobile may be required to conduct an auction sale of all of Sprint's 800 MHz spectrum under the terms set forth in the Consent Decree, but would not be required to divest such spectrum for an amount less than $3.6 billion. The covered spectrum sale will not occur before the third anniversary of the Merger (i.e., not before April 1, 2023), but must be divested within the later of three years after the closing of the Prepaid Transaction and five days after receipt of the approval from the FCC for the transfer, following an application for FCC approval to be filed by the third anniversary of the closing of the Merger. T-Mobile may exercise an option to lease back 4 MHz (2 MHz downlink + 2 MHz uplink) of the spectrum for two years following the closing of the 800 MHz spectrum sale at the same per person rate used to calculate the purchase price paid by DISH to T-Mobile – a rate of approximately $68 million per year.

Failure to successfully manage these ongoing commercial and transition services arrangements entered into in connection with the Prepaid Transaction and liabilities arising in connection therewith may result in material unanticipated problems, including diversion of management time and energy, significant expenses and liabilities. There may also be other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Prepaid Transaction, the occurrence of which could materially impact our business, financial condition, liquidity and operating results. In addition, there may be an increase in competition from DISH and other third parties that DISH may enter into commercial agreements with, who are significantly larger and with greater resources and scale advantages as compared to us. Such increased competition may result in our loss of customers and other business relationships.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm our business.

We may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with our business;
- difficulties in effectively integrating the financial and operational systems of the business involved in any such transaction into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction-related expenses in connection with any such transaction, whether consummated or not;
- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction; and
- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from the transaction, which

could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

For any or all of these reasons, as well as unknown risks, acquisitions, investments, or mergers may have a material adverse effect on our business, financial condition and operating results.

We rely on third parties to provide products and services for the operation of our business, and the failure or inability of such parties to provide these products or services could adversely affect our business, financial condition and operating results.

We depend heavily on suppliers, service providers, their subcontractors and other third parties for us to efficiently operate our business. Due to the complexity of our business, it is not unusual to engage a diverse set of suppliers to help us develop, maintain, and troubleshoot products and services such as wireless and wireline network components, software development services, and billing and customer service support. Some of our suppliers may provide services from outside of the United States, which carries additional regulatory and legal obligations. We commonly rely on suppliers to provide us with contractual assurances and to disclose accurate information regarding risks associated with their provision of products or services in accordance with our policies and standards, including our Supplier Code of Conduct and our third-party risk management practices. The failure of our suppliers to comply with our expectations and policies could have a material adverse effect on our business, financial condition and operating results.

Many of the products and services we use are available through multiple sources and suppliers. However, there are a limited number of suppliers who can support or provide billing services, voice and data communications transport services, wireless or wireline network infrastructure, equipment, handsets, other devices, and payment processing services, among other products and services. Disruptions or failure of such suppliers to adequately perform could have a material adverse effect on our business, financial condition and operating results.

Our suppliers, service providers and their subcontractors may not perform at the levels we expect or at the levels required by their contracts. Our suppliers are also subject to their own risks, including, but not limited to, economic, financial and credit conditions, labor force disruptions, disruptions in global supply chain and the risks of natural catastrophic events such as earthquakes, floods, hurricanes and public health crises such as the Pandemic. Our business could be severely disrupted if critical suppliers or service providers fail to comply with their contracts or if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier or if we are required to replace the supplied products or services with those from another source, especially if the replacement becomes necessary on short notice. Any such disruptions could have a material adverse effect on our business, financial condition and operating results.

Risks Related to Our Indebtedness

Our substantial level of indebtedness could adversely affect our business flexibility, ability to service our debt, and increase our borrowing costs.

We have, and we expect that we will continue to have, a substantial amount of debt. Our substantial level of indebtedness could have the effect of, among other things, reducing our flexibility in responding to changing business, economic, market and industry conditions and increasing the amount of cash required to service our debt. In addition, this level of indebtedness may also reduce funds available for capital expenditures, any potential board-approved share repurchases and other activities. Those impacts may put us at a competitive disadvantage relative to other companies with lower debt levels. Further, we may need to incur substantial additional indebtedness in the future, subject to the restrictions contained in our debt instruments, which could increase the risks associated with our capital structure.

Our ability to service our substantial debt obligations will depend on future performance, which will be affected by business, economic, market and industry conditions and other factors, including our ability to achieve the expected benefits of the Transactions. There is no guarantee that we will be able to generate sufficient cash flow to service our debt obligations when due. If we are unable to meet such obligations or fail to comply with the financial and other restrictive covenants contained in the agreements governing such debt obligations, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices or make additional borrowings. We may not be able to, at any given time, refinance our debt, sell assets or make additional borrowings on commercially reasonable terms or at all, which could have a material adverse effect on our business, financial condition and operating results.

Changes in credit market conditions could adversely affect our ability to raise debt favorably.

Instability in the global financial markets, inflation, policies of various governmental and regulatory agencies, including changes in monetary policy and interest rates, and other general economic conditions could lead to volatility in the credit and equity markets. This volatility could limit our access to the capital markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

We are subject to risks related to the cessation of LIBOR. Amounts drawn under our revolving credit facility and certain funded amounts under our EIP sale arrangement and our service receivable sale arrangement currently bear interest at rates that are calculated based on U.S. dollar LIBOR, which is expected to be discontinued by 2023. Any alternative reference rate that replaces U.S. dollar LIBOR under our revolving credit facility, is used as a benchmark on any other borrowings or is used as a benchmark under our EIP sale arrangement or service receivable sale arrangement could be higher or more volatile than LIBOR prior to its discontinuance, which could result in an increase in the cost of our indebtedness or funded amounts. Further, credit markets may be disrupted as a result of the phase-out or replacement of LIBOR. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to any debt we may incur in a foreign currency, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any posting of collateral by us under our hedging agreements and the modification or termination of any of our hedging agreements could negatively impact our liquidity or other financial metrics. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

The agreements governing our indebtedness and other financings include restrictive covenants that limit our operating flexibility.

The agreements governing our indebtedness and other financings impose material operating and financial restrictions. These restrictions, subject in certain cases to customary baskets, exceptions and maintenance and incurrence-based financial tests, together with our debt service obligations, may limit our ability to engage in transactions and pursue strategic business opportunities. These restrictions could limit our ability to obtain debt financing, make share repurchases, refinance or pay principal on our outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving our lenders the right to terminate the commitments they had made or the right to require us to repay all amounts then outstanding plus any interest, fees, penalties or premiums. An event of default may also compel us to sell certain assets securing indebtedness under these agreements.

Credit rating downgrades and/or inability to access debt markets could adversely affect our business, cash flows, financial condition and operating results.

Credit ratings impact the cost and availability of future borrowings and, as a result, cost of capital. Our current ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our debt obligations. Our capital structure and business model are reliant on continued access to debt markets. Each rating agency reviews our ratings periodically, and there can be no assurance that such ratings will be maintained in the future. A downgrade in our corporate rating and/or our issued debt ratings, or our amount of secured debt outstanding, could impact our ability to access debt markets, including the investment-grade debt market for our secured debt issuances, and adversely affect our business, cash flows, financial condition and operating results.

Risks Related to Legal and Regulatory Matters

Any material weaknesses we identify while we continue to work to integrate and align policies, principles and practices of the two companies following the Merger, or any other failure by us to maintain effective internal controls, could result in a loss of investor confidence regarding our financial statements and reputational damage.

Under Section 404 of the Sarbanes-Oxley Act, we, along with our independent registered public accounting firm, are required to report on the effectiveness of our internal control over financial reporting. While we continue to integrate and align the policies, principles and practices of the two companies following the Merger, as a result of the differences in control environments and cultures, we could identify material weaknesses that could result in

materially inaccurate financial statements, materially inaccurate disclosures, or failure to prevent error or fraud for the combined company. There can be no assurance that remediation of any material weaknesses identified during integration of the two companies would be completed in a timely manner or that the remedial measures will prevent other control deficiencies or material weaknesses. If we are unable to remediate material weaknesses in internal control over financial reporting, then our ability to analyze, record and report financial information free of material misstatements, to prepare financial statements within the time periods specified by the rules and forms of the SEC and otherwise to comply with the requirements of Section 404 of the Sarbanes-Oxley Act would be

negatively impacted. The impact could negatively impact our business, financial condition or operating results, restrict our ability to access the capital markets, require the expenditure of significant resources to correct the weaknesses or deficiencies, subject us to fines, penalties, investigations or judgments, harm our reputation, or otherwise cause a decline in trading price of our stock and investor confidence.

Changes in regulations or in the regulatory framework under which we operate could adversely affect our business, financial condition and operating results.

We are subject to regulatory oversight by various federal, state and local agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to, roaming, interconnection, spectrum allocation and licensing, facilities siting, pole attachments, intercarrier compensation, Universal Service Fund, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including device financing and insurance activities.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, as do some state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and the resolution of issues of interference between spectrum bands. Changes necessary to resolve interference issues or concerns may have a significant impact on our ability to fully utilize our spectrum. As an example, we recently we won spectrum licenses in the so-called “C band” to support our rollout of 5G technology and services. There have been concerns raised that use of this spectrum by wireless carriers for 5G deployment could interfere with the altimeters in certain aircraft, and there is an ongoing discussion between the industry, the FCC and the FAA as to whether and how 5G operations should be limited around airports. Additionally, the FTC and other federal and state agencies have asserted that they have jurisdiction over some consumer protection, and elimination and prevention of anticompetitive business practices with respect to the provision of wireless products and services.

We cannot assure that the FCC or any other federal, state or local agencies will not adopt regulations, implement new programs in response to the Pandemic, or take enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations, including timing of the shutdown of legacy technologies. For example, in response to the Pandemic, the California Public Utilities Commission adopted a resolution providing a moratorium on customer disconnects and late fees for certain California customers facing financial hardship. Additionally, in March 2015, the FCC established net neutrality and privacy regimes that applied to our operations. Both sets of rules potentially subjected some of our initiatives and practices to more burdensome requirements and heightened scrutiny by federal and state regulators, the public, edge providers, and private litigants regarding whether such initiatives or practices are compliant. While the FCC rules were largely rolled back in December 2017, the current FCC could decide to establish new net neutrality requirements. In addition, some states and other jurisdictions have enacted laws in these areas (including, for example, the CCPA and CPRA as discussed below) and others are considering enacting similar laws. It also is uncertain what rules may be promulgated under the current administration (e.g., the FTC has discussed promulgating privacy rules), perpetuating the risk and uncertainty regarding the regulatory environment and compliance around these issues.

In addition, states are increasingly focused on the quality of service and support that wireless communications service providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. We also face potential investigations by, and inquiries from or actions by state public utility commissions. We also cannot assure that Congress will not amend the Communications Act, from which the FCC obtains its authority, and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business.

Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and operating results. We could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such noncompliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, financial condition and operating results.

Laws and regulations relating to the handling of privacy and data protection may result in increased costs, legal claims, fines against us, or reputational damage.

In January 2020, the California Consumer Privacy Act (the "CCPA") became effective, creating new data privacy rights for California residents and new compliance obligations for us. We have incurred and will continue to incur significant implementation costs to ensure compliance with the CCPA, and we could see increased litigation costs. Moreover, a new privacy law, the California Privacy Rights Act ("CPRA"), was passed by Californians via ballot initiative during the November

3, 2020 election. The CPRA, which is scheduled to take effect on January 1, 2023 (with a lookback to January 1, 2022), will significantly modify the CCPA and will impose additional data protection obligations on companies such as ours doing business in California. Other states (such as Nevada) have passed or are considering similar legislation (such as Washington), which could create more risks and potential costs for us, especially to the extent the specific requirements vary from those in California, Nevada and other existing laws.

We have incurred and will continue to incur significant implementation costs to ensure compliance with the CCPA, the CPRA, and their related regulations and any additional laws and regulations could cause us to incur further costs or further constrain our business, strategies, offerings and initiatives.

Unfavorable outcomes of legal proceedings may adversely affect our business, reputation, financial condition, cash flows and operating results.

We and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings and litigation matters. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energy of management and other key personnel.

In connection with the Transactions, it is possible that stockholders of T-Mobile and/or Sprint may file putative class action lawsuits or shareholder derivative actions against the Company and the legacy T-Mobile board of directors and/or the legacy Sprint board of directors. Among other remedies, these stockholders could seek damages. The outcome of any litigation is uncertain and any such potential lawsuits could result in substantial costs and may be costly and distracting to management.

Additionally, on April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint. Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions and other proceedings, including, among other things, certain ongoing FCC and state government agency investigations into Sprint's Lifeline program. In September 2019, Sprint notified the FCC that it had claimed monthly subsidies for serving customers even though those customers may not have met usage requirements under Sprint's usage policy for the Lifeline program due to an inadvertent coding issue in the system used to identify qualifying customer usage that occurred in July 2017 while the system was being updated. Sprint has made a number of payments to reimburse the federal government and certain states for excess subsidy payments. Unfavorable resolution of these matters could require making additional reimbursements and paying additional fines and penalties.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating Section 222 of the Communications Act and the FCC's regulations governing the privacy of customer information. We recorded an accrual for an estimated payment amount as of March 31, 2020, which was included in Accounts payable and accrued liabilities on our Consolidated Balance Sheets.

As a result of the August 2021 cyberattack, we are subject to numerous lawsuits, including multiple class action lawsuits seeking unspecified monetary damages, mass arbitrations, and inquiries by various government agencies, law enforcement and other governmental authorities, and we may be subject to further regulatory inquiries and private litigation. We are cooperating fully with regulators and vigorously defending against the class actions and other lawsuits. In light of the inherent uncertainties involved in these proceedings and inquiries, as of the date of this report, we have not recorded any accruals for losses related to these proceedings and inquiries, as any such amounts are not yet probable or estimable. We believe it is reasonably possible that we could incur losses associated with these proceedings and inquiries, and we will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Ongoing legal and other costs related to these proceedings and inquiries, as well as any potential future proceedings and inquiries, may be substantial, and losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries could be significant and have a material adverse impact on our business, reputation, financial condition, cash flows and operating results.

We, along with equipment manufacturers and other carriers, are subject to current and potential future lawsuits alleging adverse health effects arising from the use of wireless handsets or from wireless transmission equipment such as cell towers. In addition, the FCC has from time to time gathered data regarding wireless device emissions,

and its assessment of the risks associated with using wireless devices may evolve based on its findings. Any of these allegations or changes in risk assessments could result in customers purchasing fewer devices and wireless services, could result in significant legal and regulatory liability, and could have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

We offer regulated financial services products. These products expose us to a wide variety of state and federal regulations.

The financing of devices, such as through our EIP, JUMP! On Demand or other leasing programs, such as those acquired in the Merger, has expanded our regulatory compliance obligations. Failure to remain compliant with applicable regulations may increase our risk exposure in the following areas:

- consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including, but not limited to, the Consumer Financial Protection Bureau, state attorneys general, the FCC and the FTC; and
- regulatory fines, penalties, enforcement actions, civil litigation, and/or class action lawsuits.

Failure to comply with applicable regulations and the realization of any of these risks could have a material adverse effect on our business, financial condition and operating results.

Our business may be impacted by new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations.

In connection with the products and services we sell, we calculate, collect, and remit various federal, state, and local taxes, fees and regulatory charges (“tax” or “taxes”) to numerous federal, state and local governmental authorities, including federal and state USF contributions and common carrier regulatory charges and public safety fees. As many of our service plans offer taxes and fees inclusive, our business results could be adversely impacted by increases in taxes and fees. In addition, we incur and pay state and local transaction taxes and fees on purchases of goods and services used in our business.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws may be uncertain and subject to different interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services and in the context of our merger with Sprint. Legislative changes, administrative interpretations and judicial decisions affecting the scope or application of tax laws could also impact revenue reported and taxes due on tax inclusive plans.

In the event that T-Mobile, including pre-acquisition Sprint, has incorrectly described, disclosed, determined, calculated, assessed, or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state, and/or local municipalities were to significantly increase taxes and regulatory or public safety charges on our network, operations, or services, or seek to impose new taxes or charges, such as a proposed corporate minimum tax or new limits on interest deductibility, it could have a material adverse effect on our business, financial condition and operating results.

Our wireless licenses are subject to renewal and may be revoked in the event that we violate applicable laws.

Our existing wireless licenses are subject to renewal upon the expiration of the period for which they are granted. Our licenses have been granted with an expectation of renewal and the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. If we fail to timely file to renew any wireless license or fail to meet any regulatory requirements for renewal, including construction and substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. Accordingly, we cannot assure that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be

revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, financial condition and operating results.

Risks Related to Ownership of Our Common Stock

Our Fifth Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain actions and proceedings, which could limit the ability of our stockholders to obtain a judicial forum of their choice for disputes with the Company or its directors, officers or employees.

Our Fifth Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the Company to the Company or its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or the Company's bylaws or (iv) any other action asserting a claim arising under, in connection with, and governed by the internal affairs doctrine. This choice of forum provision does not waive our compliance with our obligations under the federal securities laws and the rules and regulations thereunder. Moreover, the provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or by the Securities Act of 1933, as amended.

This choice of forum provision may increase costs to bring a claim, discourage claims or limit a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with the Company or its directors, officers or employees, which may discourage such lawsuits against the Company and its directors, officers and employees, even though an action, if successful, might benefit our stockholders. Alternatively, if a court were to find the choice of forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such matters in other jurisdictions, which could increase our costs of litigation and adversely affect our business and financial condition.

Each of DT, which controls a majority of the voting power of our common stock, and SoftBank, a significant stockholder of T-Mobile, may have interests that differ from the interests of our other stockholders.

Upon the completion of the Transactions, DT and SoftBank entered into the SoftBank Proxy Agreement, and on June 22, 2020, DT, Claure Mobile LLC ("CM LLC"), and Marcelo Claure entered into a Proxy, Lock-up and ROFR Agreement ("the Claure Proxy Agreement," together with the SoftBank Proxy Agreement, the "Proxy Agreements"). Pursuant to the Proxy Agreements, at any meeting of our stockholders, the shares of our common stock beneficially owned by SoftBank or CM LLC will be voted in the manner as directed by DT.

Accordingly, DT controls a majority of the voting power of our common stock and therefore we are a "controlled company," as defined in The NASDAQ Stock Market LLC ("NASDAQ") listing rules, and we are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

In addition, pursuant to our Certificate of Incorporation and the Second Amended and Restated Stockholders' Agreement, as long as DT beneficially owns 30% or more of our outstanding common stock, we are restricted from taking certain actions without DT's prior written consent, including (i) incurring indebtedness above certain levels based on a specified debt to cash flow ratio, (ii) taking any action that would cause a default under any instrument evidencing indebtedness involving DT or its affiliates, (iii) acquiring or disposing of assets or entering into mergers or similar acquisitions in excess of $1.0 billion, (iv) changing the size of our board of directors, (v) subject to certain exceptions, issuing equity of 10% or more of the then-outstanding shares of our common stock, or issuing equity to redeem debt held by DT, (vi) repurchasing or redeeming equity securities or making any extraordinary or in-kind dividend other than on a pro rata basis, or (vii) making certain changes involving our CEO. We are also restricted from amending our Certificate of Incorporation and bylaws in any manner that could adversely affect DT's rights under the Second Amended and Restated Stockholders' Agreement for as long as DT beneficially owns 5% or more of our outstanding common stock. These restrictions could prevent us from taking actions that our board of directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

DT effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our Certificate of Incorporation, a sale or merger of our Company and other transactions requiring stockholder approval under Delaware law. DT's controlling interest may have the effect of making it more difficult for a third party to acquire, or discouraging a third party from seeking to acquire, the Company. DT and SoftBank, as significant

stockholders, may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counterparty in a number of commercial arrangements, and may make decisions adverse to the interests of our other stockholders.

In addition, we license certain trademarks from DT, including the right to use the trademark "T-Mobile" as a name for the Company and our flagship brand, under a trademark license agreement, as amended, with DT. As described in more detail in our Proxy Statement on Schedule 14A filed with the SEC on April 21, 2021 under the heading "Transactions with Related Persons and Approval," we are obligated to pay DT a royalty in an amount equal to 0.25% (the "royalty rate") of the net revenue (as defined in the trademark license) generated by products and services sold by the Company under the licensed trademarks subject to a cap of $80.0 million per calendar year through December 31, 2028. We and DT are obligated to negotiate a new trademark license when (i) DT has 50% or less of the voting power of the outstanding shares of capital stock of the Company or (ii) any third party owns or controls, directly or indirectly, 50% or more of the voting power of the outstanding shares of capital stock of the Company, or otherwise has the power to direct or cause the direction of the management and policies of the Company. If we and DT fail to agree on a new trademark license, either we or DT may terminate the trademark license and such termination shall be effective, in the case of clause (i) above, on the third anniversary after notice of termination and, in the case of clause (ii) above, on the second anniversary after notice of termination. A further increase in the royalty rate or termination of the trademark license could have a material adverse effect on our business, financial condition and operating results.

Future sales of our common stock by DT and SoftBank and foreign ownership limitations by the FCC could have a negative impact on our stock price and decrease the value of our stock.

We cannot predict the effect, if any, that market sales of shares of our common stock by DT or SoftBank will have on the prevailing trading price of our common stock. Sales of a substantial number of shares of our common stock could cause our stock price to decline.

We, DT and SoftBank are parties to the Second Amended and Restated Stockholders' Agreement pursuant to which DT is free to transfer its shares in public sales without notice, as long as such transactions would not result in a third party owning more than 30% of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transfer is approved by our board of directors, or the transferee makes a binding offer to purchase all of the other outstanding shares on the same price and terms. The Second Amended and Restated Stockholders' Agreement does not otherwise impose any other restrictions on the sales of common stock by DT or SoftBank. Moreover, the Second Amended and Restated Stockholders' Agreement generally requires us to cooperate with DT to facilitate the resale of our common stock or debt securities held by DT under shelf registration statements we have filed. The sale of shares of our common stock by DT or SoftBank (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease in our stock price. In addition, even if DT or SoftBank does not sell a large number of their shares into the market, their rights to transfer a large number of shares into the market may depress our stock price.

Furthermore, under existing law, no more than 20% of an FCC licensee's capital stock may be directly owned, or no more than 25% indirectly owned, or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. If an FCC licensee is controlled by another entity, up to 25% of that entity's capital stock may be owned or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. Foreign ownership above the 25% holding company level may be allowed if the FCC finds such higher levels consistent with the public interest. The FCC has ruled that higher levels of foreign ownership, even up to 100%, are presumptively consistent with the public interest with respect to investors from certain nations. If our foreign ownership by previously unapproved foreign parties were to exceed the permitted level, the FCC could subject us to a range of penalties, including an order for us to divest the foreign ownership in part, fines, license revocation or denials of license renewals. If ownership of our common stock by an unapproved foreign entity were to become subject to such limitations, or if any ownership of our common stock violates any other rule or regulation of the FCC applicable to us, our Certificate of Incorporation provides for certain redemption provisions at a pre-determined price which may be less than fair market value. These limitations and our Certificate of Incorporation may limit our ability to attract additional equity financing outside the United States and decrease the value of our common stock.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and indentures governing our long-term debt to

affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and for general corporate purposes, including the integration of T-Mobile's and Sprint's businesses, the continued build-out of our 5G network and potential share repurchases as appropriate. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future, and capital appreciation, if any, of our common stock will be the sole source of potential gain.

Risks Related to Integration

Although we expect that the Transactions will result in synergies and other benefits, those synergies and benefits may not be realized in the amounts anticipated or may not be realized within the expected time frame, and risks associated with the foregoing may also result from the extended delay in the integration of the companies.

Our ability to realize the anticipated benefits of the Transactions will depend, to a large extent, on our ability to integrate our and Sprint's businesses in a manner that facilitates growth opportunities and achieves the projected cost savings. In addition, some of the anticipated synergies are not expected to occur for a significant time period following the completion of the Transactions and will require substantial capital expenditures in the near term.

Our anticipated synergies and other benefits of the Transactions may be reduced or eliminated, including a delay in the integration of, or an inability to integrate, the networks of T-Mobile and Sprint. Even if we are able to integrate the two companies successfully, the anticipated benefits of the Transactions, including the expected synergies and network benefits, may not be realized fully or at all or may take longer to realize than expected.

We have incurred substantial expenses as a result of completing the Transactions. We expect to incur substantial additional expenses in connection with migrating the Sprint customer base and integrating T-Mobile's and Sprint's businesses, operations, policies and procedures and compliance with the Government Commitments. While we have assumed that a certain level of transaction-related expenses will be incurred, factors beyond our control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses could exceed the costs historically borne by us and offset the expected synergies.

Our business and Sprint's business may not be integrated successfully or such integration may be more difficult, time consuming or costly than expected. Operating costs, customer loss and business disruptions, including challenges in maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected.

The combination of two independent businesses is complex, costly and time-consuming, and may divert significant management attention and resources. This process may disrupt our business or otherwise impact our ability to compete. The overall combination of our and Sprint's businesses may also result in material unanticipated problems, expenses, liabilities, competitive responses and impacts, and loss of customers and other business relationships. The difficulties of combining the operations of the companies include, among others:

- diversion of management attention to integration matters;
- difficulties in integrating operations and systems, including intellectual property and communications systems, administrative and information technology infrastructure, and supplier and vendor arrangements;
- challenges in conforming standards, controls, procedures and accounting and other policies;
- alignment of key performance measurements may result in a greater need to communicate and manage clear expectations while we work to integrate and align policies and practices;
- difficulties in integrating employees;
- the need to address possible differences in corporate cultures, management philosophies, and compensation structures;
- challenges in retaining existing customers and obtaining new customers;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- any disruptions to the operations and business in the Shentel service area following the Company's acquisition of Wireless Assets (as defined in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations) as a result of the transition of such assets to the Company;

- compliance with Government Commitments relating to national security;
- known or potential unknown liabilities of Sprint that are larger than expected; and
- other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Transactions.

Additionally, uncertainties over the integration process could cause customers, suppliers, distributors, dealers, retailers and others to seek to change or cancel our existing business relationships or to refuse to renew existing relationships. Suppliers,

distributors and content and application providers may also delay or cease developing new products for us that are necessary for the operations of our business due to uncertainties. Competitors may also target our existing customers by highlighting potential uncertainties and integration difficulties.

Some of these factors are outside our control, and any one of them could result in lower revenues, higher costs and diversion of management time and energy, which could adversely impact our business, financial condition and operating results. In addition, even if the integration is successful, the full benefits of the Transactions including, among others, the synergies, cost savings or sales or growth opportunities may not be realized within the anticipated time frames or at all.

In connection with the Merger, we are evaluating the long-term billing system architecture strategy for our customers. Our long-term strategy is to migrate Sprint's legacy customers onto T-Mobile's existing billing platforms. We will operate and maintain multiple billing systems until such conversion is completed. Any unanticipated difficulties, disruption, or significant delays could have adverse operational, financial, and reputational effects on our business.

Following the closing of the Merger, we are operating and maintaining multiple billing systems. We expect to continue to do so until successful conversion of Sprint's legacy customers to T-Mobile's existing billing platforms. We may encounter unanticipated difficulties or experience delays in the ongoing integration efforts with respect to billing, causing major system or business disruptions. In addition, we or our supporting vendors may experience errors, cyber-attacks or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of these billing systems could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers or negatively impact overall customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, and/or material weaknesses in our internal control over financial reporting and reputational damage.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our properties are best described on a collective basis, as no individual property is material. Our property and equipment consists of the following:

	December 31, 2021	December 31, 2020
Wireless communication systems	66 %	64 %
Land, buildings and building equipment	5 %	5 %
Data processing equipment and other	29 %	31 %
Total	100 %	100 %

Wireless communication systems primarily consist of assets used to operate our wireless network and information technology data centers, including switching equipment, radio frequency equipment, tower assets, construction in progress and leasehold improvements related to the wireless network and assets related to the liability for the retirement of long-lived assets.

Land, buildings and building equipment primarily consist of land and land improvements, central office buildings or any other buildings that house network equipment, buildings used for administrative and other purposes, related construction in progress and certain network service equipment.

Data processing equipment and other primarily consists of data processing equipment, office equipment, capitalized software, leased wireless devices, construction in progress and leasehold improvements.

We also lease distributed antenna system and small cell sites, as well as properties throughout the United States that contain data and switching centers, customer call centers, retail locations, warehouses and administrative spaces.

Item 3. Legal Proceedings

For more information regarding the legal proceedings in which we are involved, see Note 2 – Business Combinations and Note 17 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TMUS." We are included within the S&P 500 in the Wireless Telecommunication Services GICS (Global Industry Classification Standard) Sub-Industry index. As of January 31, 2022, there were 15,953 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and indentures governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and for general corporate purposes, including the integration of T-Mobile's and Sprint's businesses, the continued build-out of our 5G network and potential share repurchases as appropriate. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, of our common stock will be the sole source of potential gain.

Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2016 to December 31, 2021.

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The five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index, as illustrated in the graph above, are as follows:

	At December 31,					
	2016	2017	2018	2019	2020	2021
T-Mobile US, Inc.	$ 100.00	$ 110.43	$ 110.61	$ 136.36	$ 234.48	$ 201.67
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
NASDAQ Composite	100.00	129.64	125.96	172.17	249.51	304.85
Dow Jones US Mobile Telecommunications TSM	100.00	102.26	121.69	138.00	150.47	137.48

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The objectives of our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are to provide users of our consolidated financial statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the consolidated financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is performed on a consolidated basis and is inclusive of the results and operations of Sprint prospectively from the close of the Merger on April 1, 2020. The Merger enhanced our spectrum portfolio, increased our customer base, altered our product mix and created opportunities for synergies in our operations. We anticipate an initial increase in our combined operating costs, which we expect to decrease as we realize synergies. We expect the trends and results of operations of the combined company to be materially different than those of the standalone entities.

Our MD&A is provided as a supplement to, and should be read together with, our audited consolidated financial statements as of December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in Part II, Item 8 of this Form 10-K. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Sprint Merger

Transaction Overview

On April 1, 2020, we completed the Merger with Sprint, a communications company offering a comprehensive range of wireless and wireline communications products and services. As a result, Sprint and its subsidiaries became wholly-owned consolidated subsidiaries of T-Mobile.

The Merger has altered the size and scope of our operations, impacting our assets, liabilities, obligations, capital requirements and performance measures. We expect the trends and results of operations of the combined company to be materially different than those of the standalone entities. As a combined company, we have been able to enhance the breadth and depth of our nationwide 5G network, accelerate innovation, increase competition in the U.S. wireless and broadband industries and achieve significant synergies and cost reductions by eliminating redundancies within the combined network as well as other business processes and operations.

For more information regarding the Merger, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Shentel Wireless Assets Acquisition

On July 1, 2021, we completed the acquisition of Shentel's wireless telecommunications assets (the "Wireless Assets") used to provide Sprint PCS's wireless mobility communications network products in certain parts of Maryland, North Carolina, Virginia, West Virginia, Kentucky, Ohio and Pennsylvania. As a result, T-Mobile become the legal owner of the Wireless Assets.

This transaction represented an opportunity to reacquire the exclusive rights to deliver Sprint's wireless network services in Shentel's former affiliate territory and simplify our operations. The acquisition of the Wireless Assets has altered the composition of certain assets and liabilities on our balance sheet, including Goodwill and Other intangible assets.

For more information regarding our acquisition of the Wireless Assets, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Merger-Related Costs

Merger-related costs associated with the Merger and acquisitions of affiliates generally include:

- Integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile network and the impact of legal matters assumed as part of the Merger;
- Restructuring costs, including severance, store rationalization and network decommissioning; and
- Transaction costs, including legal and professional services related to the completion of the transactions.

Transaction and restructuring costs are disclosed in Note 2 – Business Combinations and Note 18 – Restructuring Costs, respectively, of the Notes to the Consolidated Financial Statements. Merger-related costs have been excluded from our calculations of Adjusted EBITDA and Core Adjusted EBITDA, which are non-GAAP financial measures, as we do not consider these costs to be reflective of our ongoing operating performance. See "Adjusted EBITDA and Core Adjusted EBITDA" in the "Performance Measures" section of this MD&A. Cash payments for Merger-related costs, including payments related to our restructuring plan, are included in Net cash provided by operating activities on our Consolidated Statements of Cash Flows.

Merger-related costs are presented below:

	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
(in millions)	**2021**	**2020**	**2019**	**$ Change**	**% Change**	**$ Change**	**% Change**
Merger-related costs							
Cost of services, exclusive of depreciation and amortization	$ 1,015	$ 646	$ —	$ 369	57 %	$ 646	NM
Cost of equipment sales	1,018	6	—	1,012	NM	6	NM
Selling, general and administrative	1,074	1,263	620	(189)	(15)%	643	104 %
Total Merger-related costs	$ 3,107	$ 1,915	$ 620	$ 1,192	62 %	$ 1,295	209 %
Cash payments for Merger-related costs	$ 2,170	$ 1,493	$ 442	$ 677	45 %	$ 1,051	238 %

NM - Not Meaningful

Merger-related costs will be impacted by restructuring and integration activities expected to occur through the end of fiscal year 2023, as we implement initiatives to realize cost efficiencies from the Merger and our acquisitions of affiliates. Transaction costs, including legal and professional service fees related to the completion of the Merger and acquisitions of affiliates, are expected to continue to decrease.

Restructuring

Upon the close of the Merger, we began implementing restructuring initiatives to realize cost efficiencies from the Merger. The major activities associated with the restructuring initiatives to date include:

- Contract termination costs associated with rationalization of retail stores, distribution channels, duplicative network and backhaul services and other agreements;
- Severance costs associated with the reduction of redundant processes and functions; and
- The decommissioning of certain small cell sites and distributed antenna systems to achieve synergies in network costs.

Anticipated Impacts

We expect to incur a total of $12.0 billion of Merger-related costs, excluding capital expenditures, of which $6.5 billion has been incurred since the beginning of 2018, including $700 million of costs incurred by Sprint prior to the Merger.

Our remaining integration and restructuring activities are expected to occur over the next two years with substantially all costs incurred by the end of fiscal year 2023. We expect to incur total Merger-related costs, excluding capital expenditures, of $5.5 billion to complete our remaining integration and restructuring activities, $4.5 billion to $5.0 billion of which is expected to be incurred in fiscal year 2022. We are evaluating additional restructuring initiatives which are dependent on consultations and negotiation with certain counterparties and the expected impact on our business operations, which could affect the amount or timing of the restructuring costs and related payments. We expect our principal sources of funding to be sufficient to meet our

liquidity requirements and anticipated payments associated with the restructuring initiatives.

As a result of our ongoing restructuring activities, we expect to realize cost efficiencies by eliminating redundancies within our combined network as well as other business processes and operations. We expect these activities to result in a reduction of expenses in Cost of services and Selling, general and administrative on our Consolidated Statements of Comprehensive Income.

For more information regarding our restructuring activities, see Note 18 – Restructuring Costs of the Notes to the Consolidated Financial Statements.

Cyberattack

As we previously reported, we were subject to a criminal cyberattack involving unauthorized access to T-Mobile's systems. We became aware of a potential issue on August 12, 2021. We immediately began a forensic investigation and engaged cybersecurity experts to assist with the assessment of the incident and to help determine what data was impacted. As we previously reported, we promptly located and closed the unauthorized access to our systems. Our investigation uncovered that the perpetrator illegally gained access to certain areas of our systems on or about March 18, 2021, but only gained access to and took data of current, former and prospective customers beginning on or about August 3, 2021.

Based on the initial investigation findings, we moved to quickly identify current, former and prospective customers whose information was impacted and notify them, consistent with state and federal requirements. Simultaneously, we undertook a number of other measures to demonstrate our continued support and commitment to data privacy and protection and continued to work with our cybersecurity experts to finish our forensic investigation, with the goal to ensure we had a complete understanding of the scope and impact of the unauthorized access. We also coordinated our efforts with law enforcement.

Also as previously reported, our forensic investigation took time and was completed in October 2021, although our overall investigation into the incident is ongoing. As a result of our forensic investigation, we believe we have a full view of the data compromised. We have no evidence that individual financial account numbers, such as full credit or debit card numbers, were accessed or taken in relation to the August 2021 cyberattack.

Throughout our forensic investigation of the August 2021 cyberattack, our top priority was to support those individuals impacted by the cyberattack. We sent notifications to our customers and customer accounts whose names, dates of birth, Social Security numbers ("SSNs")/Tax Identifiers ("Tax IDs") and driver's license/identification numbers ("ID Numbers") were taken, consistent with state and federal requirements, including to approximately 7.8 million current customer accounts and approximately 40.0 million former and prospective customers. We also notified an additional 1.9 million former and prospective customers who had their names, dates of birth and ID Numbers (but not valid SSNs/Tax IDs) taken.

Out of an abundance of caution during the earliest days of our investigation and to help alleviate consumer concerns and confusion, we rapidly sent notifications to approximately 5.3 million customer accounts who had their names, dates of birth and addresses taken. These accounts did not have SSNs/Tax IDs or ID Numbers taken. Later in our investigation, we identified approximately 790,000 additional former and prospective customers who had similar information — names, dates of birth and, in many cases, addresses, but not SSNs/Tax IDs or ID Numbers — taken and sent them notifications consistent with state and federal requirements. Our investigation also identified approximately 26.0 million additional individuals with the same types of information taken, but for whom individual notifications were not required under state and federal law in light of the types of information taken. By that point, since our original notifications, we had already launched a broad-reaching communications outreach program through which we kept our customers and the public informed and made information available and accessible on our website to provide support for any individuals who may have been impacted, including information on how they could take steps to protect themselves.

We also took actions to proactively reset the personal identification numbers ("PINs") for approximately 870,000 current customer accounts whose names and PINs may have been taken. We previously reported that further data files including phone numbers, International Mobile Equipment Identity ("IMEI") numbers and International Mobile Subscriber Identity ("IMSI") numbers were taken; a significant portion of this data was related to inactive devices.

For a number of additional current Metro customers, these files included names but no other personally identifiable information.

As described above, supporting individuals impacted by the August 2021 cyberattack was a top priority. As previously reported, this support included:

- Offering two years of free identity protection services with McAfee's ID Theft Protection Service to any person who believes they may be affected;
- Recommending that all eligible customers sign up for free scam-blocking protection through Scam Shield;
- Supporting individuals impacted by the August 2021 cyberattack with additional best practices and practical security steps such as resetting PINs and passwords; and
- Publishing a customer support webpage that includes information and access to these tools at https://www.t-mobile.com/brand/data-breach-2021[1].

As described above, we take data protection and the protection of our customers very seriously, and we have worked diligently to further enhance security across our platforms throughout this process. As part of those efforts, and as we have previously reported, we have entered into long-term partnerships with the industry-leading cybersecurity experts at Mandiant, and with consulting firm KPMG LLP, as part of our efforts to ensure that the Company has cybersecurity practices that are among the best in our industry. We have also created a Cyber Transformation Office reporting directly to our Chief Executive Officer that will be responsible for managing our efforts.

We have incurred certain cyberattack-related expenses that were not material and expect to continue to incur additional expenses in future periods, including costs to remediate the attack, provide additional customer support and enhance customer protection, only some of which may be covered and reimbursable by insurance. We also intend to commit substantial additional resources towards cybersecurity initiatives over the next several years.

It is not possible to precisely measure the amount of lost revenue, if any, directly attributable to the August 2021 cyberattack. We are unable to predict the full impact of the August 2021 cyberattack on customer behavior in the future, including whether a change in our customers' behavior could negatively impact our results of operations on an ongoing basis. Accordingly, we are not able to predict with any certainty any possible future impact to our revenues or expenses attributable to the August 2021 cyberattack, which could have a material adverse effect on our future results.

As a result of the attack, we are subject to numerous arbitration demands and lawsuits, including class action lawsuits, and regulatory inquiries as described in Note 17 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements and Part I, Item 3. Legal Proceedings, and we could be subject to additional lawsuits and inquiries. We are cooperating fully with regulators in connection with the inquiries, though we cannot predict the timing or outcome of any of these inquiries. In light of the inherent uncertainties involved in such matters and based on the information currently available to us, as of the date of this Annual Report, we have not recorded any accruals for losses related to the above proceedings and inquiries as any such amounts (or ranges of amounts) are not probable or estimable at this time. We believe it is reasonably possible that we could incur losses associated with these proceedings and inquiries, and the Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries, including ongoing costs related thereto, could be material to our business, reputation, financial condition, cash flows and operating results in future periods.

COVID-19 Pandemic

The Pandemic has resulted in a widespread health crisis that has adversely affected businesses, economies and financial markets worldwide, and has caused significant volatility in the U.S. and international debt and equity markets. The impact of the Pandemic has been wide-ranging, including, but not limited to, the temporary closures of many businesses and schools, "shelter in place" orders, travel restrictions, social distancing guidelines and other governmental, business and individual actions taken in response to the Pandemic. These restrictions have impacted, and will continue to impact, our business, including the demand for our products and services and the ways in which our customers purchase and use them. In addition, the Pandemic has resulted in economic uncertainty, which could affect our customers' purchasing decisions and ability to make timely payments. The availability of vaccines, as well as our continued social distancing measures and incremental cleaning efforts, have facilitated the continued operation of our retail stores. Additionally, we have implemented testing policies for our on-site employees to help reduce transmission. We will continue to monitor the Pandemic and its impacts and may adjust our actions as needed to continue to provide our products and services to our communities and employees.

As a critical communications infrastructure provider as designated by the government, our focus has been on providing crucial connectivity to our customers and impacted communities while ensuring the safety and well-being of our employees.

[1] The reference to this website is intended to be an inactive textual reference and information on or accessible from such website is not included or incorporated in this report.

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Results of Operations

Set forth below is a summary of our consolidated financial results:

(in millions)	Year Ended December 31, 2021	2020	2019	2021 Versus 2020 $ Change	% Change	2020 Versus 2019 $ Change	% Change
Revenues							
Postpaid revenues	$ 42,562	$ 36,306	$ 22,673	$ 6,256	17 %	$ 13,633	60 %
Prepaid revenues	9,733	9,421	9,543	312	3 %	(122)	(1)%
Wholesale revenues	3,751	2,590	1,279	1,161	45 %	1,311	103 %
Other service revenues	2,323	2,078	1,005	245	12 %	1,073	107 %
Total service revenues	58,369	50,395	34,500	7,974	16 %	15,895	46 %
Equipment revenues	20,727	17,312	9,840	3,415	20 %	7,472	76 %
Other revenues	1,022	690	658	332	48 %	32	5 %
Total revenues	80,118	68,397	44,998	11,721	17 %	23,399	52 %
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	13,934	11,878	6,622	2,056	17 %	5,256	79 %
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	22,671	16,388	11,899	6,283	38 %	4,489	38 %
Selling, general and administrative	20,238	18,926	14,139	1,312	7 %	4,787	34 %
Impairment expense	—	418	—	(418)	(100)%	418	NM
Depreciation and amortization	16,383	14,151	6,616	2,232	16 %	7,535	114 %
Total operating expenses	73,226	61,761	39,276	11,465	19 %	22,485	57 %
Operating income	6,892	6,636	5,722	256	4 %	914	16 %
Other income (expense)							
Interest expense	(3,189)	(2,483)	(727)	(706)	28 %	(1,756)	242 %
Interest expense to affiliates	(173)	(247)	(408)	74	(30)%	161	(39)%
Interest income	20	29	24	(9)	(31)%	5	21 %
Other expense, net	(199)	(405)	(8)	206	(51)%	(397)	4,963 %
Total other expense, net	(3,541)	(3,106)	(1,119)	(435)	14 %	(1,987)	178 %
Income from continuing operations before income taxes	3,351	3,530	4,603	(179)	(5)%	(1,073)	(23)%
Income tax expense	(327)	(786)	(1,135)	459	(58)%	349	(31)%
Income from continuing operations	3,024	2,744	3,468	280	10 %	(724)	(21)%
Income from discontinued operations, net of tax	—	320	—	(320)	(100)%	320	NM
Net income	$ 3,024	$ 3,064	$ 3,468	$ (40)	(1)%	$ (404)	(12)%
Statement of Cash Flows Data							
Net cash provided by operating activities	$ 13,917	$ 8,640	$ 6,824	$ 5,277	61 %	$ 1,816	27 %
Net cash used in investing activities	(19,386)	(12,715)	(4,125)	(6,671)	52 %	(8,590)	208 %
Net cash provided by (used in) financing activities	1,709	13,010	(2,374)	(11,301)	(87)%	15,384	(648)%
Non-GAAP Financial Measures							
Adjusted EBITDA	26,924	24,557	13,383	2,367	10 %	11,174	83 %
Core Adjusted EBITDA	23,576	20,376	12,784	3,200	16 %	7,592	59 %
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	5,646	3,001	4,319	2,645	88 %	(1,318)	(31)%

NM - Not Meaningful

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The following discussion and analysis is for the year ended December 31, 2021, compared to the same period in 2020 unless otherwise stated. For a discussion and analysis of the year ended December 31, 2020, compared to the same period in 2019, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 23, 2021.

On April 1, 2020, we closed our Merger with Sprint. The Merger was accounted for as business combination and our results are inclusive of the acquired Sprint operations prospectively from the Merger close date. Our results of operations described below are impacted by a full year of Sprint results included in fiscal year 2021 compared to nine months of Sprint results included in fiscal year 2020.

Total revenues increased $11.7 billion, or 17%. The components of these changes are discussed below.

Postpaid revenues increased $6.3 billion, or 17%, primarily from:

- Higher average postpaid accounts; and
- Higher postpaid ARPA. See "Postpaid ARPA" in the "Performance Measures" section of this MD&A.

Prepaid revenues increased $312 million, or 3%, primarily from:

- Higher prepaid ARPU. See "Prepaid ARPU" in the "Performance Measures" section of this MD&A; and
- Higher average prepaid customers.

Wholesale revenues increased $1.2 billion, or 45%, primarily from:

- Our Master Network Service Agreement with DISH, which went into effect on July 1, 2020; and
- The success of our other MVNO relationships.

Other service revenues increased $245 million, or 12%, primarily from:

- Higher Lifeline revenues, primarily associated with operations acquired in the Merger; and
- Inclusion of wireline operations acquired in the Merger; partially offset by
- Lower advertising revenues.

Equipment revenues increased $3.4 billion, or 20%, primarily from:

- An increase of $3.5 billion in device sales revenue, excluding purchased leased devices, primarily from:
    - An increase in the number of devices sold due to a larger customer base as a result of the Merger, switching activity returning to more normalized levels compared to the muted conditions from the Pandemic in the prior year, a higher upgrade rate and the planned shift in device financing from leasing to EIP; and
    - Higher average revenue per device sold driven by an increased mix of phone versus other devices, partially offset by an increase in promotional activities;
- An increase of $373 million in sales of accessories, due to increased retail store traffic, compared to lower retail traffic in the prior period due to closures arising from the Pandemic, and a larger customer base as a result of the Merger;
- An increase of $221 million in liquidation revenues, primarily due to a higher volume of returned devices and an increase in the high-end device mix; partially offset by
- A decrease of $833 million in lease revenues due to a lower number of customer devices under lease as a result of the planned shift in device financing from leasing to EIP.

Other revenues increased $332 million, or 48%, primarily from:

- Higher revenues from our device recovery program; and
- Higher interest income on our EIP receivables from the planned shift in device financing from leasing to EIP.

Operating expenses increased $11.5 billion, or 19%. The components of this change are discussed below.

Cost of services, exclusive of depreciation and amortization, increased $2.1 billion, or 17%, primarily from:

- An increase in expenses associated with leases and utilities primarily due to the Merger and the continued build-out of our nationwide 5G network, including a new tower master lease agreement in 2020;
- An increase of $369 million in Merger-related costs including incremental costs associated with network decommissioning and integration; and
- Higher employee-related and benefit-related costs primarily due to increased average headcount as a result of the Merger; partially offset by
- Higher realized Merger synergies, including a decrease in expenses associated with backhaul due to the termination of certain agreements acquired in the Merger.

Cost of equipment sales, exclusive of depreciation and amortization, increased $6.3 billion, or 38%, primarily from:

- An increase of $5.9 billion in device cost of equipment sales, excluding purchased leased devices, primarily from:
    - An increase in the number of devices sold due to a larger customer base as a result of the Merger, switching activity returning to more normalized levels relative to the muted conditions from the Pandemic in the prior year, a higher upgrade rate and the planned shift in device financing from leasing to EIP; and
    - Higher average costs per device sold due to an increased mix of phone versus other devices; and
- An increase of $212 million in cost of accessories, due to increased retail store traffic, compared to lower retail traffic in the prior period due to closures arising from the Pandemic, and a larger customer base as result of the Merger.
- Merger-related costs, primarily related to moving Sprint customers to devices that are compatible with the T-Mobile network, were $1.0 billion for the year ended December 31, 2021, compared to $6 million for the year ended December 31, 2020.

Selling, general and administrative expenses increased $1.3 billion, or 7%, primarily from:

- Higher advertising expense relative to the muted Pandemic-driven conditions in the prior period;
- Higher external labor and professional services primarily from the Merger;
- Higher employee-related costs due to an increase in the average number of employees primarily from the Merger; and
- Higher commissions primarily due to compensation structure changes and higher customer addition volumes; partially offset by
- Higher realized Merger synergies; and
- Lower bad debt expense primarily due to the release of estimated bad debt reserves established in the prior year associated with macro-economic impact of the Pandemic.
- Selling, general and administrative expenses for the year ended December 31, 2020, included $458 million of supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs. There were insignificant COVID-19 costs for the year ended December 31, 2021.

- Selling, general and administrative expenses for the year ended December 31, 2021, included $1.1 billion of Merger-related costs primarily related to integration, restructuring and legal-related expenses, compared to $1.3 billion of Merger-related costs for the year ended December 31, 2020.

Impairment expense decreased $418 million, or 100%, primarily from:

- A $218 million impairment on the goodwill in the Layer3 reporting unit in 2020; and
- A $200 million impairment on the capitalized software development costs related to our postpaid billing system replacement in 2020.
- There was no impairment expense for the year ended December 31, 2021.

Depreciation and amortization increased $2.2 billion, or 16%, primarily from:

- Higher depreciation expense, excluding leased devices, from the continued build-out of our nationwide 5G network;
- Accelerated depreciation expense on certain assets due to our Merger integration; and
- Higher amortization from intangible assets, primarily due to a full year of amortization of intangible assets acquired in the Merger.

Operating income, the components of which are discussed above, increased $256 million, or 4%.

Interest expense increased $706 million, or 28%, primarily from:

- Higher average debt outstanding due to debt assumed in the Merger and the issuance of debt; and
- Lower capitalized interest; partially offset by
- A lower average effective interest rate due to refinancing of existing debt at lower rates.

Interest expense to affiliates decreased $74 million, or 30%, primarily from:

- Lower average debt outstanding due to the redemption of debt; partially offset by
- Lower capitalized interest.

Other expense, net decreased $206 million, or 51%, primarily from lower losses on the extinguishment of debt.

Income from continuing operations before income taxes, the components of which are discussed above, was $3.4 billion and $3.5 billion for the years ended December 31, 2021 and 2020, respectively.

Income tax expense decreased $459 million, or 58%, primarily from:

- Tax benefits associated with legal entity reorganization related to historical Sprint entities, including a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions;
- Lower Income from continuing operations before income taxes; and
- Increased benefits from tax credits.

Our effective tax rate was 9.8% and 22.3% for the years ended December 31, 2021 and 2020, respectively.

Income from continuing operations was $3.0 billion and $2.7 billion for the years ended December 31, 2021 and 2020, respectively. The change in Income from continuing operations was primarily due to the items discussed above.

Income from discontinued operations, net of tax was $320 million for the year ended December 31, 2020 and consisted of the results of the Prepaid Business that was divested on July 1, 2020. There were no discontinued operations for the year ended December 31, 2021.

Net income, the components of which are discussed above, decreased $40 million, or 1%, and included the following:

- Merger-related costs, net of tax, of $2.3 billion for the year ended December 31, 2021, compared to $1.5 billion for the year ended December 31, 2020;
- Impairment expense of $366 million, net of tax, for the year ended December 31, 2020, compared to no impairment expense for the year ended December 31, 2021; and
- The negative impact of supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs, net of tax, of $339 million for the year ended December 31, 2020, compared to an insignificant impact for the year ended December 31, 2021.

Guarantor Financial Information

In connection with our Merger with Sprint, we assumed certain registered debt to third parties issued by Sprint, Sprint Communications LLC, formerly known as Sprint Communications, Inc. ("Sprint Communications") and Sprint Capital Corporation (collectively, the "Sprint Issuers"). Amounts previously disclosed for the estimated values of certain acquired assets and liabilities assumed have been adjusted based on additional information arising subsequent to the initial valuation. These revisions to the estimated values did not have a significant impact on our summarized financial information for the consolidated obligor group.

Pursuant to the applicable indentures and supplemental indentures, the Senior Notes to affiliates and third parties issued by T-Mobile USA, Inc. and the Sprint Issuers (collectively, the "Issuers") are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile ("Parent") and certain of Parent's 100% owned subsidiaries ("Guarantor Subsidiaries").

Pursuant to the applicable indentures and supplemental indentures, the Senior Secured Notes to third parties issued by T-Mobile USA, Inc. are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Parent and the Guarantor Subsidiaries, except for the Guarantees of Sprint, Sprint Communications and Sprint Capital Corporation, which are provided on a senior unsecured basis.

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures, supplemental indentures and credit agreements governing the long-term debt contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuers or borrowers to loan funds or make payments to Parent. However, the Issuers or borrowers and Guarantor Subsidiaries are allowed to make certain permitted payments to Parent under the terms of the indentures, supplemental indentures and credit agreements.

Basis of Presentation

The following tables include summarized financial information of the obligor groups of debt issued by T-Mobile USA, Inc., Sprint, Sprint Communications and Sprint Capital Corporation. The summarized financial information of each obligor group is presented on a combined basis with balances and transactions within the obligor group eliminated. Investments in and the equity in earnings of non-guarantor subsidiaries, which would otherwise be consolidated in accordance with U.S. GAAP, are excluded from the below summarized financial information pursuant to SEC Regulation S-X Rule 13-01.

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The summarized balance sheet information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

(in millions)	December 31, 2021	December 31, 2020
Current assets	$ 19,522	$ 22,638
Noncurrent assets	174,980	165,294
Current liabilities	22,195	19,982
Noncurrent liabilities	115,126	112,930
Due to non-guarantors	8,208	7,433
Due to related parties	3,842	4,873
Due from related parties	27	22

The summarized results of operations information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

(in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020
Total revenues	$ 78,538	$ 67,112
Operating income	3,835	4,335
Net income	402	1,148
Revenue from non-guarantors	1,769	1,496
Operating expenses to non-guarantors	2,655	2,127
Other expense to non-guarantors	(148)	(114)

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint and Sprint Communications is presented in the table below:

(in millions)	December 31, 2021	December 31, 2020
Current assets	$ 11,969	$ 2,646
Noncurrent assets	10,347	26,278
Current liabilities	15,136	4,209
Noncurrent liabilities	70,262	65,161
Due from non-guarantors	1,787	25,993
Due to related parties	3,842	4,786
Due from related parties	27	—

The summarized results of operations information for the consolidated obligor group of debt issued by Sprint and Sprint Communications, since the acquisition of Sprint on April 1, 2020, is presented in the table below:

(in millions)	Year Ended December 31, 2021	Nine Months Ended December 31, 2020
Total revenues	$ 7	$ 10
Operating loss	(751)	(15)
Net loss	(2,161)	(2,229)
Revenue from non-guarantors	2	6
Other income, net, from non-guarantors	1,706	1,084

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint Capital Corporation is presented in the table below:

(in millions)	December 31, 2021	December 31, 2020
Current assets	$ 11,969	$ 2,646
Noncurrent assets	19,375	35,330
Current liabilities	15,208	4,281
Noncurrent liabilities	75,753	70,253
Due from non-guarantors	10,814	35,046
Due to related parties	3,842	4,786
Due from related parties	27	—

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The summarized results of operations information for the consolidated obligor group of debt issued by Sprint Capital Corporation, since the acquisition of Sprint on April 1, 2020, is presented in the table below:

(in millions)	Year Ended December 31, 2021	Nine Months Ended December 31, 2020
Total revenues	$ 7	$ 10
Operating loss	(751)	(15)
Net loss	(2,590)	(2,165)
Revenue from non-guarantors	2	6
Other income, net, from non-guarantors	2,076	1,085

Affiliates Whose Securities Collateralize the Senior Secured Notes

For a description of the collateral arrangements relating to securities of affiliates that collateralize the Senior Secured Notes, please refer to the section entitled "Affiliates Whose Securities Collateralize the Notes and the Guarantees" in the Company's Registration Statement on Form S-4/A filed with the SEC on April 21, 2021, which section is incorporated herein by reference.

The assets, liabilities and results of operations of the combined affiliates whose securities are pledged as Collateral are not materially different than the corresponding amounts presented in the consolidated financial statements of the Company.

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our consolidated financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.

The performance measures presented below include the impact of the Merger on a prospective basis from the close date of April 1, 2020 and the impact of the acquisition of the Wireless Assets from Shentel on a prospective basis from the close date of July 1, 2021. Historical results prior to the respective close dates have not been retroactively adjusted.

Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Customers are qualified either for postpaid service utilizing phones, High Speed Internet, wearables, DIGITS or other connected devices, which include tablets and SyncUp products, where they generally pay after receiving service, or prepaid service, where they generally pay in advance of receiving service.

The following table sets forth the number of ending customers:

	As of December 31,			2021 Versus 2020		2020 Versus 2019	
(in thousands)	2021	2020	2019	#	%	#	%
Customers, end of period							
Postpaid phone customers [(1)(2)]	70,262	66,618	40,345	3,644	5 %	26,273	65 %
Postpaid other customers [(1)(2)]	17,401	14,732	6,689	2,669	18 %	8,043	120 %
Total postpaid customers	87,663	81,350	47,034	6,313	8 %	34,316	73 %
Prepaid customers [(1)]	21,056	20,714	20,860	342	2 %	(146)	(1)%
Total customers	108,719	102,064	67,894	6,655	7 %	34,170	50 %
Acquired customers, net of base adjustments [(1)(2)]	818	29,228	(616)	(28,410)	(97)%	29,844	NM

(1) Includes customers acquired in connection with the Merger and certain customer base adjustments. See Customer Base Adjustments and Net Customer Additions tables below.

(2) In the first quarter of 2021, we acquired 11,000 postpaid phone customers and 1,000 postpaid other customers through our acquisition of an affiliate. In the third quarter of 2021, we acquired 716,000 postpaid phone customers and 90,000 postpaid other customers through our acquisition of the Wireless Assets from Shentel.

NM - Not Meaningful

Total customers increased 6,655,000, or 7%, primarily from:

- Higher postpaid phone customers, primarily due to the continued success of new customer segments and rate plans, and continued growth in existing and new markets, along with targeted promotional activity and increased retail store traffic, compared to lower retail traffic in the prior period due to closures arising from the Pandemic;
- Higher postpaid other customers, primarily due to growth in other connected devices, including growth in wearable products, High Speed Internet, and public and educational sector customers; and
- Higher prepaid customers, primarily due to the continued success of our prepaid business due to promotional activity and rate plan offers.

Customer Base Adjustments

Certain adjustments were made to align the customer reporting policies of T-Mobile and Sprint.

The adjustments made to the reported T-Mobile and Sprint ending customer base as of March 31, 2020, are presented below:

(in thousands)	Postpaid phone customers	Postpaid other customers	Total postpaid customers	Prepaid customers	Total customers
Reconciliation to beginning customers					
T-Mobile customers as reported, end of period March 31, 2020	40,797	7,014	47,811	20,732	68,543
Sprint customers as reported, end of period March 31, 2020	25,916	8,428	34,344	8,256	42,600
Total combined customers, end of period March 31, 2020	66,713	15,442	82,155	28,988	111,143
Adjustments					
Reseller reclassification to wholesale customers [(1)]	(199)	(2,872)	(3,071)	—	(3,071)
EIP reclassification from postpaid to prepaid [(2)]	(963)	—	(963)	963	—
Divested prepaid customers [(3)]	—	—	—	(9,207)	(9,207)
Rate plan threshold [(4)]	(182)	(918)	(1,100)	—	(1,100)
Customers with non-phone devices [(5)]	(226)	226	—	—	—
Collection policy alignment [(6)]	(150)	(46)	(196)	—	(196)
Miscellaneous adjustments [(7)]	(141)	(43)	(184)	(302)	(486)
Total Adjustments	(1,861)	(3,653)	(5,514)	(8,546)	(14,060)
Adjusted beginning customers as of April 1, 2020	64,852	11,789	76,641	20,442	97,083

(1) In connection with the closing of the Merger, we refined our definition of wholesale customers, resulting in the reclassification of certain postpaid and prepaid reseller customers to wholesale customers. Starting with the three months ended March 31, 2020, we discontinued reporting wholesale customers to focus on postpaid and prepaid customers and wholesale revenues, which we consider more relevant than the number of wholesale customers given the expansion of M2M and IoT products.

(2) Prepaid customers with a device installment billing plan historically included as Sprint postpaid customers have been reclassified to prepaid customers to align with T-Mobile policy.

(3) Customers associated with the Sprint wireless prepaid and Boost Mobile brands that were divested on July 1, 2020, have been excluded from our reported customers.

(4) Customers who have rate plans with monthly recurring charges which are considered insignificant have been excluded from our reported customers.

(5) Customers with postpaid phone rate plans without a phone (e.g., non-phone devices) have been reclassified from postpaid phone to postpaid other customers to align with T-Mobile policy.

(6) Certain Sprint customers subject to collection activity for an extended period of time have been excluded from our reported customers to align with T-Mobile policy.

(7) Miscellaneous insignificant adjustments to align with T-Mobile policy.

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Net Customer Additions

The following table sets forth the number of net customer additions:

(in thousands)	Year Ended December 31, 2021	2020	2019	2021 Versus 2020 #	%	2020 Versus 2019 #	%
Net customer additions							
Postpaid phone customers	2,917	2,218	3,121	699	32 %	(903)	(29)%
Postpaid other customers	2,578	3,268	1,394	(690)	(21)%	1,874	134 %
Total postpaid customers	5,495	5,486	4,515	9	NM	971	22 %
Prepaid customers	342	145	339	197	136 %	(194)	(57)%
Total customers	5,837	5,631	4,854	206	4 %	777	16 %
Acquired customers, net of base adjustments	818	29,228	(616)	(28,410)	(97)%	29,844	NM

NM - Not Meaningful

Total net customer additions increased 206,000, or 4%, primarily from:

- Higher postpaid phone net customer additions, primarily due to increased retail store traffic, compared to lower retail traffic in the prior period due to closures arising from the Pandemic, partially offset by higher churn; and
- Higher prepaid net customer additions, primarily due to lower churn; partially offset by
- Lower postpaid other net customer additions, primarily due to elevated gross additions in the prior period related to the public and educational sector resulting from the Pandemic and higher disconnects from an increased customer base, partially offset by growth in High Speed Internet. High Speed Internet net customer additions were 546,000 and 87,000 for the years ended December 31, 2021 and 2020, respectively.

Churn

Churn represents the number of customers whose service was disconnected as a percentage of the average number of customers during the specified period further divided by the number of months in the period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

The following table sets forth the churn:

	Year Ended December 31, 2021	2020	2019	Bps Change 2021 Versus 2020	Bps Change 2020 Versus 2019
Postpaid phone churn	0.98 %	0.90 %	0.89 %	8 bps	1 bps
Prepaid churn	2.83 %	3.03 %	3.82 %	-20 bps	-79 bps

Postpaid phone churn increased 8 basis points, primarily from:

- Higher churn from customers acquired in the Merger; and
- More normalized switching activity relative to the muted Pandemic-driven conditions a year ago.

Prepaid churn decreased 20 basis points, primarily from:

- Promotional activity; and

- Improved quality of recently acquired customers.

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Total Postpaid Accounts

A postpaid account is generally defined as a billing account number that generates revenue. Postpaid accounts generally consist of customers that are qualified for postpaid service utilizing phones, High Speed Internet, wearables, DIGITS or other connected devices, which include tablets and SyncUp products, where they generally pay after receiving service.

	As of December 31,			2021 Versus 2020		2020 Versus 2019	
(in thousands)	**2021**	**2020**	**2019**	**# Change**	**% Change**	**# Change**	**% Change**
Total postpaid customer accounts [1][2]	27,216	25,754	15,047	1,462	6 %	10,707	71 %

(1) Includes accounts acquired in connection with the Merger and certain account base adjustments. See Account Base Adjustments table below.
(2) In the first quarter of 2021, we acquired 4,000 postpaid accounts through our acquisition of an affiliate. In the third quarter of 2021, we acquired 270,000 postpaid accounts through our acquisition of the Wireless Assets of Shentel.

Total postpaid customer accounts increased 1,462,000, or 6%, primarily due to the continued success of new customer segments and rate plans, continued growth in existing and new markets, including our High Speed Internet product, along with targeted promotional activity and increased retail store traffic compared to the prior period due to closures arising from the Pandemic.

Account Base Adjustments

Certain adjustments were made to align the account reporting policies of T-Mobile and Sprint.

The adjustments made to the reported T-Mobile and Sprint ending account base as of March 31, 2020 are presented below:

(in thousands)	**Postpaid Accounts**
Reconciliation to beginning accounts	
T-Mobile accounts as reported, end of period March 31, 2020	15,244
Sprint accounts, end of period March 31, 2020	11,246
Total combined accounts, end of period March 31, 2020	26,490
Adjustments	
Reseller reclassification to wholesale accounts [1]	(1)
EIP reclassification from postpaid to prepaid [2]	(963)
Rate plan threshold [3]	(18)
Collection policy alignment [4]	(76)
Miscellaneous adjustments [5]	(47)
Total Adjustments	(1,105)
Adjusted beginning accounts as of April 1, 2020	25,385

(1) In connection with the closing of the Merger, we refined our definition of wholesale accounts resulting in the reclassification of certain postpaid and prepaid reseller accounts to wholesale accounts.
(2) Prepaid accounts with a customer with a device installment billing plan historically included as Sprint postpaid accounts have been reclassified to prepaid accounts to align with T-Mobile policy.
(3) Accounts with customers who have rate plans with monthly recurring charges that are considered insignificant have been excluded from our reported accounts.
(4) Certain Sprint accounts subject to collection activity for an extended period of time have been excluded from our reported accounts to align with T-Mobile policy.
(5) Miscellaneous insignificant adjustments to align with T-Mobile policy.

Postpaid Net Account Additions

The following table sets forth the number of postpaid net account additions:

	As of December 31,			2021 Versus 2020		2020 Versus 2019	
(in thousands)	**2021**	**2020**	**2019**	**# Change**	**% Change**	**# Change**	**% Change**
Postpaid net account additions	1,188	566	1,018	622	110 %	(452)	(44)%

Postpaid net account additions increased 622,000, or 110%, primarily due to the continued success of new customer segments

and rate plans, continued growth in existing and new markets, including our High Speed Internet product, along with targeted promotional activity and increased retail store traffic compared to the prior period due to closures arising from the Pandemic.

Average Revenue Per User

ARPU represents the average monthly service revenue earned from customers. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue per customer and assist in forecasting our future service revenues generated from our customer base. Postpaid phone ARPU excludes postpaid other customers and related revenues, which include High Speed Internet, wearables, DIGITS and other connected devices such as tablets and SyncUp products.

The following table illustrates the calculation of our operating measure ARPU and reconciles this measure to the related service revenues:

(in millions, except average number of customers and ARPU)	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
	2021	2020	2019	$ Change	% Change	$ Change	% Change
Calculation of Postpaid Phone ARPU							
Postpaid service revenues	$ 42,562	$ 36,306	$ 22,673	$ 6,256	17 %	$ 13,633	60 %
Less: Postpaid other revenues	(3,408)	(2,367)	(1,344)	(1,041)	44 %	(1,023)	76 %
Postpaid phone service revenues	39,154	33,939	21,329	5,215	15 %	12,610	59 %
Divided by: Average number of postpaid phone customers (in thousands) and number of months in period	68,327	59,249	38,602	9,078	15 %	20,647	53 %
Postpaid phone ARPU	$ 47.75	$ 47.74	$ 46.04	$ 0.01	NM	$ 1.70	4 %
Calculation of Prepaid ARPU							
Prepaid service revenues	$ 9,733	$ 9,421	$ 9,543	$ 312	3 %	$ (122)	(1)%
Divided by: Average number of prepaid customers (in thousands) and number of months in period	20,909	20,594	20,955	315	2 %	(361)	(2)%
Prepaid ARPU	$ 38.79	$ 38.12	$ 37.95	$ 0.67	2 %	$ 0.17	— %

NM - Not Meaningful

Postpaid Phone ARPU

Postpaid phone ARPU was essentially flat and was primarily impacted by:

- Higher premium services, including Magenta Max; and
- The net impact of customers acquired in the Merger, which have higher ARPU (net of changes arising from the reduction in base due to policy adjustments and reclassification of certain ARPU components from the acquired customers being moved to other revenue lines); offset by
- Promotional activity; and
- The impact of the transition of Sprint customers to tax-inclusive rate plans.

Prepaid ARPU

Prepaid ARPU increased $0.67, or 2%, primarily due to:

- Higher premium services; and
- Higher revenues due to improved rate plan mix; partially offset by
- A reduction in certain non-recurring charges.

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Average Revenue Per Account

Average Revenue per Account ("ARPA") represents the average monthly postpaid service revenue earned per account. We believe postpaid ARPA provides management, investors and analysts with useful information to assess and evaluate our postpaid service revenue realization and assist in forecasting our future postpaid service revenues on a per account basis. We consider postpaid ARPA to be indicative of our revenue growth potential given the increase in the average number of postpaid phone customers per account and increases in postpaid other customers, including High Speed Internet, wearables, DIGITS or other connected devices, which include tablets and SyncUp products.

The following table illustrates the calculation of our operating measure ARPA and reconciles this measure to the related service revenues:

(in millions, except average number of accounts, ARPA)	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
	2021	2020	2019	$ Change	% Change	$ Change	% Change
Calculation of Postpaid ARPA							
Postpaid service revenues	$ 42,562	$ 36,306	$ 22,673	$ 6,256	17 %	$ 13,633	60 %
Divided by: Average number of postpaid accounts (in thousands) and number of months in period	26,464	22,959	14,486	3,505	15 %	8,473	58 %
Postpaid ARPA	$ 134.03	$ 131.78	$ 130.43	$ 2.25	2 %	$ 1.35	1 %

Postpaid ARPA increased $2.25, or 2%, primarily from:

- An increase in customers per account; and
- Higher premium services, including Magenta Max; partially offset by
- Promotional activity.

Adjusted EBITDA and Core Adjusted EBITDA

Beginning in the first quarter of 2021, we began disclosing Core Adjusted EBITDA as a financial measure to improve comparability as we de-emphasize device leasing programs as part of our value proposition.

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, stock-based compensation and certain income and expenses not reflective of our ongoing operating performance. Core Adjusted EBITDA represents Adjusted EBITDA less device lease revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues. Core Adjusted EBITDA margin represents Core Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA, Adjusted EBITDA margin, Core Adjusted EBITDA and Core Adjusted EBITDA margin are non-GAAP financial measures utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance. We use Adjusted EBITDA and Core Adjusted EBITDA as benchmarks to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA and Core Adjusted EBITDA as supplemental measures to evaluate overall operating performance and facilitate comparisons with other wireless communications services companies because they are indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, stock-based compensation, Merger-related costs including network decommissioning costs and incremental costs directly attributable to the Pandemic, as they are not indicative of our ongoing operating performance, as well as certain other nonrecurring income and expenses. Management believes analysts and investors use Core Adjusted EBITDA because it normalizes for the transition in the Company's device financing strategy, by excluding the impact of device lease revenues from Adjusted EBITDA, to align with the exclusion of the related depreciation expense on leased devices from Adjusted EBITDA. Adjusted EBITDA, Adjusted EBITDA margin, Core Adjusted EBITDA and Core Adjusted EBITDA margin have limitations as analytical tools and should not be considered in isolation or as substitutes for income from operations, net income or

any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

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The following table illustrates the calculation of Adjusted EBITDA and Core Adjusted EBITDA and reconciles Adjusted EBITDA and Core Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
(in millions)	**2021**	**2020**	**2019**	**$ Change**	**% Change**	**$ Change**	**% Change**
Net income	$ 3,024	$ 3,064	$ 3,468	$ (40)	(1)%	$ (404)	(12)%
Adjustments:							
Income from discontinued operations, net of tax	—	(320)	—	320	(100)%	(320)	NM
Income from continuing operations	3,024	2,744	3,468	280	10 %	(724)	(21)%
Interest expense	3,189	2,483	727	706	28 %	1,756	242 %
Interest expense to affiliates	173	247	408	(74)	(30)%	(161)	(39)%
Interest income	(20)	(29)	(24)	9	(31)%	(5)	21 %
Other expense, net	199	405	8	(206)	(51)%	397	4,963 %
Income tax expense	327	786	1,135	(459)	(58)%	(349)	(31)%
Operating income	6,892	6,636	5,722	256	4 %	914	16 %
Depreciation and amortization	16,383	14,151	6,616	2,232	16 %	7,535	114 %
Operating income from discontinued operations [1]	—	432	—	(432)	(100)%	432	NM
Stock-based compensation [2]	521	516	423	5	1 %	93	22 %
Merger-related costs	3,107	1,915	620	1,192	62 %	1,295	209 %
COVID-19-related costs	—	458	—	(458)	(100)%	458	NM
Impairment expense	—	418	—	(418)	(100)%	418	NM
Other, net [3]	21	31	2	(10)	(32)%	29	1,450 %
Adjusted EBITDA	26,924	24,557	13,383	2,367	10 %	11,174	83 %
Lease revenues	(3,348)	(4,181)	(599)	833	(20)%	(3,582)	598 %
Core Adjusted EBITDA	$ 23,576	$ 20,376	$ 12,784	$ 3,200	16 %	$ 7,592	59 %
Net income margin (Net income divided by Service revenues)	5 %	6 %	10 %		-100 bps		-400 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by Service revenues)	46 %	49 %	39 %		-300 bps		1000 bps
Core Adjusted EBITDA margin (Core Adjusted EBITDA divided by Service revenues)	40 %	40 %	37 %		— bps		300 bps

NM - Not Meaningful

(1) Following the Prepaid Transaction starting on July 1, 2020, we provide MVNO services to DISH. We have included the operating income from April 1, 2020 through June 30, 2020, in our determination of Adjusted EBITDA to reflect contributions of the Prepaid Business that were replaced by the MVNO Agreement beginning on July 1, 2020 in order to enable management, analysts and investors to better assess ongoing operating performance and trends.

(2) Stock-based compensation includes payroll tax impacts and may not agree with stock-based compensation expense in the consolidated financial statements. Additionally, certain stock-based compensation expenses associated with the Transactions have been included in Merger-related costs.

(3) Other, net may not agree with the Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are, therefore, excluded from Adjusted EBITDA and Core Adjusted EBITDA.

Core Adjusted EBITDA increased $3.2 billion, or 16%, for the year ended December 31, 2021. The components comprising Core Adjusted EBITDA are discussed further above.

The increase was primarily due to:

- Higher Total service revenues; and
- Higher Equipment revenues, excluding Lease revenues; partially offset by
- Higher Cost of equipment sales, excluding Merger-related costs;
- Higher Cost of services, excluding Merger-related costs; and
- Higher Selling, general and administrative expenses, excluding Merger-related costs and supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs.

Adjusted EBITDA increased $2.4 billion, or 10%, for the year ended December 31, 2021. The change was primarily due to the increase in Core Adjusted EBITDA, discussed above, partially offset by a decrease of Lease revenues of $833 million for the year ended December 31, 2021.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of debt and common stock, financing leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and the Revolving Credit Facility (as defined below). Further, the incurrence of additional indebtedness may inhibit our ability to incur new debt under the terms governing our existing and future indebtedness, which may make it more difficult for us to incur new debt in the future to finance our business strategy.

Cash Flows

The following is a condensed schedule of our cash flows:

	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
(in millions)	**2021**	**2020**	**2019**	**$**	**%**	**$**	**%**
Net cash provided by operating activities	$ 13,917	$ 8,640	$ 6,824	$ 5,277	61 %	$ 1,816	27 %
Net cash used in investing activities	(19,386)	(12,715)	(4,125)	(6,671)	52 %	(8,590)	208 %
Net cash provided by (used in) financing activities	1,709	13,010	(2,374)	(11,301)	(87)%	15,384	(648)%

Operating Activities

Net cash provided by operating activities increased $5.3 billion, or 61%, primarily from:

- A $4.8 billion decrease in net cash outflows from changes in working capital, primarily due to lower use of cash from Accounts payable and accrued liabilities and Inventories, the one-time impact of $2.3 billion in gross payments for the settlement of interest rate swaps related to Merger financing for the year ended December 31, 2020, included in the use of cash from Other current and long-term liabilities, as well as lower use of cash from Operating lease right-of-use assets, partially offset by higher use of cash from Equipment installment plan receivables and Short- and long-term operating lease liabilities, including a $1.0 billion advance rent payment related to the modification of one of our master lease agreements; and
- A $506 million increase in Net income, adjusted for non-cash income and expense.
- Net cash provided by operating activities includes $2.2 billion and $1.5 billion in payments for Merger-related costs for the years ended December 31, 2021 and 2020, respectively.

Investing Activities

Net cash used in investing activities increased $6.7 billion, or 52%. The use of cash was primarily from:

- $12.3 billion in Purchases of property and equipment, including capitalized interest, from network integration related to the Merger and the continued build-out of our nationwide 5G network;
- $9.4 billion in Purchases of spectrum licenses and other intangible assets, including deposits, primarily due to $8.9 billion paid for spectrum licenses won at the conclusion of Auction 107 in March 2021; and
- $1.9 billion in Acquisitions of companies, primarily due to our acquisition of the Wireless Assets from Shentel; partially offset by
- $4.1 billion in Proceeds related to beneficial interests in securitization transactions.

Financing Activities

Net cash provided by financing activities decreased $11.3 billion, or 87%. The source of cash was primarily from:

- $14.7 billion in Proceeds from issuance of long-term debt, net of issuance costs; partially offset by
- $11.1 billion in Repayments of long-term debt;
- $1.1 billion in Repayments of financing lease obligations; and

- $316 million in Tax withholdings on share-based awards.

Cash and Cash Equivalents

As of December 31, 2021, our Cash and cash equivalents were $6.6 billion compared to $10.4 billion at December 31, 2020.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities less cash payments for Purchases of property and equipment, including Proceeds from sales of tower sites and Proceeds related to beneficial interests in securitization transactions, less Cash payments for debt prepayment or debt extinguishment. Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, are non-GAAP financial measures utilized by our management, investors and analysts of our financial information to evaluate cash available to pay debt and provide further investment in the business.

In 2021 and 2019, we sold tower sites for proceeds of $40 million and $38 million, respectively, which are included in Proceeds from sales of tower sites within Net cash used in investing activities on our Consolidated Statements of Cash Flows. As these proceeds were from the sale of fixed assets and are used by management to assess cash available for capital expenditures during the year, we determined the proceeds are relevant for the calculation of Free Cash Flow and included them in the table below. Other proceeds from the sale of fixed assets for the periods presented are not significant. We have presented the impact of the sales in the table below, which reconciles Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure.

	Year Ended December 31,			2021 Versus 2020		2020 Versus 2019	
(in millions)	**2021**	**2020**	**2019**	**$ Change**	**% Change**	**$ Change**	**% Change**
Net cash provided by operating activities	$ 13,917	$ 8,640	$ 6,824	$ 5,277	61 %	$ 1,816	27 %
Cash purchases of property and equipment	(12,326)	(11,034)	(6,391)	(1,292)	12 %	(4,643)	73 %
Proceeds from sales of tower sites	40	—	38	40	NM	(38)	(100)%
Proceeds related to beneficial interests in securitization transactions	4,131	3,134	3,876	997	32 %	(742)	(19)%
Cash payments for debt prepayment or debt extinguishment costs	(116)	(82)	(28)	(34)	41 %	(54)	193 %
Free Cash Flow	5,646	658	4,319	4,988	758 %	(3,661)	(85)%
Gross cash paid for the settlement of interest rate swaps	—	2,343	—	(2,343)	(100)%	2,343	NM
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	$ 5,646	$ 3,001	$ 4,319	$ 2,645	88 %	$ (1,318)	(31)%

NM - Not Meaningful

Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, increased $2.6 billion, or 88%. The increase was primarily impacted by the following:

- Higher Net cash provided by operating activities, as described above; and
- Higher Proceeds related to beneficial interests in securitization transactions; partially offset by
- Higher Cash purchases of property and equipment, including capitalized interest.
- Free Cash Flow, excluding gross payments for settlement of interest rate swaps, includes $2.2 billion and $1.5 billion in payments for Merger-related costs for the years ended December 31, 2021 and 2020, respectively.
- The calculation of Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, excludes the one-time impact of gross payments for the settlement of interest rate swaps related to Merger financing of $2.3 billion for the year ended December 31, 2020.

Borrowing Capacity

We maintain a financing arrangement with Deutsche Bank AG, which allows for up to $108 million in borrowings. Under the financing arrangement, we can effectively extend payment terms for invoices payable to certain vendors. As of December 31, 2021, there were no outstanding balances under such financing arrangement.

We also maintain vendor financing arrangements primarily with our main network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. During the year ended December 31, 2021, we repaid $184 million, associated with the vendor financing arrangements and other financial liabilities. These payments are included in Repayments of short-term debt for purchases of inventory, property and equipment and other financial liabilities, on our Consolidated Statements of Cash Flows. As of December 31, 2021 and December 31, 2020, the outstanding balance under the vendor financing arrangements and other financial liabilities was $47 million and $240 million, respectively, of which $0 and $122 million, respectively, was assumed in connection with the closing of the Merger.

We maintain a revolving credit facility (the "Revolving Credit Facility") with an aggregate commitment amount of $5.5 billion. As of December 31, 2021, there was no outstanding balance under the Revolving Credit Facility.

On October 30, 2020, we entered into a $5.0 billion senior secured term loan commitment with certain financial institutions. On January 14, 2021, we issued an aggregate of $3.0 billion of Senior Notes. The senior secured term loan commitment was reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. On March 23, 2021, we issued an aggregate of $3.8 billion of Senior Notes. The senior secured term loan commitment was terminated upon the issuance of the $3.8 billion of Senior Notes.

Debt Financing

As of December 31, 2021, our total debt and financing lease liabilities were $76.8 billion, excluding our tower obligations, of which $68.6 billion was classified as long-term debt and $1.5 billion was classified as long-term financing lease liabilities.

During the year ended December 31, 2021, we issued long-term debt for net proceeds of $14.7 billion and redeemed and repaid short- and long-term debt with an aggregate principal amount of $11.3 billion.

For more information regarding our debt financing transactions, see Note 8 – Debt of the Notes to the Consolidated Financial Statements.

Spectrum Auctions

In March 2021, the FCC announced that we were the winning bidder of 142 licenses in Auction 107 (C-band spectrum) for an aggregate purchase price of $9.3 billion, excluding relocation costs. At the inception of Auction 107 in October 2020, we deposited $438 million. Upon conclusion of Auction 107 in March 2021, we paid the FCC the remaining $8.9 billion for the licenses won in the auction. We expect to incur an additional $1.0 billion in relocation costs which will be paid through 2024.

In January 2022, the FCC announced that we were the winning bidder of 199 licenses in Auction 110 (mid-band spectrum) for an aggregate purchase price of $2.9 billion. At the inception of Auction 110 in September 2021, we deposited $100 million. We paid the FCC the remaining $2.8 billion for the licenses won in the auction in the first quarter of 2022.

For more information regarding our spectrum licenses, see Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Shentel Wireless Assets Acquisition

On July 1, 2021, we closed on the acquisition of the Wireless Assets for a cash purchase price of approximately $1.9 billion. For more information regarding the acquisition of the Wireless Assets, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of December 31, 2021, we derecognized net receivables of $2.5 billion upon sale through these arrangements.

For more information regarding these off-balance sheet arrangements, see Note 4 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements.

Future Sources and Uses of Liquidity

We may seek additional sources of liquidity, including through the issuance of additional debt in 2022, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions, or for other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of debt, tower obligations and the execution of our integration plan.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. We have incurred, and will incur, substantial expenses to comply with the Government Commitments, and we are also expected to incur substantial restructuring expenses in connection with integrating and coordinating T-Mobile's and Sprint's businesses, operations, policies and procedures. See "Restructuring" of this MD&A. While we have assumed that a certain level of Merger-related expenses will be incurred, factors beyond our control, including required consultation and negotiation with certain counterparties, could affect the total amount or the timing of these expenses. These expenses could exceed the costs historically borne by us and adversely affect our financial condition and results of operations. There are a number of additional risks and uncertainties, including those due to the impact of the Pandemic, that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures, supplemental indentures and credit agreements governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions on our common stock, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuers or borrowers to loan funds or make payments to Parent. However, the Issuers or borrowers are allowed to make certain permitted payments to Parent under the terms of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of December 31, 2021.

Financing Lease Facilities

We have entered into uncommitted financing lease facilities with certain partners that provide us with the ability to enter into financing leases for network equipment and services. As of December 31, 2021, we have committed to $6.3 billion of financing leases under these financing lease facilities, of which $1.2 billion was executed during the year ended December 31, 2021. We expect to enter into up to an additional $1.2 billion in financing lease commitments during the year ending December 31, 2022.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses, the construction, expansion and upgrading of our network infrastructure and the integration of the networks, spectrum, technology, personnel, customer base and business practices of T-Mobile and Sprint. Property and equipment capital expenditures primarily relate to the integration of our network and spectrum licenses, including acquired Sprint PCS and 2.5 GHz spectrum licenses and existing 600 MHz spectrum licenses as we build out our nationwide 5G network. We expect the majority of our remaining capital expenditures related to these efforts to occur in 2022, after which we currently expect a reduction in capital expenditure requirements.

We expect cash purchases of property and equipment to range from $13.0 billion to $13.5 billion in 2022.

For more information regarding our spectrum licenses, see Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Stockholder Returns

We have never declared or paid any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We may use excess cash to repurchase shares of our common stock, subject to, among other things, approval by the Board of Directors and our sufficient access to sources liquidity, including potentially debt capital markets.

Contractual Obligations

In connection with the regulatory approvals of the Transactions, we made commitments to various state and federal agencies, including the U.S. Department of Justice (the "DOJ") and FCC.

For more information regarding these commitments, see Note 17 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements.

The following table summarizes our material contractual obligations and borrowings as of December 31, 2021, and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

(in millions)	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long-term debt [1]	$ 5,597	$ 8,448	$ 10,866	$ 47,985	$ 72,896
Interest on long-term debt	3,177	5,416	4,243	16,406	29,242
Financing lease liabilities, including imputed interest	1,161	1,305	164	29	2,659
Tower obligations [2]	415	630	626	329	2,000
Operating lease liabilities, including imputed interest	3,868	8,083	6,314	17,387	35,652
Purchase obligations [3]	4,679	5,595	2,145	1,572	13,991
Spectrum leases and service credits [4]	350	611	591	4,706	6,258
Total contractual obligations	$ 19,247	$ 30,088	$ 24,949	$ 88,414	$ 162,698

(1) Represents principal amounts of long-term debt to affiliates and third parties at maturity, excluding unamortized premiums, discounts, debt issuance costs, consent fees, and financing lease obligations. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

(2) Future minimum payments, including principal and interest payments, related to the tower obligations. See Note 9 – Tower Obligations of the Notes to the Consolidated Financial Statements for further information.

(3) The minimum commitment for certain obligations is based on termination penalties that could be paid to exit the contracts. Termination penalties are included in the above table as payments due as of the earliest we could exit the contract, typically in less than one year. For certain contracts that include fixed volume purchase commitments and fixed prices for various products, the purchase obligations are calculated using fixed volumes and contractually fixed prices for the products that are expected to be purchased. This table does not include open purchase orders as of December 31, 2021 under normal business purposes. See Note 17 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for further information.

(4) Spectrum lease agreements are typically for five to 10 years with automatic renewal provisions, bringing the total term of the agreements up to 30 years.

Certain commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment. Other long-term liabilities have been omitted from the table above due to the uncertainty of the timing of payments, combined with the lack of historical trends to predict future payments.

The purchase obligations reflected in the table above are primarily commitments to purchase spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business. These amounts do not represent our entire anticipated purchases in the future, but represent only those items for which we are contractually committed. Where we are committed to make a minimum payment to the supplier regardless of whether we take delivery, we have included only that minimum payment as a

purchase obligation. The acquisition of spectrum licenses is subject to regulatory approval and other customary closing conditions.

Subsequent to December 31, 2021, on January 3, 2022, we entered into an agreement (the “Crown Agreement”) with Crown Castle International Corp that will enable us to lease towers from CCI through December 2033, followed by optional renewals. The Crown Agreement amends the pricing for our non-dedicated transportation lines, which includes lit fiber backhaul and small cell circuits. We have committed to an annual volume commitment to execute and deliver 35,000 small cell contracts, including upgrades to existing locations, over the next five years. The minimum commitment for small cells is $1.8 billion through 2039.

Related Party Transactions

We have related party transactions associated with DT, SoftBank or their affiliates in the ordinary course of business, including intercompany servicing and licensing. See Note 19 – Additional Financial Information of the Notes to the Consolidated Financial Statements for further information.

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act of 1934, as amended ("Exchange Act"). Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the year ended December 31, 2021, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with either DT or SoftBank. We have relied upon DT and SoftBank for information regarding their respective activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: Irancell Telecommunications Services Company, Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, during the year ended December 31, 2021, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services to two customers in Germany identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli and Europäisch-Iranische Handelsbank. These services have been terminated or are in the process of being terminated. For the year ended December 31, 2021, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than $0.4 million, and the estimated net profits were less than $0.4 million.

In addition, DT, through certain of its non-U.S. subsidiaries that operate a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the year ended December 31, 2021 were less than $0.4 million. We understand that DT intends to continue these activities.

Separately, SoftBank, through one of its non-U.S. subsidiaries, provides roaming services in Iran through Irancell Telecommunications Services Company. During the year ended December 31, 2021, SoftBank had no gross revenues from such services and no net profit was generated. We understand that the SoftBank subsidiary intends to continue such services. This subsidiary also provides telecommunications services in the ordinary course of business to accounts affiliated with the Embassy of Iran in Japan. During the year ended December 31, 2021, SoftBank estimates that gross revenues and net profit generated by such services were both under $0.1 million. We understand that the SoftBank subsidiary is obligated under contract and intends to continue such services.

In addition, SoftBank, through one of its non-U.S. indirect subsidiaries, provides office supplies to the Embassy of Iran in Japan. SoftBank estimates that gross revenue and net profit generated by such services during the year ended December 31, 2021, were both under $0.1 million. We understand that the SoftBank subsidiary intends to continue such activities.

Critical Accounting Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities

and financial results. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for further information.

Three of these policies, discussed below, are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Actual results could differ from those estimates.

Management and the Audit Committee of the Board of Directors have reviewed and approved these critical accounting policies.

Depreciation

Our property and equipment balance represents a significant component of our consolidated assets. We record property and equipment at cost, and we generally depreciate property and equipment on a straight-line basis over the estimated useful life of the assets. If all other factors were to remain unchanged, we expect that a one-year increase in the useful lives of our in-service property and equipment, exclusive of leased devices, would have resulted in a decrease of approximately $3.5 billion in our 2021 depreciation expense and that a one-year decrease in the useful life would have resulted in an increase of approximately $4.0 billion in our 2021 depreciation expense.

See Note 1 – Summary of Significant Accounting Policies and Note 5 – Property and Equipment of the Notes to the Consolidated Financial Statements for information regarding depreciation of assets, including management's underlying estimates of useful lives.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

Goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, are not amortized but tested for potential impairment annually, as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

We test goodwill on a reporting unit basis by comparing the estimated fair value of the reporting unit to its book value. If the fair value exceeds the book value, then no impairment is measured. As of December 31, 2021, we have identified one reporting unit for which discrete financial information is available and results are regularly reviewed by management: wireless. The wireless reporting unit consists of all the assets and liabilities of T-Mobile US, Inc.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. We employed a qualitative approach to assess the wireless reporting unit. The fair value of the wireless reporting unit is determined using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value. No events or change in circumstances have occurred that indicate the fair value of the wireless reporting unit may be below its carrying amount at December 31, 2021.

We previously identified Layer3, which consisted of the assets and liabilities of Layer3 TV, Inc. and provided services branded as TVision™, as its own reporting unit. However, we wound down our TVision™ services offering on April 29, 2021 and discrete financial information for Layer3 is no longer available or regularly reviewed by management. Accordingly, we no longer identify Layer3 as its own reporting unit as of December 31, 2021. During the year ended December 31, 2020, while Layer3 was still identified as its own reporting unit, we determined that our enhanced in-home broadband opportunity following the Merger, along with the acquisition of certain content rights, created a strategic shift in our TVision™ services offering that indicated that the recoverability of the carrying amount of goodwill assigned to the Layer3 reporting unit should be evaluated for impairment. As a result, we completed an interim goodwill impairment evaluation and determined the carrying value of the Layer3 reporting unit exceeded its estimated fair value. Accordingly, we recorded an impairment loss of $218 million for the year ended December 31, 2020, all of which relates to the impairment recognized during the three months ended June 30, 2020. This impairment reduced the goodwill balance previously assigned to the Layer3 reporting unit to zero.

We test spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a
national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative
assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their

carrying amount, an impairment loss is recognized. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield methodology values the spectrum licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except for the asset to be valued (in this case, spectrum licenses) and makes investments required to build an operation comparable to current use. The value of the spectrum licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. We base the assumptions underlying the Greenfield methodology on a combination of market participant data and our historical results, trends and business plans. Future cash flows in the Greenfield methodology are based on estimates and assumptions of market participant revenues, EBITDA margin, network build-out period and a long-term growth rate for a market participant. The cash flows are discounted using a weighted-average cost of capital. No events or change in circumstances have occurred that indicate the fair value of the Spectrum licenses may be below their carrying amount at December 31, 2021.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and spectrum
licenses require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results or future
expectations are not consistent with the assumptions used in our estimate of fair value, it may result in the recording of significant impairment charges on goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues, EBITDA margins, capital expenditures and long-term growth rate.

For more information regarding our impairment assessments, see Note 1 – Summary of Significant Accounting Policies and Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Accounting Pronouncements Not Yet Adopted

For information regarding recently issued accounting standards, see Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to economic risks in the normal course of business, primarily from changes in interest rates, including changes in investment yields and changes in spreads due to credit risk and other factors. These risks, along with other business risks, impact our cost of capital. Our policy is to manage exposure related to fluctuations in interest rates in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. We have established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of our debt portfolio. We do not foresee significant changes in the strategies used to manage market risk in the near future.

Certain potential sources of financing available to us, including our Revolving Credit Facility, bear interest that is indexed to LIBOR plus a fixed margin. As of December 31, 2021, we did not have outstanding balances under these facilities. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for additional information.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of T-Mobile US, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of T-Mobile US, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Equipment revenues

As described in Note 1 to the consolidated financial statements, the Company's revenue includes equipment revenues of $20,727 million for the year ended December 31, 2021, which are generated from the sale or lease of mobile communication devices and accessories. For performance obligations related to equipment contracts, the Company typically transfers control at a point in time when the device or accessory is delivered to, and accepted by, the customer or dealer. Management estimates variable consideration (e.g., device returns or certain payments to indirect dealers) primarily based on historical experience. Promotional equipment installment plan bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Lease revenues are recorded as equipment revenues and recognized as earned on a straight-line basis over the lease term.

The principal considerations for our determination that performing procedures relating to revenue recognition of equipment revenues is a critical audit matter are the significant auditor effort in performing procedures and evaluating audit evidence related to the accuracy and existence of equipment revenues recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the accuracy and existence of equipment revenues recognized. These procedures also included, among others, testing the accuracy and existence of revenue recognized on a test basis by (i) obtaining and inspecting, where applicable, invoices, customer contracts, shipping documents, and cash receipts from customers, and (ii) evaluating reductions to revenues and accruals for promotional bill credits based upon the terms and conditions of the arrangements.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 11, 2022

We have served as the Company's auditor since 2001.

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T-Mobile US, Inc.
Consolidated Balance Sheets

(in millions, except share and per share amounts)	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 6,631	$ 10,385
Accounts receivable, net of allowance for credit losses of $146 and $194	4,167	4,254
Equipment installment plan receivables, net of allowance for credit losses and imputed discount of $494 and $478	4,748	3,577
Accounts receivable from affiliates	27	22
Inventory	2,567	2,527
Prepaid expenses	746	624
Other current assets	2,005	2,496
Total current assets	20,891	23,885
Property and equipment, net	39,803	41,175
Operating lease right-of-use assets	26,959	28,021
Financing lease right-of-use assets	3,322	3,028
Goodwill	12,188	11,117
Spectrum licenses	92,606	82,828
Other intangible assets, net	4,733	5,298
Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount of $136 and $127	2,829	2,031
Other assets	3,232	2,779
Total assets	$ 206,563	$ 200,162
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 11,405	$ 10,196
Payables to affiliates	103	157
Short-term debt	3,378	4,579
Short-term debt to affiliates	2,245	—
Deferred revenue	856	1,030
Short-term operating lease liabilities	3,425	3,868
Short-term financing lease liabilities	1,120	1,063
Other current liabilities	967	810
Total current liabilities	23,499	21,703
Long-term debt	67,076	61,830
Long-term debt to affiliates	1,494	4,716
Tower obligations	2,806	3,028
Deferred tax liabilities	10,216	9,966
Operating lease liabilities	25,818	26,719
Financing lease liabilities	1,455	1,444
Other long-term liabilities	5,097	5,412
Total long-term liabilities	113,962	113,115
Commitments and contingencies (Note 17)		
Stockholders' equity		
Common Stock, par value $0.00001 per share, 2,000,000,000 shares authorized; 1,250,751,148 and 1,243,345,584 shares issued, 1,249,213,681 and 1,241,805,706 shares outstanding	—	—
Additional paid-in capital	73,292	72,772
Treasury stock, at cost, 1,537,468 and 1,539,878 shares issued	(13)	(11)
Accumulated other comprehensive loss	(1,365)	(1,581)
Accumulated deficit	(2,812)	(5,836)
Total stockholders' equity	69,102	65,344
Total liabilities and stockholders' equity	$ 206,563	$ 200,162

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statements of Comprehensive Income

(in millions, except share and per share amounts)	Year Ended December 31, 2021	2020	2019
Revenues			
Postpaid revenues	$ 42,562	$ 36,306	$ 22,673
Prepaid revenues	9,733	9,421	9,543
Wholesale revenues	3,751	2,590	1,279
Other service revenues	2,323	2,078	1,005
Total service revenues	58,369	50,395	34,500
Equipment revenues	20,727	17,312	9,840
Other revenues	1,022	690	658
Total revenues	80,118	68,397	44,998
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	13,934	11,878	6,622
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	22,671	16,388	11,899
Selling, general and administrative	20,238	18,926	14,139
Impairment expense	—	418	—
Depreciation and amortization	16,383	14,151	6,616
Total operating expenses	73,226	61,761	39,276
Operating income	6,892	6,636	5,722
Other income (expense)			
Interest expense	(3,189)	(2,483)	(727)
Interest expense to affiliates	(173)	(247)	(408)
Interest income	20	29	24
Other expense, net	(199)	(405)	(8)
Total other expense, net	(3,541)	(3,106)	(1,119)
Income from continuing operations before income taxes	3,351	3,530	4,603
Income tax expense	(327)	(786)	(1,135)
Income from continuing operations	3,024	2,744	3,468
Income from discontinued operations, net of tax	—	320	—
Net income	$ 3,024	$ 3,064	$ 3,468
Net income	$ 3,024	$ 3,064	$ 3,468
Other comprehensive income (loss), net of tax			
Unrealized gain (loss) on cash flow hedges, net of tax effect of $49, $(250) and $(187)	140	(723)	(536)
Unrealized (loss) gain on foreign currency translation adjustment, net of tax effect of $0, $1 and $0	(4)	4	—
Net unrecognized gain on pension and other postretirement benefits, net of tax effect of $28, $2 and $0	80	6	—
Other comprehensive income (loss)	216	(713)	(536)
Total comprehensive income	$ 3,240	$ 2,351	$ 2,932
Earnings per share			
Basic earnings per share:			
Continuing operations	$ 2.42	$ 2.40	$ 4.06
Discontinued operations	—	0.28	—
Basic	$ 2.42	$ 2.68	$ 4.06
Diluted earnings per share:			
Continuing operations	$ 2.41	$ 2.37	$ 4.02
Discontinued operations	—	0.28	—
Diluted	$ 2.41	$ 2.65	$ 4.02
Weighted-average shares outstanding			
Basic	1,247,154,988	1,144,206,326	854,143,751
Diluted	1,254,769,926	1,154,749,428	863,433,511

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2021	2020	2019
Operating activities			
Net income	$ 3,024	$ 3,064	$ 3,468
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	16,383	14,151	6,616
Stock-based compensation expense	540	694	495
Deferred income tax expense	197	822	1,091
Bad debt expense	452	602	307
Losses from sales of receivables	15	36	130
Losses on redemption of debt	184	371	19
Impairment expense	—	418	—
Changes in operating assets and liabilities			
Accounts receivable	(3,225)	(3,273)	(3,709)
Equipment installment plan receivables	(3,141)	(1,453)	(1,015)
Inventories	201	(2,222)	(617)
Operating lease right-of-use assets	4,964	3,465	1,896
Other current and long-term assets	(573)	(402)	(144)
Accounts payable and accrued liabilities	549	(2,123)	17
Short- and long-term operating lease liabilities	(5,358)	(3,699)	(2,131)
Other current and long-term liabilities	(531)	(2,178)	144
Other, net	236	367	257
Net cash provided by operating activities	13,917	8,640	6,824
Investing activities			
Purchases of property and equipment, including capitalized interest of ($210), ($440) and ($473)	(12,326)	(11,034)	(6,391)
Purchases of spectrum licenses and other intangible assets, including deposits	(9,366)	(1,333)	(967)
Proceeds from sales of tower sites	40	—	38
Proceeds related to beneficial interests in securitization transactions	4,131	3,134	3,876
Net cash related to derivative contracts under collateral exchange arrangements	—	632	(632)
Acquisition of companies, net of cash and restricted cash acquired	(1,916)	(5,000)	(31)
Proceeds from the divestiture of prepaid business	—	1,224	—
Other, net	51	(338)	(18)
Net cash used in investing activities	(19,386)	(12,715)	(4,125)
Financing activities			
Proceeds from issuance of long-term debt	14,727	35,337	—
Payments of consent fees related to long-term debt	—	(109)	—
Proceeds from borrowing on revolving credit facility	—	—	2,340
Repayments of revolving credit facility	—	—	(2,340)
Repayments of financing lease obligations	(1,111)	(1,021)	(798)
Repayments of short-term debt for purchases of inventory, property and equipment and other financial liabilities	(184)	(481)	(775)
Repayments of long-term debt	(11,100)	(20,416)	(600)
Issuance of common stock	—	19,840	—
Repurchases of common stock	—	(19,536)	—
Proceeds from issuance of short-term debt	—	18,743	—
Repayments of short-term debt	—	(18,929)	—
Tax withholdings on share-based awards	(316)	(439)	(156)
Cash payments for debt prepayment or debt extinguishment costs	(116)	(82)	(28)
Other, net	(191)	103	(17)
Net cash provided by (used in) financing activities	1,709	13,010	(2,374)
Change in cash and cash equivalents, including restricted cash	(3,760)	8,935	325
Cash and cash equivalents, including restricted cash			
Beginning of period	10,463	1,528	1,203
End of period	$ 6,703	$ 10,463	$ 1,528

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statement of Stockholders' Equity

(in millions, except shares)	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2018	850,180,317	$ (6)	$ 38,010	$ (332)	$ (12,954)	$ 24,718
Net income	—	—	—	—	3,468	3,468
Other comprehensive loss	—	—	—	(536)	—	(536)
Stock-based compensation	—	—	517	—	—	517
Exercise of stock options	85,083	—	1	—	—	1
Stock issued for employee stock purchase plan	2,091,650	—	124	—	—	124
Issuance of vested restricted stock units	6,685,950	—	—	—	—	—
Issuance of restricted stock awards	(24,682)	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(2,094,555)	—	(156)	—	—	(156)
Transfers with NQDC plan	(18,363)	(2)	2	—	—	—
Prior year Retained Earnings[1]	—	—	—	—	653	653
Balance as of December 31, 2019	856,905,400	(8)	38,498	(868)	(8,833)	28,789
Net income	—	—	—	—	3,064	3,064
Other comprehensive loss	—	—	—	(713)	—	(713)
Executive put option	(342,000)	—	1	—	—	1
Stock-based compensation	—	—	750	—	—	750
Exercise of stock options	906,295	—	48	—	—	48
Stock issued for employee stock purchase plan	2,144,036	—	148	—	—	148
Issuance of vested restricted stock units	13,263,434	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(4,441,107)	—	(439)	—	—	(439)
Transfers with NQDC plan	(26,662)	(3)	3	—	—	—
Shares issued in secondary offering[2]	198,314,426	—	19,766	—	—	19,766
Shares repurchased from SoftBank[3]	(198,314,426)	—	(19,536)	—	—	(19,536)
Merger consideration	373,396,310	—	33,533	—	—	33,533
Prior year Retained Earnings[1]	—	—	—	—	(67)	(67)
Balance as of December 31, 2020	1,241,805,706	(11)	72,772	(1,581)	(5,836)	65,344
Net income	—	—	—	—	3,024	3,024
Other comprehensive income	—	—	—	216	—	216
Stock-based compensation	—	—	606	—	—	606
Exercise of stock options	218,495	—	10	—	—	10
Stock issued for employee stock purchase plan	2,189,542	—	225	—	—	225
Issuance of vested restricted stock units	7,509,039	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(2,511,512)	—	(316)	—	—	(316)
Remeasurement of uncertain tax positions	—	—	(7)	—	—	(7)
Transfers with NQDC plan	2,411	(2)	2	—	—	—
Balance as of December 31, 2021	1,249,213,681	$ (13)	$ 73,292	$ (1,365)	$ (2,812)	$ 69,102

(1) Prior year Retained Earnings represents the impact of the adoption of new accounting standards on beginning Accumulated Deficit and Accumulated Other Comprehensive Loss.

(2) Shares issued includes 5.0 million shares purchased by Marcelo Claure.

(3) In connection with the SoftBank Monetization (as defined below), we received a payment of $304 million from SoftBank (as defined below). This amount, net of tax, was treated as a reduction of the purchase price of the shares acquired from SoftBank and was recorded as Additional Paid-in Capital.

The accompanying notes are an integral part of these consolidated financial statements

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Business

T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company"), together with its consolidated subsidiaries, is a leading provider of mobile communications services, including voice, messaging and data, under its flagship brands, T-Mobile and Metro™ by T-Mobile ("Metro by T-Mobile"), in the United States, Puerto Rico and the U.S. Virgin Islands. Substantially all of our revenues were earned in, and substantially all of our long-lived assets are located in, the U.S., Puerto Rico and the U.S. Virgin Islands. We provide mobile communications services primarily using our 4G Long Term Evolution ("LTE") network and our 5G technology network. We also offer a wide selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories for sale, as well as financing through equipment installment plans ("EIP") and leasing through JUMP! On Demand™. Additionally, we provide reinsurance for device insurance policies and extended warranty contracts offered to our mobile communications customers.

Basis of Presentation

The accompanying consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities ("VIEs") where we are deemed to be the primary beneficiary and VIEs, which cannot be deconsolidated, such as those related to Tower obligations. Intercompany transactions and balances have been eliminated in consolidation. We operate as a single operating segment.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect our consolidated financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances, including, but not limited to, the valuation of assets acquired and liabilities assumed through the Merger with Sprint and through our acquisitions of affiliates and the potential impacts arising from the COVID-19 pandemic (the "Pandemic"). These estimates are inherently subject to judgment and actual results could differ from those estimates.

Business Combinations

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset or liability. See Note 2 – Business Combinations for further discussion of the Merger between T-Mobile and Sprint and the acquisition of the wireless telecommunications assets (the "Wireless Assets") of Shenandoah Personal Communications Company LLC ("Shentel") used to provide Sprint PCS's wireless mobility communications network products in certain parts of Maryland, North Carolina, Virginia, West Virginia Kentucky, Ohio and Pennsylvania.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid money market funds and U.S. Treasury securities with remaining maturities of three months or less at the date of purchase.

Receivables and Related Allowance for Credit Losses

Accounts Receivable

Accounts receivable balances are predominantly composed of amounts currently due from customers (e.g., for wireless services and monthly device lease payments), device insurance administrators, wholesale partners, other carriers and third-party retail channels. Accounts receivable are presented on our Consolidated Balance Sheets at the

amortized cost basis (i.e., the receivables' unpaid principal balance ("UPB") as adjusted for any write-offs), net of the allowance for credit losses. We have an arrangement to sell certain of our customer service accounts receivable on a revolving basis, which are treated as sales of

financial assets.

Equipment Installment Plan Receivables

We offer certain customers the option to pay for their devices and other purchases in installments, generally over a period of 24 months using an EIP. EIP receivables are presented on our Consolidated Balance Sheets at the amortized cost basis (i.e., the receivables' UPB as adjusted for any write-offs and unamortized discounts), net of the allowance for credit losses. At the time of an installment sale, we impute a discount for interest if the term exceeds 12 months as there is no stated rate of interest on the receivables. The receivables are recorded at their present value, which is determined by discounting expected future cash payments at the imputed interest rate. This adjustment results in a discount or reduction in transaction price which is allocated to the performance obligations and reduces Service revenues and Equipment revenues on our Consolidated Statements of Comprehensive Income. The imputed discount rate reflects a current market interest rate and is predominately comprised of the estimated credit risk underlying the EIP receivable, reflecting the estimated credit worthiness of the customer. The imputed discount on receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues on our Consolidated Statements of Comprehensive Income.

The current portion of the EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of the EIP receivables is included in Equipment installment plan receivables due after one year, net on our Consolidated Balance Sheets. We have an arrangement to sell certain EIP receivables on a revolving basis, which are treated as sales of financial assets.

Allowance for Credit Losses

We maintain an allowance for credit losses by applying an expected credit loss model. Each period, management assesses the appropriateness of the level of allowance for credit losses by considering credit risk inherent within each portfolio segment as of period end. Each portfolio segment is composed of pools of receivables that are evaluated collectively based on similar risk characteristics. Our allowance levels consider estimated credit risk over the contractual life of the receivables and are influenced by receivable volumes, receivable delinquency status, historical loss experience and other conditions that affect loss expectations, such as changes in credit and collections policies and forecasts of macro-economic conditions. While we attribute portions of the allowance to our respective accounts receivable and EIP portfolio segments, the entire allowance is available to credit losses related to the total receivable portfolio.

We consider a receivable past due and delinquent when a customer has not paid us by the contractually specified payment due date. Account balances are written off against the allowance for credit losses if collection efforts are unsuccessful and the receivable balance is deemed uncollectible (customer default), based on factors such as customer credit ratings as well as the length of time the amounts are past due.

If there is a deterioration of our customers' financial condition or if future actual default rates on receivables in general
differ from those currently anticipated, we will adjust our allowance for credit losses accordingly, which may materially affect our financial results in the period the adjustments are made.

Inventories

Inventories consist primarily of wireless devices and accessories, which are valued at the lower of cost or net realizable value. Cost is determined using standard cost, which approximates average cost. Shipping and handling costs paid to wireless device and accessories vendors as well as costs to refurbish used devices are included in the standard cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of disposal and transportation. We record inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using

unobservable Level 3 inputs, including estimated customer default rates and credit worthiness. See Note 4 – Sales of Certain Receivables for further information.

Long-Lived Assets

Long-lived assets include assets that do not have indefinite lives, such as property and equipment and certain intangible assets. Substantially all of our long-lived assets are located in the U.S., including Puerto Rico and the U.S. Virgin Islands. We assess potential impairments to our long-lived assets when events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, we test recoverability. The carrying value of a long-lived asset or asset group is not recoverable if the carrying value exceeds the sum of the estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset or asset group. If the estimated undiscounted future cash flows do not exceed the asset or asset group's carrying amount, then an impairment loss is recorded, measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment

Property and equipment consists of buildings and equipment, wireless communications systems, leasehold improvements, capitalized software, leased wireless devices and construction in progress. Buildings and equipment include certain network server equipment. Wireless communications systems include assets to operate our wireless network and information technology data centers, including tower assets and leasehold improvements and assets related to the liability for the retirement of long-lived assets. Leasehold improvements include asset improvements other than those related to the wireless network.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any, in Property and equipment, net on our Consolidated Balance Sheets. We generally depreciate property and equipment over the period the property and equipment provide economic benefit using the straight-line method. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate the useful life of an asset is different from the previous assessment, the remaining book value is depreciated prospectively over the adjusted remaining estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

Costs of major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of our wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which include obtaining zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. We capitalize interest associated with the acquisition or construction of certain property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated over the useful life of the related assets.

We record an asset retirement obligation for the estimated fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. In periods subsequent to initial measurement, we recognize changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. Our obligations relate primarily to certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

We capitalize certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once the final selection of the specific software solution has been made and management authorizes and commits to funding the software project and ceases once the project is ready for its intended use. Capitalized software costs are included in Property and equipment, net on our Consolidated Balance Sheets and are amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Device Leases

Through the Merger, we acquired device lease contracts in which Sprint is the lessor (the "Sprint Flex Lease Program"), substantially all of which are classified as operating leases, as well as the associated fixed assets (i.e., the leased devices). These leased devices were recorded as fixed assets at their acquisition date fair value and presented within Property and equipment, net on our Consolidated Balance Sheets. Beginning in 2021, we discontinued offering the Sprint Flex lease program and are shifting customer device financing to EIP plans.

Our leasing programs ("Leasing Programs"), which include JUMP! On Demand and the Sprint Flex Lease Program, allow customers to lease a device (handset or tablet) generally over a period of 18 months and upgrade the device with a new device when eligibility requirements are met. We depreciate leased devices to their estimated residual value, on a group basis, using the straight-line method over the estimated useful life of the device. The estimated useful life reflects the period for which we estimate the group of leased devices will provide utility to us, which may be longer than the initial lease term based on customer options in the Sprint Flex Lease program to renew the lease on a month-to-month basis after the initial lease term concludes. In determining the estimated useful life, we consider the lease term (e.g., 18 months and month-to-month renewal options for the Sprint Flex Lease Program), trade-in activity and write-offs for lost and stolen devices. Lost and stolen devices are incorporated into the estimates of depreciation expense and recognized as an adjustment to accumulated depreciation when the loss event occurs. Our policy of using the group method of depreciation has been applied to acquired leased devices as well as leases originated subsequent to the Merger. Acquired leased devices are grouped based on the age of the device. Revenues associated with the leased devices, net of lease incentives, are generally recognized on a straight-line basis over the lease term.

For arrangements in which we are the lessor of devices, we separate lease and non-lease components.

Upon device upgrade or at lease end, customers in the JUMP! On Demand lease program must return or purchase their device, and customers in the Sprint Flex Lease Program have the option to return or purchase their device or to renew their lease on a month-to-month basis. The purchase price of the device is established at lease commencement and is based on the type of device leased and any down payment made. The Leasing Programs do not contain any residual value guarantees or variable lease payments, and there are no restrictions or covenants imposed by these leases. Returned devices, including those received upon device upgrade, are transferred from Property and equipment, net to Inventory on our Consolidated Balance Sheets and are valued at the lower of cost or net realizable value, with any write-down recognized as Cost of equipment sales on our Consolidated Statements of Comprehensive Income.

Other Intangible Assets

Intangible assets that do not have indefinite useful lives are amortized over their estimated useful lives. Customer lists and the Sprint trade name are amortized using the sum-of-the-years digits method over the period in which the asset is expected to contribute to future cash flows. Reacquired rights are amortized on a straight-line basis over the remaining term of the Management Agreement (as defined in Note 2), which represents the period of expected economic benefit. The remaining finite-lived intangible assets are amortized using the straight-line method.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination and is assigned to our one reporting unit: wireless.

Spectrum Licenses

Spectrum licenses are carried at costs incurred to acquire the spectrum licenses and the costs to prepare the spectrum licenses for their intended use, such as costs to clear acquired spectrum licenses. The Federal Communications Commission ("FCC") issues spectrum licenses which provide us with the exclusive right to utilize designated radio frequency spectrum within specific geographic service areas to provide wireless communications services. Spectrum licenses are issued for a fixed period of time, typically up to 15 years; however, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses acquired expire at various dates and we believe we will be able to meet all requirements necessary to secure renewal of our spectrum licenses at a nominal cost. Moreover, we determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets.

At times, we enter into agreements to sell or exchange spectrum licenses. Upon entering into the arrangement, if the transaction has been deemed to have commercial substance, spectrum licenses are reviewed for impairment. The

licenses are transferred at their carrying value, as adjusted for any impairment recognized, to assets held for sale, which is included in Other current assets on our Consolidated Balance Sheets until approval and completion of the exchange or sale. Upon closing of the transaction, spectrum licenses acquired as part of an exchange of nonmonetary assets are recorded at fair value and the difference between the fair value of the spectrum licenses obtained, carrying value of the spectrum licenses transferred and cash paid, if any, is recognized as a gain or loss on disposal of spectrum licenses included in Selling, general and administrative expenses on our

Consolidated Statements of Comprehensive Income. Our fair value estimates of spectrum licenses are based on information for which there is little or no observable market data. If the transaction lacks commercial substance or the fair value is not measurable, the acquired spectrum licenses are recorded at our carrying value of the spectrum assets transferred or exchanged.

Spectrum Leases

Through the Merger, we acquired lease agreements (the "Agreements") with various educational and non-profit institutions that provide us with the right to use FCC spectrum licenses (Educational Broadband Services or "EBS spectrum") in the 2.5 GHz band. In addition to the Agreements with educational institutions and private owners who hold the licenses, we also acquired direct ownership of spectrum licenses previously acquired by Sprint through government auctions or other acquisitions.

The Agreements with educational and certain non-profit institutions are typically for five to 10 years with automatic renewal provisions, bringing the total term of the agreement up to 30 years. A majority of the Agreements include a right of first refusal to acquire, lease or otherwise use the license at the end of the automatic renewal periods.

Leased FCC spectrum licenses are recorded as executory contracts whereby, as a result of business combination accounting, an intangible asset or liability is recorded reflecting the extent to which contractual terms are favorable or unfavorable to current market rates. These intangible assets or liabilities are amortized over the estimated remaining useful life of the lease agreements. Contractual lease payments are recognized on a straight-line basis over the remaining term of the arrangement, including renewals, and are presented in Costs of services on our Consolidated Statements of Comprehensive Income.

The Agreements enhance the overall value of our spectrum licenses as the collective value is higher than the value of individual bands of spectrum within a specific geography. This value is derived from the ability to provide wireless service to customers across large geographic areas and maintain the same or similar wireless connectivity quality. This enhanced value from combining owned and leased spectrum licenses is referred to as an aggregation premium. The aggregation premium is a component of the overall fair value of our owned FCC spectrum licenses, which are recorded as indefinite-lived intangible assets.

Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum license portfolio, for potential impairment annually as of December 31 or more frequently, if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment, we may elect to first perform a qualitative assessment to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the wireless reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill recognized in the reporting unit.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach based on discounted cash flows associated with the intangible asset, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

Restricted Cash

Certain provisions of our debt agreements require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash and are included in Other assets on our Consolidated Balance Sheets.

Fair Value Measurements

We carry certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities;
Level 2 Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3 Unobservable inputs for which there is little or no market data, which require us to develop assumptions of what market participants would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities being measured within the fair value hierarchy.

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates and Accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value using an imputed interest rate. With the exception of certain long-term fixed-rate debt, there were no financial instruments with a carrying value materially different from their fair value. See Note 7 – Fair Value Measurements for a comparison of the carrying values and fair values of our short-term and long-term debt.

Derivative Financial Instruments

Derivative financial instruments are recognized as either assets or liabilities and are measured at fair value. We do not use derivatives for trading or speculative purposes.

For derivative instruments designated as cash flow hedges associated with forecasted debt issuances, changes in fair value are reported as a component of Accumulated other comprehensive loss until reclassified into Interest expense in the same period the hedged transaction affects earnings. Unrealized gains on derivatives designated in qualifying cash flow hedge relationships are recorded at fair value as assets, and unrealized losses are recorded at fair value as liabilities.

Revenue Recognition

We primarily generate our revenue from providing wireless services and selling or leasing devices and accessories to customers. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist.
- The identification of distinct performance obligations within our service plans may require significant judgment.
- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither control a right to the content provider's service nor control the underlying service itself are presented net

because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.

- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.
- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer, the dealer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.
- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

Wireless Services Revenue

We generate our wireless services revenues from providing access to, and usage of, our wireless communications network. Service revenues also include revenues earned for providing premium services to customers, such as device insurance services. Service contracts are billed monthly either in advance or arrears, or are prepaid. Generally, service revenue is recognized as we satisfy our performance obligation to transfer service to our customers. We typically satisfy our stand-ready performance obligations, including unlimited wireless services, evenly over the contract term. For usage-based and prepaid wireless services, we satisfy our performance obligations when services are rendered.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers, in which case the payment is treated as a purchase of that distinct good or service.

Federal Universal Service Fund ("USF") and other fees are assessed by various governmental authorities in connection with the services we provide to our customers and are included in Cost of services. When we separately bill and collect these regulatory fees from customers, they are recorded gross in Total service revenues on our Consolidated Statements of Comprehensive Income. For the years ended December 31, 2021, 2020 and 2019, we recorded approximately $216 million, $267 million and $93 million, respectively, of USF fees on a gross basis.

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (e.g., sales, use, value added, and some excise taxes).

Wireline Revenue

Performance obligations related to our Wireline customers include the provision of domestic and international data communications services, generally to complement wireless services. Wireline revenues are included in Other service revenues on our Consolidated Statements of Comprehensive Income.

Equipment Revenues

We generate equipment revenues from the sale or lease of mobile communication devices and accessories. For performance obligations related to equipment contracts, we typically transfer control at a point in time when the device or accessory is delivered to, and accepted by, the customer or dealer. We have elected to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We estimate variable consideration (e.g., device returns or certain payments to indirect dealers) primarily based on historical experience. Equipment sales not probable of collection are generally recorded as payments are received. Our assessment of collectibility considers contract terms such as down payments that reduce our exposure to credit risk.

We offer certain customers the option to pay for devices and accessories in installments using an EIP. Generally, we recognize as a reduction of the total transaction price the effects of a financing component in contracts where customers purchase their devices and accessories on an EIP with a term of more than one year, including those financing components that are not considered to be significant to the contract. However, we have elected the practical expedient to not recognize the effects of a significant financing component for contracts where we expect, at contract inception, that the period between the transfer of a performance obligation to a customer and the customer's payment for that performance obligation will be one year or less.

Our Leasing Programs allow customers to lease a device over a period of up to 18 months and upgrade the device with a new device when eligibility requirements are met. To date, substantially all of our leased wireless devices are accounted for as operating leases and estimated contract consideration is allocated between lease and non-lease elements (such as service and equipment performance obligations) based on the relative standalone selling price of each performance obligation in the contract. Lease revenues are recorded as equipment revenues and recognized as earned on a straight-line basis over the lease term. Lease revenues on contracts not probable of collection are limited to the amount of payments received. See "Property and Equipment" above for further information.

Imputed Interest on EIP Receivables

For EIP greater than 12 months, we record the effects of financing on all EIP receivables regardless of whether or not the financing is considered to be significant. The imputation of interest results in a discount of the EIP receivable, thereby adjusting the transaction price of the contract with the customer, which is then allocated to the performance obligations of the arrangement.

For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See "Receivables and Allowance for Credit Losses" above, for additional discussion on how we assess credit risk.

For receivables associated with an end service customer in which the sale of the device was not directly to the end customer (sell-in model or devices sourced directly from OEM), the effect of imputing interest is recognized as a reduction to service revenue over the service contract period. In these transactions, the provision of wireless services is the only performance obligation as the device sale was recognized when transferred to the dealer.

Our policies for imputed interest on EIP receivables are applied to receivables originated for Sprint and Boost (up to the sale of the Prepaid Business to DISH on July 1, 2020) customers subsequent to Merger close.

Contract Balances

Generally, our devices and service plans are available at standard prices, which are maintained on price lists and published on our website and/or within our retail stores.

For contracts that involve more than one product or service that are identified as separate performance obligations, the transaction price is allocated to the performance obligations based on their relative standalone selling prices. The standalone selling price is the price at which we would sell the good or service separately to a customer and is most commonly evidenced by the price at which we sell that good or service separately in similar circumstances and to similar customers.

A contract asset is recorded when revenue is recognized in advance of our right to receive consideration (i.e., we must perform additional services in order to receive consideration). Amounts are recorded as receivables when our right to consideration is unconditional. When consideration is received, or we have an unconditional right to consideration in advance of delivery of goods or services, a contract liability is recorded. The transaction price can include non-refundable upfront fees, which are allocated to the identifiable performance obligations.

Contract assets are included in Other current assets and Other assets and contract liabilities are included in Deferred revenue on our Consolidated Balance Sheets. See Note 10 – Revenue from Contracts with Customers for further information.

Contract Modifications

Our service contracts allow customers to frequently modify their contracts without incurring penalties, in many cases. Each time a contract is modified, we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, as if there is a termination of the existing contract and creation of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Contract Costs

We incur certain incremental costs to obtain a contract that we expect to recover, such as sales commissions. We record an asset when these incremental costs to obtain a contract are incurred and amortize them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

We capitalize postpaid sales commissions for service activation as costs to acquire a contract and amortize them over the estimated period of benefit, currently 24 months. For capitalized contract costs, determining the amortization period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment. Prepaid commissions are expensed as incurred as their estimated period of benefit does not extend beyond 12 months. Commissions paid upon device upgrade are not capitalized if the remaining customer contract is less than one year. Commissions paid when the customer has a lease are treated as initial direct costs and recognized over the lease term.

Our policies for the capitalization and amortization of costs to acquire a contract are applied to the Sprint, Boost (up to the sale of the Prepaid Business to Dish on July 1, 2020) and Assurance Wireless brands subsequent to the Merger close.

Incremental costs to obtain equipment contracts (e.g., commissions paid on device and accessory sales) are recognized when the equipment is transferred to the customer. See Note 10 – Revenue from Contracts with Customers for further information.

Brightstar Distribution

We had arrangements with Brightstar US, Inc. ("Brightstar"), a subsidiary of SoftBank, whereby Brightstar provided supply chain and inventory management services to us in our indirect channels. T-Mobile sold devices through Brightstar to T-Mobile indirect channels who then sold the device to an end customer.

The supply chain and inventory management arrangement included, among other things, that Brightstar may purchase inventory from the original equipment manufacturers to sell through to our indirect channels. As compensation for these services, we remitted per unit fees to Brightstar for each device sold to these indirect dealers.

Devices sold from T-Mobile to Brightstar do not meet the criteria for a sale. Devices transferred from T-Mobile to Brightstar remain in inventory until control is transferred upon the sale of the device to the end customer, and in some circumstances to the indirect dealer.

For customers who choose to lease a device previously sold to the indirect dealer, T-Mobile will repurchase the device from the indirect dealer and originate a lease directly with the end customer. Repurchase activity from the indirect dealer is estimated and treated as a right of return, reducing equipment revenue at the time of sale to the indirect dealer. Upon lease to the end customer, T-Mobile recognizes lease revenue over the associated lease term in Equipment revenues on our Consolidated Statements of Comprehensive Income.

By December 31, 2020, we had terminated or restructured most of our arrangements with Brightstar, except for reverse logistics and trade-in services.

Leases (effective January 1, 2019)

Cell Site, Retail Store and Office Facility Leases

We are a lessee for non-cancelable operating and financing leases for cell sites, switch sites, retail stores, network equipment, office facilities and dark fiber. We recognize a right-of-use asset and lease liability for operating leases based on the net present value of future minimum lease payments. The right-of-use asset for an operating lease is based on the lease liability. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and renewal periods that are considered reasonably certain.

In addition, we have financing leases for certain network equipment. We recognize a right-of-use asset and lease liability for financing leases based on the net present value of future minimum lease payments. The right-of-use asset

for a finance lease is based on the lease liability. Lease expense for our financing leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

We consider several factors in assessing whether renewal periods are reasonably certain of being exercised, including the continued maturation of our nationwide network, technological advances within the telecommunications industry and the

availability of alternative sites. We have concluded we are not reasonably certain to exercise the options to extend or terminate our leases. Therefore, as of the lease commencement date, our lease terms generally do not include these options. We include options to extend or terminate a lease when we are reasonably certain that we will exercise that option.

In determining the discount rate used to measure the right-of-use asset and lease liability, we use rates implicit in the lease, or if not readily available, we use our incremental borrowing rate. Our incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by our assets. Determining a credit spread as secured by our assets may require significant judgment.

Certain of our lease agreements include rental payments based on changes in the consumer price index ("CPI"). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation is incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Generally, we elected the practical expedient to not separate lease and non-lease components in arrangements where we are the lessee. For arrangements in which we are the lessor of wireless devices, we did not elect this practical expedient. We did not elect the short-term lease recognition exemption; as such, leases with terms shorter than 12-months are included as a right-of-use asset and lease liability.

Rental revenues and expenses associated with co-location tower sites are presented on a net basis under Topic 842. See Note 16 – Leases for further information.

Cell Tower Monetization Transactions

In 2012, we entered into a prepaid master lease arrangement in which we as the lessor provided the rights to utilize tower sites and we leased back space on certain of those towers. Prior to the Merger, Sprint entered into a similar lease-out and leaseback arrangement that we assumed in the Merger.

These arrangements are treated as failed sale leasebacks in which the proceeds received are reported as a financing obligation. The principal payments on the tower obligations are included in Other, net within Net cash provided by (used in) financing activities on our Consolidated Statements of Cash Flows. Our historical tower site asset costs are reported in Property and equipment, net on our Consolidated Balance Sheets and are depreciated. See Note 9 – Tower Obligations for further information.

Sprint Retirement Pension Plan

Through the Merger, we acquired the assets and assumed the liabilities associated with the Sprint Retirement Pension Plan (the "Pension Plan"), which is a defined benefit pension plan providing postretirement benefits to certain employees. As of December 31, 2005, the Pension Plan was amended to freeze benefit plan accruals for participants.

The investments in the Pension Plan are measured at fair value on a recurring basis each quarter using quoted market prices or the net asset value per share as a practical expedient. The projected benefit obligations associated with the Pension Plan are determined based on actuarial models utilizing mortality tables and discount rates applied to the expected benefit term. See Note 11 – Employee Compensation and Benefit Plans for further information on the Pension Plan.

Advertising Expense

We expense the cost of advertising and other promotional expenditures to market our services and products as incurred. For the years ended December 31, 2021, 2020 and 2019, advertising expenses included in Selling, general and administrative expenses on our Consolidated Statements of Comprehensive Income were $2.2 billion, $1.8 billion and $1.6 billion, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be

realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized on our consolidated financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of adjustments, net of tax, related to unrealized gains (losses) on cash flow hedges, available-for-sale securities, foreign currency translation and pension and other postretirement benefits. This is reported in Accumulated other comprehensive loss as a separate component of stockholders' equity until realized in earnings.

Stock-Based Compensation

Stock-based compensation expense for stock awards, which include restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs"), is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, over the related service period. The fair value of stock awards is based on the closing price of our common stock on the date of grant. RSUs are recognized as expense using the straight-line method. PRSUs are recognized as expense following a graded vesting schedule with their performance re-assessed and updated on a quarterly basis, or more frequently as changes in facts and circumstances warrant.

Earnings Per Share

Basic earnings per share is computed by dividing Net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of outstanding stock options, RSUs and PRSUs, calculated using the treasury stock method. See Note 15 – Earnings Per Share for further information.

Variable Interest Entities

VIEs are entities that lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive the residual returns of the entity. The most common type of VIE is a special purpose entity ("SPE"). SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are generally structured to insulate investors from claims on the SPEs' assets by creditors of other entities, including the creditors of the seller of the assets, these SPEs are commonly referred to as being bankruptcy remote.

The primary beneficiary is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party which has both the power to direct the activities of an entity that most significantly impact the VIE's economic performance, and through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE which could potentially be significant to the VIE. We consolidate VIEs when we are deemed to be the primary beneficiary or when the VIE cannot be deconsolidated. See Note 4 – Sales of Certain Receivables and Note 9 – Tower Obligations for further information.

In assessing which party is the primary beneficiary, all the facts and circumstances are considered, including each party's role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance; and second, identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (such as asset managers and servicers) or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

Device Purchases Cash Flow Presentation

We classify all device purchases, whether acquired for sale or lease, as operating cash outflows as our predominant strategy is to sell devices to customers rather than lease them. See Note 19 – Additional Financial Information for disclosures of Leased

devices transferred from inventory to property and equipment and Returned leased devices transferred from property and equipment to inventory.

Accounting Pronouncements Adopted During the Current Year

Management's Discussion and Analysis, Selected Financial Data and Supplementary Information Amendments

On January 11, 2021, the SEC adopted amendments to eliminate the requirement for Selected Financial Data, streamline the requirement to disclose Supplementary Financial Information and amend Management's Discussion & Analysis of Financial Condition and Results of Operations ("MD&A"). These amendments are intended to eliminate duplicative disclosures and modernize and enhance MD&A for the benefit of investors, while simplifying compliance efforts for registrants. The amendments became effective for us, and we adopted the amendments in February 2021, which included making certain updates to our Management's Discussion and Analysis and removing Selected Financial Data and Supplementary Information within our Form 10-K for the year ended December 31, 2021.

Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," and has since modified the standard with ASU 2021-01, "Reference Rate Reform (Topic 848): Scope" (together, the "reference rate reform standard"). The reference rate reform standard provides temporary optional expedients and allows for certain exceptions to applying existing GAAP for contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued as a result of reference rate reform. The reference rate reform standard is available for adoption through December 31, 2022, and the optional expedients for contract modifications must be elected for all arrangements within a given Accounting Standards Codification ("ASC") Topic or Industry Subtopic. We expect to elect the optional expedients for eligible contract modifications accounted for under a given ASC Topic as they occur through December 31, 2022. The application of these expedients is not expected to have a material impact on our consolidated financial statements.

Contract Assets and Contract Liabilities Acquired in a Business Combination

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." The standard amends ASC 805 such that contract assets and contract liabilities acquired in a business combination are added to the list of exceptions to the recognition and measurement principles such that they are recognized and measured in accordance with ASC 606. The standard will become effective for us beginning January 1, 2023 and should be applied prospectively to all business combinations occurring after the date of adoption. Early adoption is permitted for us at any time. We are currently evaluating the impact this guidance will have on our Consolidated Financial Statements and the timing of adoption.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the U.S. Securities and Exchange Commission did not have, or are not expected to have, a significant impact on our present or future Consolidated Financial Statements.

Index for Notes to the Consolidated Financial Statements

Note 2 – Business Combinations

Business Combination Agreement and Amendments

On April 29, 2018, we entered into a Business Combination Agreement with Sprint and the other parties named therein (as amended, the "Business Combination Agreement") for the Merger. The Business Combination Agreement was subsequently amended to provide that, following the closing of the Merger and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), SoftBank would indemnify us against certain specified matters and the loss of value arising out of, or resulting from, cessation of access to spectrum under certain circumstances and subject to certain limitations and qualifications.

On February 20, 2020, T-Mobile, SoftBank and Deutsche Telekom AG ("DT") entered into a letter agreement (the "Letter Agreement"). Pursuant to the Letter Agreement, SoftBank agreed to cause its applicable affiliates to surrender to T-Mobile, for no additional consideration, an aggregate of 48,751,557 shares of T-Mobile common stock (such number of shares, the "SoftBank Specified Shares Amount"), effective immediately following the Effective Time (as defined in the Business Combination Agreement), making SoftBank's exchange ratio 11.31 shares of Sprint common stock for each share of T-Mobile common stock. This resulted in an effective exchange ratio of approximately 11.00 shares of Sprint common stock for each share of T-Mobile common stock immediately following the closing of the Merger, an increase from the originally agreed 9.75 shares. Sprint stockholders, other than SoftBank, received the original fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or the equivalent of approximately 9.75 shares of Sprint common stock for each share of T-Mobile common stock.

The Letter Agreement requires T-Mobile to issue to SoftBank 48,751,557 shares of T-Mobile common stock, subject to the terms and conditions set forth in the Letter Agreement, for no additional consideration, if certain conditions are met. The issuance of these shares is contingent on the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market being equal to or greater than $150.00, at any time during the period commencing on April 1, 2022 and ending on December 31, 2025. If the threshold price is not met, then none of the SoftBank Specified Shares Amount will be issued.

Closing of Sprint Merger

On April 1, 2020, we completed the Merger, and as a result, Sprint and its subsidiaries became wholly-owned consolidated subsidiaries of T-Mobile. Sprint was the fourth-largest telecommunications company in the U.S., offering a comprehensive range of wireless and wireline communication products and services. As a combined company, we have been able to rapidly launch a broad and deep nationwide 5G network, accelerate innovation, increase competition in the U.S. wireless and broadband industries and achieve significant synergies and cost reductions by eliminating redundancies within the combined network as well as other business processes and operations.

Upon completion of the Merger, each share of Sprint common stock was exchanged for 0.10256 shares of T-Mobile common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. After adjustments, including the holdback of the SoftBank Specified Shares Amount and fractional shares, we issued 373,396,310 shares of T-Mobile common stock to Sprint stockholders. The fair value of the T-Mobile common stock provided in exchange for Sprint common stock was approximately $31.3 billion.

Additional components of consideration included the repayment of certain of Sprint's debt, replacement of equity awards attributable to pre-combination services, contingent consideration and a cash payment received from SoftBank for certain reimbursed Merger expenses.

Immediately following the closing of the Merger and the surrender of the SoftBank Specified Shares Amount, pursuant to the Letter Agreement described above, DT and SoftBank held, directly or indirectly, approximately 43.6% and 24.7%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 31.7% of the outstanding T-Mobile common stock held by other stockholders. See Note 14 – SoftBank Equity Transaction for ownership details as of December 31, 2021.

Consideration Transferred

The acquisition-date fair value of consideration transferred in the Merger totaled $40.8 billion, comprised of the following:

(in millions)	April 1, 2020
Fair value of T-Mobile common stock issued to Sprint stockholders [1]	$ 31,328
Fair value of T-Mobile replacement equity awards attributable to pre-combination service [2]	323
Repayment of Sprint's debt (including accrued interest and prepayment penalties) [3]	7,396
Fair value of contingent consideration [4]	1,882
Payment received from selling stockholder [5]	(102)
Total consideration exchanged	$ 40,827

(1) Represents the fair value of T-Mobile common stock issued to Sprint stockholders pursuant to the Business Combination Agreement, less shares surrendered by SoftBank pursuant to the Letter Agreement. The fair value is based on 373,396,310 shares of T-Mobile common stock issued at an exchange ratio of 0.10256 shares of T-Mobile common stock per share of Sprint common stock, less 48,751,557 T-Mobile shares surrendered by SoftBank which are treated as contingent consideration, and the closing price per share of T-Mobile common stock on NASDAQ on March 31, 2020, of $83.90, as shares were transferred to Sprint stockholders prior to the opening of markets on April 1, 2020.

(2) Equity-based awards held by Sprint employees prior to the acquisition date have been replaced with T-Mobile equity-based awards. The portion of the equity-based awards that relates to services performed by the employee prior to the acquisition date is included within consideration transferred, and includes stock options, restricted stock units and performance-based restricted stock units.

(3) Represents the cash consideration paid concurrent with the close of the Merger to retire certain Sprint debt, as required by change in control provisions of the debt, plus interest and prepayment penalties.

(4) Represents the fair value of the SoftBank Specified Shares Amount contingent consideration that may be issued as set forth in the Letter Agreement.

(5) Represents receipt of a cash payment from SoftBank for certain reimbursed Merger expenses.

The SoftBank Specified Shares Amount was determined to be contingent consideration with an acquisition-date fair value of $1.9 billion. We estimated the fair value using the income approach, a probability-weighted discounted cash flow model, whereby a Monte Carlo simulation method estimated the probability of different outcomes as the likelihood of achieving the 45-day volume-weighted average price threshold is not easily predicted. This fair value measurement is based on significant inputs not observable in the market and, therefore, represents a Level 3 measurement as defined in ASC 820: Fair Value Measurement. The key assumptions in applying the income approach include the estimated future share-price volatility, which was based on historical market trends and the estimated future performance of T-Mobile.

The maximum amount of contingent consideration that could be issued to SoftBank has an estimated value of $7.3 billion, based on SoftBank Specified Shares Amount of 48,751,557 multiplied by the defined volume-weighted average price per share of $150.00. The contingent consideration that could be delivered to SoftBank is classified within equity and is not subject to remeasurement.

Fair Value of Assets Acquired and Liabilities Assumed

We accounted for the Merger as a business combination. The identifiable assets acquired and liabilities assumed of Sprint were recorded at their fair values as of the acquisition date and consolidated with those of T-Mobile. Assigning fair market values to the assets acquired and liabilities assumed at the date of an acquisition requires the use of significant judgment regarding estimates and assumptions. For the fair values of the assets acquired and liabilities assumed, we used the cost, income and market approaches, including market participant assumptions.

The following table summarizes the fair values for each major class of assets acquired and liabilities assumed at the acquisition date. We retained the services of certified valuation specialists to assist with assigning values to certain acquired assets and assumed liabilities.

(in millions)	**April 1, 2020**
Cash and cash equivalents	$ 2,084
Accounts receivable	1,775
Equipment installment plan receivables	1,088
Inventory	658
Prepaid expenses	140
Assets held for sale	1,908
Other current assets	637
Property and equipment	18,435
Operating lease right-of-use assets	6,583
Financing lease right-of-use assets	291
Goodwill	9,423
Spectrum licenses	45,400
Other intangible assets	6,280
Equipment installment plan receivables due after one year, net	247
Other assets (1)	540
Total assets acquired	95,489
Accounts payable and accrued liabilities	5,015
Short-term debt	2,760
Deferred revenue	508
Short-term operating lease liabilities	1,818
Short-term financing lease liabilities	8
Liabilities held for sale	475
Other current liabilities	681
Long-term debt	29,037
Tower obligations	950
Deferred tax liabilities	3,478
Operating lease liabilities	5,615
Financing lease liabilities	12
Other long-term liabilities	4,305
Total liabilities assumed	54,662
Total consideration transferred	$ 40,827

(1) Included in Other assets acquired is $80 million in restricted cash.

Amounts initially disclosed for the estimated values of certain acquired assets and liabilities assumed were adjusted through March 31, 2021 (the close of the measurement period) based on information arising after the initial valuation.

Intangible Assets and Liabilities

Goodwill with an assigned value of $9.4 billion represents the excess of the consideration transferred over the fair values of assets acquired and liabilities assumed. The goodwill recognized includes synergies expected to be achieved from the operations of the combined company, the assembled workforce of Sprint and intangible assets that do not qualify for separate recognition. Expected synergies from the Merger include the cost savings from the planned integration of network infrastructure, facilities, personnel and systems. None of the goodwill resulting from the Merger is deductible for tax purposes. All of the goodwill acquired is allocated to the wireless reporting unit.

Other intangible assets include $4.9 billion of customer relationships with a weighted-average useful life of eight years and tradenames of $207 million with a useful life of two years. Leased spectrum arrangements that have favorable (asset) and unfavorable (liability) terms compared to current market rates were assigned fair values of $745 million and $125 million, respectively, with 18-year and 19-year weighted-average useful lives, respectively.

The fair value of Spectrum licenses of $45.4 billion was estimated using the income approach, specifically a Greenfield model. This fair value measurement is based on significant inputs not observable in the market and, therefore, represents a Level 3 measurement as defined in ASC 820: Fair Value Measurement. The key assumptions in applying the income approach include the discount rate, estimated market share, estimated capital and operating expenditures, forecasted service revenue and a long-term growth rate for a hypothetical market participant that enters the wireless industry and builds a nationwide wireless network.

Acquired Receivables

The fair value of the assets acquired includes Accounts receivable of $1.8 billion and EIP receivables of $1.3 billion. The UPB under these contracts as of April 1, 2020, the date of the Merger, was $1.8 billion and $1.6 billion, respectively. The difference between the fair value and the UPB primarily represents amounts expected to be uncollectible.

Indemnification Assets and Contingent Liabilities

Pursuant to Amendment No 2. to the Business Combination Agreement, SoftBank agreed to indemnify us against certain specified matters and losses. As of the acquisition date, we recorded a contingent liability and an offsetting indemnification asset for the expected reimbursement by SoftBank for certain Lifeline matters. The liability is presented in Accounts payable and accrued liabilities, and the indemnification asset is presented in Other current assets within our acquired assets and liabilities at the acquisition date. In November 2020, we entered into a consent decree with the Federal Communications Commission ("FCC") to resolve certain Lifeline matters, which resulted in a payment of $200 million by SoftBank. Final resolution of these matters could require making additional reimbursements and paying additional fines and penalties, which we do not expect to have a significant impact on our financial results. We expect that any additional liabilities related to these matters would be indemnified and reimbursed by SoftBank.

Deferred Taxes

As a result of the Merger, we acquired deferred tax assets for which a valuation allowance reserve is deemed to be necessary, as well as additional uncertain tax benefit reserves. As of the date of the Merger, the amount of the valuation allowance reserve and uncertain tax benefit reserves was $851 million and $660 million, respectively.

Transaction Costs

We recognized transaction costs of $28 million, $201 million and $106 million for the years ended December 31, 2021, 2020 and 2019, respectively. These costs were associated with legal and professional services and were recognized as Selling, general and administrative expenses on our Consolidated Statements of Comprehensive Income.

Pro Forma Information

The following unaudited pro forma financial information gives effect to the Transactions as if they had been completed on January 1, 2019. The unaudited pro forma information was prepared in accordance with the requirements of ASC 805: Business Combinations, which is a different basis than pro forma information prepared under Article 11 of Regulation S-X ("Article 11"). As such, they are not directly comparable with historical results for stand-alone T-Mobile prior to April 1, 2020, historical results for T-Mobile from April 1, 2020 that reflect the Transactions and are inclusive of the results and operations of Sprint, nor our previously provided pro forma financials prepared in accordance with Article 11. The pro forma results for the years ended December 31, 2020 and 2019 include the impact of several significant nonrecurring pro forma adjustments to previously reported operating results. The pro forma adjustments are based on historically reported transactions by the respective companies. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisition.

	Year Ended December 31,	
(in millions)	**2020**	**2019**
Total revenues	$ 74,681	$ 70,607
Income from continuing operations	3,302	185
Income from discontinued operations, net of tax	677	1,594
Net income	3,979	1,792

Significant nonrecurring pro forma adjustments include:

- Transaction costs of $559 million that were incurred during the year ended December 31, 2020 are assumed to have occurred on the pro forma close date of January 1, 2019, and are recognized as if incurred in the first quarter of 2019;
- The Prepaid Business divested on July 1, 2020, is assumed to have been classified as discontinued operations as of January 1, 2019, and the related activities are presented in Income from discontinued operations, net of tax;
- Permanent financing issued and debt redemptions occurring in connection with the closing of the Merger are assumed to have occurred on January 1, 2019, and historical interest expense associated with repaid borrowings is removed;
- Tangible and intangible assets are assumed to be recorded at their estimated fair values as of January 1, 2019 and are depreciated or amortized over their estimated useful lives; and
- Accounting policies of Sprint are conformed to those of T-Mobile including depreciation for leased devices, distribution arrangements with Brightstar US, Inc., amortization of costs to acquire a contract and certain tower lease transactions.

The selected unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the Transactions actually occurred on January 1, 2019, nor do they purport to project the future consolidated results of operations.

For the periods subsequent to the Merger close date, the acquired Sprint subsidiaries contributed total revenues and operating income of $20.5 billion and $1.3 billion, respectively, for the year ended December 31, 2020, that were included on our Consolidated Statements of Comprehensive Income.

Financing

In connection with the entry into the Business Combination Agreement, T-Mobile USA, Inc. ("T-Mobile USA") entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018 and on September 6, 2019, the "Commitment Letter"). On April 1, 2020, in connection with the closing of the Merger, we drew down on our $19.0 billion New Secured Bridge Loan Facility and our $4.0 billion New Secured Term Loan Facility (each as defined below). We used the net proceeds from the drawdown of the secured facilities to refinance

certain existing debt of us, Sprint and our and Sprint's respective subsidiaries and for post-closing general corporate purposes of the combined company.

In connection with the financing provided for in the Commitment Letter, we incurred certain fees payable to the financial institutions. On April 1, 2020, in connection with the closing of the Merger, we paid $355 million in Commitment Letter fees to certain financial institutions.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a Financing Matters Agreement, dated as of April 29, 2018 (the "Financing Matters Agreement"), pursuant to which DT agreed, among other things, to consent to, subject to certain conditions, amendments to certain existing debt owed to DT, in connection with

the Merger. On April 1, 2020, in connection with the closing of the Merger, we made a payment for requisite consents to DT of $13 million.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018 (the "Consent Solicitation Statement"), we obtained consents necessary to effect amendments to certain existing debt of us and our subsidiaries. On April 1, 2020, in connection with the closing of the Merger, we made payments for requisite consents to third-party note holders of $95 million.

Regulatory Matters

The Transactions were the subject of various legal and regulatory proceedings involving a number of state and federal agencies. In connection with those proceedings and the approval of the Transactions, we have certain commitments and other obligations to various state and federal agencies and certain nongovernmental organizations. See Note 17 – Commitments and Contingencies for further information.

Prepaid Transaction

On July 26, 2019, we entered into the Asset Purchase Agreement with Sprint and DISH, pursuant to which, following the consummation of the Merger, DISH would acquire the Prepaid Business.

On June 17, 2020, T-Mobile, Sprint and DISH entered into the First Amendment to the Asset Purchase Agreement. Pursuant to the First Amendment of the Asset Purchase Agreement, T-Mobile, Sprint and DISH agreed to proceed with the closing of the Prepaid Transaction in accordance with the Asset Purchase Agreement on July 1, 2020, subject to the terms and conditions of the Asset Purchase Agreement and the terms and conditions of the Consent Decree.

On July 1, 2020, pursuant to the Asset Purchase Agreement, we completed the Prepaid Transaction. Upon closing of the Prepaid Transaction, we received $1.4 billion from DISH for the Prepaid Business, subject to working capital adjustments. See Note 12 – Discontinued Operations for further information.

Shenandoah Personal Communications Company Affiliate Relationship

Sprint PCS (specifically Sprint Spectrum L.P.) was party to a variety of publicly filed agreements with Shentel, pursuant to which Shentel was the exclusive provider of Sprint PCS's wireless mobility communications network products in certain parts of Maryland, North Carolina, Virginia, West Virginia, Kentucky, Ohio and Pennsylvania. Pursuant to one such agreement, the Sprint PCS Management Agreement, dated November 5, 1999 (as amended, supplemented and modified from time to time, the "Management Agreement"), Sprint PCS was granted an option to purchase Shentel's Wireless Assets used to provide services pursuant to the Management Agreement. On August 26, 2020, Sprint, now our indirect subsidiary, on behalf of and as the direct or indirect owner of Sprint PCS, exercised its option by delivering a binding notice of exercise to Shentel.

On May 28, 2021, T-Mobile USA, Inc., a Delaware corporation and our direct wholly-owned subsidiary, entered into an asset purchase agreement (the "Purchase Agreement") with Shentel, for the acquisition of the Wireless Assets for an aggregate purchase price of approximately $1.9 billion in cash, subject to certain adjustments prescribed by the Management Agreement and such additional adjustments agreed by the parties.

Closing of Shentel Wireless Assets Acquisition

On July 1, 2021, upon the completion of certain customary conditions, including the receipt of certain regulatory approvals, we closed on the acquisition of the Wireless Assets pursuant to the Purchase Agreement, and as a result, T-Mobile became the legal owner of the Wireless Assets. Through this transaction, we reacquired the exclusive rights to deliver Sprint's wireless network services in Shentel's former affiliate territory and simplified our operations. Concurrently, and as agreed to through the Purchase Agreement, T-Mobile and Shentel entered into certain separate transactions, including the effective settlement of the pre-existing arrangements between T-Mobile and Shentel under the Management Agreement.

In exchange, T-Mobile transferred cash of approximately $2.0 billion, approximately $1.9 billion of which was determined to be consideration transferred for the Wireless Assets and the remainder of which was determined to

relate to separate transactions, primarily associated with the effective settlement of pre-existing arrangements between T-Mobile and Shentel. Accordingly, these separate transactions are not included in the calculation of the consideration transferred in exchange for the Wireless Assets, and the settlement of pre-existing arrangements between T-Mobile and Shentel did not result in material gains or losses.

Prior to the acquisition of the Wireless Assets, revenues generated from our affiliate relationship with Shentel were presented as Other service revenues. Upon the close of the transaction, revenues generated from postpaid customers within the reacquired territory are presented as Postpaid revenues on our Consolidated Statements of Comprehensive Income. The financial results of the Wireless Assets since the closing through December 31, 2021, were not material to our Consolidated Statements of Comprehensive Income, nor were they material to our prior period consolidated results on a pro forma basis.

Fair Value of Assets Acquired and Liabilities Assumed

We accounted for the acquisition of the Wireless Assets as a business combination. The identifiable assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date and consolidated with those of T-Mobile. Assigning fair market values to the assets acquired and liabilities assumed at the date of an acquisition requires the use of significant judgment regarding estimates and assumptions. For the fair values of the assets acquired and liabilities assumed, we used the cost, income and market approaches, including market participant assumptions.

The following table summarizes the fair values for each major class of assets acquired and liabilities assumed at the acquisition date. We retained the services of certified valuation specialists to assist with assigning values to certain acquired assets and assumed liabilities.

(in millions)	**July 1, 2021**
Inventory	$ 2
Property and equipment	136
Operating lease right-of-use assets	308
Goodwill	1,035
Other intangible assets	770
Other assets	7
Total assets acquired	2,258
Short-term operating lease liabilities	73
Operating lease liabilities	264
Other long-term liabilities	35
Total liabilities assumed	372
Total consideration transferred	$ 1,886

Intangible Assets and Liabilities

Goodwill with an assigned value of $1.0 billion, substantially all of which is deductible for tax purposes, represents the anticipated cost savings from the operations of the combined company resulting from the planned integration of network infrastructure and facilities, the assembled workforce hired concurrently with the acquisition of Wireless Assets, and the intangible assets that do not qualify for separate recognition. All of the goodwill acquired is allocated to the wireless reporting unit.

Other intangible assets include $770 million of reacquired rights to provide services in Shentel's former affiliate territory which is being amortized on a straight-line basis over a useful life of approximately nine years in line with the remaining term of the Management Agreement upon the acquisition of the Wireless Assets, which represents the period of expected economic benefits associated with the re-acquisition of such rights. This fair value measurement is based on significant inputs not observable in the market, and therefore, represents a Level 3 measurement as defined in ASC 820. The key assumptions in applying the income approach include forecasted subscriber growth rates, revenue over an estimated period of time, the discount rate, estimated capital expenditures, estimated income taxes and the long-term growth rate, as well as forecasted earnings before interest, taxes, depreciation and amortization ("EBITDA") margins.

Note 3 – Receivables and Related Allowance for Credit Losses

Our portfolio of receivables is comprised of two portfolio segments: accounts receivable and EIP receivables.

Accounts Receivable Portfolio Segment

Accounts receivable balances are predominately composed of amounts currently due from customers (e.g., for wireless services and monthly device lease payments), device insurance administrators, wholesale partners, other carriers and third-party retail channels.

We estimate credit losses associated with our accounts receivable portfolio segment using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions and reasonable and supportable forecasts.

Our approach considers a number of factors, including our overall historical credit losses, net of recoveries, timely payment experience as well as current collection trends such as write-off frequency and severity. We also consider other qualitative factors such as macro-economic conditions, including the expected economic impacts of the Pandemic.

We consider the need to adjust our estimate of credit losses for reasonable and supportable forecasts of future economic conditions. To do so, we monitor professional forecasts of changes in real U.S. gross domestic product and forecasts of consumer credit behavior for comparable credit exposures. We also periodically evaluate other economic indicators such as unemployment rates to assess their level of correlation with our historical credit loss statistics.

EIP Receivables Portfolio Segment

Based upon customer credit profiles at the time of customer origination, we classify the EIP receivables segment into two customer classes of "Prime" and "Subprime." Prime customer receivables are those with lower credit risk and Subprime customer receivables are those with higher credit risk. Customers may be required to make a down payment on their equipment purchases if their assessed credit risk exceeds established underwriting thresholds. In addition, certain customers within the Subprime category may be required to pay a deposit.

To determine a customer's credit profile and assist in determining their credit class, we use a proprietary credit scoring model that measures the credit quality of a customer using several factors, such as credit bureau information, consumer credit risk scores and service and device plan characteristics.

Installment receivables acquired in the Merger are included in EIP receivables. We applied our proprietary credit scoring model to the customers acquired in the Merger with an outstanding EIP receivable balance. Based on tenure, consumer credit risk score and credit profile, these acquired customers were classified into our customer classes of Prime or Subprime. For EIP receivables acquired in the Merger, the difference between the fair value and UPB of the receivable at the acquisition date is accreted to interest income over the contractual life of the receivable using the effective interest method. EIP receivables had a combined weighted-average effective interest rate of 5.6% and 6.7% as of December 31, 2021 and 2020, respectively.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

(in millions)	**December 31, 2021**	**December 31, 2020**
EIP receivables, gross	$ 8,207	$ 6,213
Unamortized imputed discount	(378)	(325)
EIP receivables, net of unamortized imputed discount	7,829	5,888
Allowance for credit losses	(252)	(280)
EIP receivables, net of allowance for credit losses and imputed discount	$ 7,577	$ 5,608
Classified on the consolidated balance sheets as:		
Equipment installment plan receivables, net of allowance for credit losses and imputed discount	$ 4,748	$ 3,577
Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount	2,829	2,031
EIP receivables, net of allowance for credit losses and imputed discount	$ 7,577	$ 5,608

Many of our loss estimation techniques rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality in the establishment of our allowance for credit losses for EIP receivables. We manage our EIP receivables portfolio segment using delinquency and customer credit class as key credit quality indicators. The following table presents the

amortized cost of our EIP receivables by delinquency status, customer credit class and year of origination as of December 31, 2021:

	Originated in 2021		Originated in 2020		Originated prior to 2020		Total EIP Receivables, net of unamortized imputed discounts		
(in millions)	**Prime**	**Subprime**	**Prime**	**Subprime**	**Prime**	**Subprime**	**Prime**	**Subprime**	**Grand total**
Current - 30 days past due	$ 3,894	$ 2,419	$ 878	$ 464	$ 22	$ 6	$ 4,794	$ 2,889	$ 7,683
31 - 60 days past due	24	37	7	10	—	—	31	47	78
61 - 90 days past due	8	15	3	5	—	—	11	20	31
More than 90 days past due	7	15	4	8	1	2	12	25	37
EIP receivables, net of unamortized imputed discount	$ 3,933	$ 2,486	$ 892	$ 487	$ 23	$ 8	$ 4,848	$ 2,981	$ 7,829

We estimate credit losses on our EIP receivables segment applying an expected credit loss model, which relies on historical loss data adjusted for current conditions to calculate default probabilities or an estimate for the frequency of customer default. Our assessment of default probabilities includes receivables delinquency status, historical loss experience, how long the receivables have been outstanding, customer credit ratings as well as customer tenure. We multiply these estimated default probabilities by our estimated loss given default, which is the estimated amount or severity of the default loss after adjusting for estimated recoveries.

As we do for our accounts receivable portfolio segment, we consider the need to adjust our estimate of credit losses on EIP receivables for reasonable and supportable forecasts of economic conditions through monitoring external professional forecasts and periodic internal statistical analyses, including the expected economic impacts of the Pandemic.

Activity for the years ended December 31, 2021 and 2020, in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

	December 31, 2021			December 31, 2020			December 31, 2019		
(in millions)	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 194	$ 605	$ 799	$ 61	$ 399	$ 460	$ 67	$ 449	$ 516
Beginning balance adjustment due to implementation of the new credit loss standard	—	—	—	—	91	91	—	—	—
Bad debt expense	231	221	452	338	264	602	77	230	307
Write-offs, net of recoveries	(279)	(248)	(527)	(205)	(175)	(380)	(83)	(249)	(332)
Change in imputed discount on short-term and long-term EIP receivables	N/A	187	187	N/A	171	171	N/A	136	136
Impact on the imputed discount from sales of EIP receivables	N/A	(135)	(135)	N/A	(145)	(145)	N/A	(167)	(167)
Allowance for credit losses and imputed discount, end of period	$ 146	$ 630	$ 776	$ 194	$ 605	$ 799	$ 61	$ 399	$ 460

Off-Balance-Sheet Credit Exposures

We do not have material, unmitigated off-balance-sheet credit exposures as of December 31, 2021. In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets included on our Consolidated Balance Sheets measured at fair value that are based on a discounted cash flow model using Level 3 inputs, including customer default rates and credit worthiness, dilutions and recoveries. See Note 4 – Sales of Certain Receivables for further information.

Index for Notes to the Consolidated Financial Statements

Note 4 – Sales of Certain Receivables

We have entered into transactions to sell certain service accounts receivable and EIP receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our consolidated financial statements, are described below.

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP receivables on a revolving basis (the "EIP sale arrangement"). The maximum funding commitment of the sale arrangement is $1.3 billion. On November 10, 2021, we extended the scheduled expiration date of the EIP sale arrangement to November 18, 2022.

As of both December 31, 2021 and 2020, the EIP sale arrangement provided funding of $1.3 billion. Sales of EIP receivables occur daily and are settled on a monthly basis.

In connection with this EIP sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity (the "EIP BRE"). Pursuant to the EIP sale arrangement, our wholly-owned subsidiary transfers selected receivables to the EIP BRE. The EIP BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity over which we do not exercise any level of control, nor does the third-party entity qualify as a VIE.

Variable Interest Entity

We determined that the EIP BRE is a VIE as its equity investment at risk lacks the obligation to absorb a certain portion of its expected losses. We have a variable interest in the EIP BRE and have determined that we are the primary beneficiary based on our ability to direct the activities which most significantly impact the EIP BRE's economic performance. Those activities include selecting which receivables are transferred into the EIP BRE and sold in the EIP sale arrangement and funding of the EIP BRE. Additionally, our equity interest in the EIP BRE obligates us to absorb losses and gives us the right to receive benefits from the EIP BRE that could potentially be significant to the EIP BRE. Accordingly, we include the balances and results of operations of the EIP BRE on our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, and liabilities included on our Consolidated Balance Sheets with respect to the EIP BRE:

(in millions)	December 31, 2021	December 31, 2020
Other current assets	$ 424	$ 388
Other assets	125	120
Other long-term liabilities	—	4

In addition, the EIP BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the EIP BRE, to be satisfied prior to any value in the EIP BRE becoming available to us. Accordingly, the assets of the EIP BRE may not be used to settle our general obligations and creditors of the EIP BRE have limited recourse to our general credit.

Sales of Service Accounts Receivable

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis (the "service receivable sale arrangement"). The maximum funding commitment of the service receivable sale arrangement is $950 million and the facility expires in March 2022. As of December 31, 2021 and 2020, the service receivable sale arrangement provided funding of $775 million and $772 million, respectively. Sales of receivables occur daily and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the “Service BRE”). In March 2021, we amended the sale arrangement to conform its structure to the EIP sale arrangement (the “March 2021 Amendment”). This involved, among other things, removal of an unaffiliated special purpose entity that we did not consolidate under the original structure and changes in

contractual counterparties. While the amendment simplified the structure of the arrangement by making it more efficient, it did not impact the maximum funding commitment under, or the level of funding provided by, the facility.

Pursuant to the amended service receivable sale arrangement, our wholly-owned subsidiary transfers selected receivables to the Service BRE. The Service BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity over which we do not exercise any level of control and which does not qualify as a VIE.

Variable Interest Entity

Prior to the March 2021 Amendment, the Service BRE did not qualify as a VIE, but due to the significant level of control we exercised over the entity, it was consolidated.

The March 2021 Amendment to the service receivable sale arrangement triggered a VIE reassessment, and we determined that the Service BRE now qualifies as a VIE. We have a variable interest in the Service BRE and have determined that we are the primary beneficiary based on our ability to direct the activities that most significantly impact the Service BRE's economic performance. Those activities include selecting which receivables are transferred into the Service BRE and sold in the service receivable sale arrangement and funding the Service BRE. Additionally, our equity interest in the Service BRE obligates us to absorb losses and gives us the right to receive benefits from the Service BRE that could potentially be significant to the Service BRE. Accordingly, we include the balances and results of operations of the Service BRE on our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, and liabilities included on our Consolidated Balance Sheets with respect to the Service BRE:

(in millions)	December 31, 2021	December 31, 2020
Other current assets	$ 231	$ 378
Other current liabilities	348	357

In addition, the Service BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the Service BRE, to be satisfied prior to any value in the Service BRE becoming available to us. Accordingly, the assets of the Service BRE may not be used to settle our general obligations, and creditors of the Service BRE have limited recourse to our general credit.

Sales of Receivables

The transfers of service receivables and EIP receivables to the non-consolidated entities are accounted for as sales of financial assets. Once identified for sale, the receivable is recorded at the lower of cost or fair value. Upon sale, we derecognize the net carrying amount of the receivables.

We recognize the cash proceeds received upon sale in Net cash provided by operating activities on our Consolidated Statements of Cash Flows. We recognize proceeds net of the deferred purchase price, consisting of a receivable from the purchasers that entitles us to certain collections on the receivables. We recognize the collection of the deferred purchase price in Net cash used in investing activities on our Consolidated Statements of Cash Flows as Proceeds related to beneficial interests in securitization transactions.

The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. At inception, we elected to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense on our Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily Level 3 inputs, including customer default rates. As of December 31, 2021 and 2020, our deferred purchase price related to the sales of service receivables and EIP receivables was $779 million and $884 million, respectively.

The following table summarizes the impact of the sale of certain service receivables and EIP receivables on our Consolidated Balance Sheets:

(in millions)	December 31, 2021	December 31, 2020
Derecognized net service receivables and EIP receivables	$ 2,492	$ 2,528
Other current assets	655	766
of which, deferred purchase price	*654*	*764*
Other long-term assets	125	120
of which, deferred purchase price	*125*	*120*
Other current liabilities	348	357
Other long-term liabilities	—	4
Net cash proceeds since inception	1,754	1,715
Of which:		
Change in net cash proceeds during the year-to-date period	39	(229)
Net cash proceeds funded by reinvested collections	1,715	1,944

As of December 31, 2021 and 2020, the total principal balance of outstanding transferred service receivables and EIP receivables were $1.0 billion and $1.2 billion, respectively.

We recognized losses from sales of receivables, including adjustments to the receivables' fair values and changes in fair value of the deferred purchase price, of $15 million, $36 million and $130 million for the years ended December 31, 2021 2020 and 2019, respectively, in Selling, general and administrative expense on our Consolidated Statements of Comprehensive Income.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables, are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent, and may be responsible for absorbing credit losses through reduced collections on our deferred purchase price assets. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. At the direction of the purchasers of the sold receivables, we apply the same policies and procedures while servicing the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers.

Note 5 – Property and Equipment

The components of property and equipment were as follows:

(in millions)	Useful Lives	December 31, 2021	December 31, 2020
Land		$ 225	$ 236
Buildings and equipment	Up to 30 years	4,344	4,006
Wireless communications systems	Up to 20 years	57,114	49,453
Leasehold improvements	Up to 10 years	2,160	1,879
Capitalized software	Up to 10 years	18,243	16,412
Leased wireless devices	Up to 19 months	3,832	6,989
Construction in progress	N/A	3,703	4,595
Accumulated depreciation and amortization		(49,818)	(42,395)
Property and equipment, net		$ 39,803	$ 41,175

Total depreciation expense relating to property and equipment and financing lease right-of-use assets was $15.2 billion, $13.1 billion and $6.5 billion for the years ended December 31, 2021, 2020 and 2019, respectively. These amounts include depreciation expense related to leased wireless devices of $3.1 billion for each of the years ended December 31, 2021 and 2020 and $543 million for the year ended December 31, 2019.

We capitalize interest associated with the acquisition or construction of certain property and equipment and spectrum intangible assets. We recognized capitalized interest of $210 million, $440 million and $473 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Asset retirement obligations are primarily for certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.
Activity in our asset retirement obligations was as follows:

(in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020
Asset retirement obligations, beginning of year	$ 1,817	$ 659
Fair value of liabilities acquired through Merger	—	1,110
Liabilities incurred	54	16
Liabilities settled	(173)	(40)
Accretion expense	62	55
Changes in estimated cash flows	139	17
Asset retirement obligations, end of period	$ 1,899	$ 1,817
Classified on the consolidated balance sheets as:		
Other current liabilities	$ 216	$ 14
Other long-term liabilities	1,683	1,803

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $613 million and $912 million as of December 31, 2021 and 2020, respectively.

Postpaid Billing System Impairment

In connection with the continuing integration of the businesses following the Merger, we evaluated the long-term billing system architecture strategy for our postpaid customers. In order to facilitate customer migration from the Sprint legacy billing platform, our postpaid billing system replacement plan and associated development will no longer serve our future needs. As a result, we recorded a non-cash impairment $200 million related to capitalized software development costs for the year ended December 31, 2020, all of which relates to the impairment recognized during the three months ended June 30, 2020. The expense is included in Impairment expense on our Consolidated Statements of Comprehensive Income. There were no impairments recognized for the years ended 2021 and 2019.

Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2020, are as follows:

(in millions)	Goodwill
Historical goodwill, net of accumulated impairment losses of $10,766	$ 1,930
Goodwill from acquisition in 2020	9,405
Layer3 goodwill impairment	(218)
Balance as of December 31, 2020	11,117
Purchase price adjustment of goodwill from acquisitions in 2020	22
Goodwill from acquisitions in 2021	1,049
Balance as of December 31, 2021	$ 12,188
Accumulated impairment losses at December 31, 2021	$ (10,984)

On April 1, 2020, we completed our Merger with Sprint, which was accounted for as a business combination resulting in $9.4 billion in goodwill. The acquired goodwill was allocated to the wireless reporting unit and will be tested for impairment at this level. See Note 2 – Business Combinations for further information.

On July 1, 2021, we completed our acquisition of the Wireless Assets from Shentel, which was accounted for as a business combination resulting in $1.0 billion in goodwill. The acquired goodwill was allocated to the wireless

reporting unit and will be tested for impairment at this level. See Note 2 – Business Combinations for further information.

Goodwill Impairment Assessment

Certain non-financial assets, including goodwill and indefinite-lived intangible assets such as Spectrum licenses, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, these assets are required to be assessed for impairment when events or circumstances indicate that carrying value may not be recoverable, and at least annually for goodwill and indefinite-lived intangible assets. The nonrecurring measurements of the fair value of these assets, for which observable market information may be limited, are classified within Level 3 of the fair value hierarchy. In the event an impairment is required, the asset is adjusted to its estimated fair value using market-based assumptions, to the extent they are available, as well as other assumptions that may require significant judgement.

For our assessment of the wireless reporting unit, we employed a qualitative approach. The fair value of the wireless reporting unit is estimated using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value. No events or change in circumstances have occurred that indicate the fair value of the wireless reporting unit may be below its carrying amount at December 31, 2021.

In the year ending December 31, 2020, we recognized a goodwill impairment of $218 million for the Layer3 reporting unit. The impairment was the result of our enhanced in-home broadband opportunity following the Merger, along with the acquisition of certain content rights, which has created a strategic shift in our TVision™ services offering. The expense is included in Impairment expense on our Consolidated Statements of Comprehensive Income. There were no goodwill impairments recognized for the years ended December 31, 2021 and 2019.

Intangible Assets

Identifiable Intangible Assets Acquired from the Merger

The following table summarizes the fair value of the intangible assets acquired in the Merger:

	Weighted-Average Useful Life (in years)	Fair Value as of April 1, 2020 (in millions)
Spectrum licenses	Indefinite-lived	$ 45,400
Tradenames [1]	2 years	207
Customer relationships	8 years	4,900
Favorable spectrum leases	18 years	745
Other intangible assets	7 years	428
Total intangible assets acquired		$ 51,680

(1) Tradenames include the Sprint brand

The fair value of spectrum licenses includes the value associated with aggregating a nationwide portfolio of owned and leased spectrum.

Favorable spectrum leases represent a contract where the market rate is higher than the future contractual lease payments. We lease this spectrum from third parties who hold the spectrum licenses. As these contracts pertain to intangible assets, they are excluded from the lease accounting guidance (ASC 842) and are accounted for as service contracts in which the expense is recognized on a straight-line basis over the lease term. Favorable spectrum leases of $745 million were recorded as an intangible asset as a result of purchase accounting and will be amortized on a straight-line basis over the associated remaining lease term. Additionally, we recognized unfavorable spectrum lease liabilities of $125 million, which are also amortized over their respective remaining lease terms and are included in Other liabilities on our Consolidated Balance Sheets.

The customer relationship intangible assets represent the value associated with the acquired Sprint customers. The customer relationship intangible assets are amortized using the sum-of-the-years digits method over periods of up to eight years.

Other intangible assets are amortized over the remaining period that the asset is expected to provide a benefit to us.

Identifiable Intangible Assets Acquired in the Shentel Acquisition

We reacquired certain rights under the Management Agreement in connection with the acquisition of the Wireless Assets that provided us the ability to fully do business in Shentel's former affiliate territories. We recognized an intangible asset for these reacquired rights at its fair value of $770 million as of July 1, 2021. The reacquired rights intangible asset is being amortized on a straight-line basis over a useful life of approximately nine years in line with the remaining term of the Management Agreement upon the acquisition of the Wireless Assets.

Spectrum Licenses

The following table summarizes our spectrum license activity for the years ended December 31, 2021, 2020 and 2019:

(in millions)	2021	2020	2019
Spectrum licenses, beginning of year	$ 82,828	$ 36,465	$ 35,559
Spectrum license acquisitions	9,545	1,023	857
Spectrum licenses acquired in Merger	—	45,400	—
Spectrum licenses transferred to held for sale	(28)	(83)	—
Costs to clear spectrum	261	23	49
Spectrum licenses, end of year	$ 92,606	$ 82,828	$ 36,465

Spectrum Transactions

In March 2021, the FCC announced that we were the winning bidder of 142 licenses in Auction 107 ("C-band spectrum") for an aggregate purchase price of $9.3 billion, excluding relocation costs. At the inception of Auction 107 in October 2020, we deposited $438 million. Upon conclusion of Auction 107 in March 2021, we paid the FCC the remaining $8.9 billion for the licenses won in the auction. On July 23, 2021, the FCC issued to us the licenses won in Auction 107. The licenses are included in Spectrum licenses on our Consolidated Balance Sheets as of December 31, 2021. Cash payments to acquire spectrum licenses and payments for costs to clear spectrum are included in Purchases of spectrum licenses and other intangible assets, including deposits on our Consolidated Statements of Cash Flows for the year ended December 31, 2021. We expect to incur an additional $1.0 billion in relocation costs which will be paid through 2024.

As of December 31, 2021, the activities that are necessary to get the C-band spectrum ready for its intended use have not begun, as such, capitalization of the interest associated with the costs of acquiring the C-band spectrum has not begun.

Subsequent to December 31, 2021, in January 2022, the FCC announced that we were the winning bidder of 199 licenses in Auction 110 (mid-band spectrum) for an aggregate purchase price of $2.9 billion. At inception of Auction 110 in September 2021, we deposited $100 million. We paid the FCC the remaining $2.8 billion for the licenses won in the auction in the first quarter of 2022.

Impairment Assessment

For our assessment of Spectrum license impairment, we employed a qualitative approach. No events or change in circumstances have occurred that indicate the fair value of the Spectrum licenses may be below its carrying amount at December 31, 2021.

Other Intangible Assets

The components of Other intangible assets were as follows:

(in millions)	Useful Lives	December 31, 2021			December 31, 2020		
		Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	Up to 8 years	$ 4,879	$ (1,863)	$ 3,016	$ 4,900	$ (865)	$ 4,035
Reacquired rights	Up to 9 years	770	(46)	724	—	—	—
Tradenames and patents	Up to 19 years	171	(91)	80	598	(412)	186
Favorable spectrum leases	Up to 27 years	728	(74)	654	790	(35)	755
Other	Up to 10 years	377	(118)	259	377	(55)	322
Other intangible assets		$ 6,925	$ (2,192)	$ 4,733	$ 6,665	$ (1,367)	$ 5,298

Amortization expense for intangible assets subject to amortization was $1.3 billion, $1.2 billion and $82 million for the years ended December 31, 2021, 2020 and 2019, respectively. The gross amount and accumulated amortization of certain customer relationships, tradenames and patents that became fully amortized and retired during the year are excluded from the table above.

The estimated aggregate future amortization expense for intangible assets subject to amortization are summarized below:

(in millions)	Estimated Future Amortization
Twelve Months Ending December 31,	
2022	$ 1,072
2023	917
2024	760
2025	601
2026	440
Thereafter	943
Total	$ 4,733

Substantially all of the estimated future amortization expense is associated with intangible assets acquired in the Merger and through our acquisitions of affiliates.

Note 7 – Fair Value Measurements

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates and Accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments.

Derivative Financial Instruments

Periodically, we use derivatives to manage exposure to market risk, such as interest rate risk. We designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship (cash flow hedge) to help minimize significant, unplanned fluctuations in cash flows caused by interest rate volatility. We do not use derivatives for trading or speculative purposes.

Interest Rate Lock Derivatives

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. In November 2019, we extended the mandatory termination date on our interest rate lock derivatives to June 3, 2020. For the three months ended March 31, 2020, we made net collateral transfers to certain of our derivative counterparties totaling $580 million, which included variation margin transfers to (or from) such derivative counterparties based on daily market movements. No amounts were transferred to the derivative counterparties subsequent to March 31, 2020. These collateral transfers are included in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities on our Consolidated Statements of Cash Flows.

We recorded interest rate lock derivatives on our Consolidated Balance Sheets at fair value that was derived primarily from observable market data, including yield curves. Interest rate lock derivatives were classified as Level 2 in the fair value hierarchy. Cash flows associated with qualifying hedge derivative instruments are presented in the same category on the Consolidated Statements of Cash Flows as the item being hedged.

Aggregate changes in the fair value of the interest rate lock derivatives, net of tax and amortization, of $1.5 billion and $1.6 billion are presented in Accumulated other comprehensive loss on our Consolidated Balance Sheets as of December 31, 2021 and 2020, respectively.

Between April 2 and April 6, 2020, in connection with the issuance of an aggregate of $19.0 billion of Senior Secured Notes bearing interest rates ranging from 3.500% to 4.500% and maturing in 2025 through 2050, we terminated our interest rate lock derivatives.

At the time of termination in the second quarter of 2020, the interest rate lock derivatives were a liability of $2.3 billion, of which $1.2 billion was cash-collateralized. The cash flows associated with the settlement of interest rate lock derivatives are presented on a gross basis on our Consolidated Statements of Cash Flows, with the total cash payments to settle the swaps of $2.3 billion presented in changes in Other current and long-term liabilities within Net cash provided by operating activities and

the return of cash collateral of $1.2 billion presented as an inflow in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities for the year ended December 31, 2020.

Upon the issuance of debt to which the hedged interest rate risk related, we began amortizing the Accumulated other comprehensive loss related to the derivatives into Interest expense in a manner consistent with how the hedged interest payments affect earnings. For the years ended December 31, 2021 and 2020, $189 million and $128 million, respectively, were amortized from Accumulated other comprehensive loss into Interest expense in the Consolidated Statements of Comprehensive Income. No amounts were amortized into Interest expense for the year ended December 31, 2019. We expect to amortize $203 million of the Accumulated other comprehensive loss associated with the derivatives into Interest expense over the 12 months ended December 31, 2022.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 4 – Sales of Certain Receivables for further information.

The carrying amounts of our deferred purchase price assets, which are measured at fair value on a recurring basis and are included on our Consolidated Balance Sheets, were $779 million and $884 million as of December 31, 2021 and 2020, respectively. Fair value was equal to the carrying amount at December 31, 2021 and 2020.

Debt

The fair value of our Senior Notes and Senior Secured Notes to third parties was determined based on quoted market prices in active markets, and therefore were classified as Level 1 within the fair value hierarchy. The fair value of our Senior Notes to affiliates was determined based on a discounted cash flow approach using market interest rates of instruments with similar terms and maturities and an estimate for our standalone credit risk. Accordingly, our Senior Notes to affiliates were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates. The fair value estimates were based on information available as of December 31, 2021 and 2020. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

The carrying amounts and fair values of our short-term and long-term debt included on our Consolidated Balance Sheets were as follows:

		December 31, 2021		December 31, 2020	
(in millions)	Level within the Fair Value Hierarchy	Carrying Amount (1)	Fair Value (1)	Carrying Amount (1)	Fair Value (1)
Liabilities:					
Senior Notes to third parties	1	$ 30,309	$ 32,093	$ 29,966	$ 32,450
Senior Notes to affiliates	2	3,739	3,844	4,716	4,991
Senior Secured Notes to third parties	1	40,098	42,393	36,204	40,519

(1) Excludes $47 million and $240 million as of December 31, 2021 and 2020, respectively, in vendor financing arrangements and other debt as the carrying values approximate fair value primarily due to the short-term maturities of these instruments.

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Note 8 – Debt

Debt was as follows:

(in millions)	December 31, 2021	December 31, 2020
3.360% Series 2016-1 A-1 Notes due 2021	$ —	$ 656
7.250% Senior Notes due 2021	—	2,250
11.500% Senior Notes due 2021	—	1,000
4.000% Senior Notes to affiliates due 2022	1,000	1,000
4.000% Senior Notes due 2022	500	500
5.375% Senior Notes to affiliates due 2022	1,250	1,250
6.000% Senior Notes due 2022	2,280	2,280
6.000% Senior Notes due 2023	—	1,300
7.875% Senior Notes due 2023	4,250	4,250
6.000% Senior Notes due 2024	—	1,000
7.125% Senior Notes due 2024	2,500	2,500
3.500% Senior Secured Notes due 2025	3,000	3,000
4.738% Series 2018-1 A-1 Notes due 2025	1,706	2,100
5.125% Senior Notes due 2025	—	500
7.625% Senior Notes due 2025	1,500	1,500
1.500% Senior Secured Notes due 2026	1,000	1,000
2.250% Senior Notes due 2026	1,800	—
2.625% Senior Notes due 2026	1,200	—
6.500% Senior Notes due 2026	—	2,000
4.500% Senior Notes due 2026	—	1,000
4.500% Senior Notes to affiliates due 2026	—	1,000
7.625% Senior Notes due 2026	1,500	1,500
3.750% Senior Secured Notes due 2027	4,000	4,000
5.375% Senior Notes due 2027	500	500
2.050% Senior Secured Notes due 2028	1,750	1,750
4.750% Senior Notes due 2028	1,500	1,500
4.750% Senior Notes to affiliates due 2028	1,500	1,500
5.152% Series 2018-1 A-2 Notes due 2028	1,838	1,838
6.875% Senior Notes due 2028	2,475	2,475
2.400% Senior Secured Notes due 2029	500	—
2.625% Senior Notes due 2029	1,000	—
3.375% Senior Notes due 2029	2,350	—
3.875% Senior Secured Notes due 2030	7,000	7,000
2.250% Senior Secured Notes due 2031	1,000	1,000
2.550% Senior Secured Notes due 2031	2,500	2,500
2.875% Senior Notes due 2031	1,000	—
3.500% Senior Notes due 2031	2,450	—
2.700% Senior Secured Notes due 2032	1,000	—
8.750% Senior Notes due 2032	2,000	2,000
4.375% Senior Secured Notes due 2040	2,000	2,000
3.000% Senior Secured Notes due 2041	2,500	2,500
4.500% Senior Secured Notes due 2050	3,000	3,000
3.300% Senior Secured Notes due 2051	3,000	3,000
3.400% Senior Secured Notes due 2052	2,800	—
3.600% Senior Secured Notes due 2060	1,700	1,000
Other debt	47	240
Unamortized premium on debt to third parties	1,740	2,197
Unamortized discount on debt to affiliates	(5)	(20)
Unamortized discount on debt to third parties	(200)	(197)
Debt issuance costs and consent fees	(238)	(244)
Total debt	74,193	71,125
Less: Current portion of Senior Notes to affiliates	2,245	—
Less: Current portion of Senior Notes and other debt to third parties	3,378	4,579
Total long-term debt	$ 68,570	$ 66,546

Our effective interest rate, excluding the impact of derivatives and capitalized interest, was approximately 4.1% and 4.6% for the years ended December 31, 2021 and 2020, respectively, on weighted-average debt outstanding of $74.0 billion and $58.4 billion for the years ended December 31, 2021 and 2020, respectively. The weighted-average debt outstanding was calculated by applying an average of the monthly ending balances of total short-term and long-term debt and short-term and long-term debt to affiliates, net of unamortized premiums, discounts, debt issuance costs and consent fees.

Issuances and Borrowings

During the year ended December 31, 2021, we issued the following Senior Notes and Senior Secured Notes:

(in millions)	Principal Issuances	Premiums/ Discounts and Issuance Costs	Net Proceeds from Issuance of Long-Term Debt	Issue Date
2.250% Senior Notes due 2026	$ 1,000	$ (7)	$ 993	January 14, 2021
2.625% Senior Notes due 2029	1,000	(7)	993	January 14, 2021
2.875% Senior Notes due 2031	1,000	(6)	994	January 14, 2021
2.625% Senior Notes due 2026	1,200	(7)	1,193	March 23, 2021
3.375% Senior Notes due 2029	1,250	(7)	1,243	March 23, 2021
3.500% Senior Notes due 2031	1,350	(8)	1,342	March 23, 2021
2.250% Senior Notes due 2026	800	(2)	798	May 13, 2021
3.375% Senior Notes due 2029	1,100	6	1,106	May 13, 2021
3.500% Senior Notes due 2031	1,100	6	1,106	May 13, 2021
Total of Senior Notes issued	$ 9,800	$ (32)	$ 9,768	
3.400% Senior Secured Notes due 2052	$ 1,300	$ (11)	$ 1,289	August 13, 2021
3.600% Senior Secured Notes due 2060	700	1	701	August 13, 2021
2.400% Senior Secured Notes due 2029	500	(2)	498	December 6, 2021
2.700% Senior Secured Notes due 2032	1,000	(8)	992	December 6, 2021
3.400% Senior Secured Notes due 2052	1,500	(21)	1,479	December 6, 2021
Total of Senior Secured Notes issued	$ 5,000	$ (41)	$ 4,959	

Credit Facilities

T-Mobile USA and certain of its affiliates, as guarantors, have a credit agreement (the "Credit Agreement") with certain financial institutions named therein that provides for, among other things, a $5.5 billion revolving credit facility ("Revolving Credit Facility"). Borrowings under the Revolving Credit Facility will bear interest at a rate equal to a per annum rate of LIBOR plus a margin of 1.25% with the margin subject to a reduction to 1.00% if T-Mobile's Total First Lien Net Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 0.75 to 1.00. The commitments under the Revolving Credit Facility mature on April 1, 2025. The Credit Agreement contains customary representations, warranties and covenants, including a financial maintenance covenant of 3.3x with respect to T-Mobile's Total First Lien Net Leverage Ratio commencing with the period ending September 30, 2020. As of December 31, 2021, we did not have an outstanding balance under this facility.

On October 30, 2020, we entered into a $5.0 billion senior secured term loan commitment with certain financial institutions. On January 14, 2021, we issued an aggregate of $3.0 billion of Senior Notes. A portion of the senior secured term loan commitment was reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. On March 23, 2021, we issued an aggregate of $3.8 billion of Senior Notes. The senior secured term loan commitment was terminated upon the issuance of the $3.8 billion of Senior Notes.

Senior Secured Notes

On August 13, 2021, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate $2.0 billion of Senior Secured Notes bearing interest at 3.400% and 3.600%, respectively, and maturing in 2052 and 2060, respectively. We used the net proceeds of $2.0 billion, together with cash on hand, to redeem our 4.500% Senior Notes due 2026 held by DT and our 4.500% Senior Notes due 2026 held by public investors.

On December 6, 2021, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $3.0 billion of Senior Secured Notes bearing interest rates ranging from 2.400% to 3.400% and maturing in 2029 through 2052, and used the net proceeds of such issuances for general corporate purposes, which may include among other things, financing acquisitions of additional spectrum and refinancing existing indebtedness on an ongoing basis.

The Senior Secured Notes issued in 2021 have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Senior Secured Notes were offered and sold only (1) to persons reasonably believed to be "qualified institutional buyers" under Rule 144A under the Securities Act and (2) outside the United States to non-U.S. persons in reliance upon Regulation S under the Securities Act.

The Senior Secured Notes are secured by a first priority security interest, subject to permitted liens, in substantially all of our present and future assets, other than certain excluded assets. They are redeemable at our discretion, in whole or in part, at any time. If redeemed prior to their contractually specified par call date, the redemption price is subject to a make-whole premium calculated by reference to then-current U.S. Treasury rates plus a fixed spread; if redeemed on or after their respective par call date, the make-whole premium does not apply. The amount of time by which the par call date precedes the maturity date of the respective series of Senior Secured Notes varies from one to six months.

We have entered into Registration Rights Agreements that are in effect through the maturity of the applicable Senior Secured Notes issued in 2021. These agreements call for us to use commercially reasonable efforts to file a registration statement and have it declared effective within a particular time period and to maintain the effectiveness of the registration statement for a certain period of time. If a default occurs, we will pay additional interest up to a maximum increase of 0.50% per annum. We have not accrued any obligations associated with the Registration Rights Agreements as compliance with the agreements is considered probable.

In 2021, we exchanged the Senior Secured Notes issued in 2020, which were not registered under the Securities Act, for substantially identical Senior Secured Notes that were registered under the Securities Act.

Senior Notes

On January 14, 2021, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $3.0 billion of Senior Notes bearing interest ranging from 2.250% to 2.875% and maturing in 2026 through 2031, and used the net proceeds of $3.0 billion for general corporate purposes, including among other things, the acquisition of additional spectrum and the refinancing of existing indebtedness subsequent to issuance.

On March 23, 2021, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $3.8 billion of Senior Notes bearing interest ranging from 2.625% to 3.500% and maturing in 2026 through 2031, and used the net proceeds of $3.8 billion to acquire spectrum licenses pursuant to the Federal Communications Commission's C-Band spectrum Auction 107, with the remainder used, together with cash on hand, to redeem T-Mobile USA's 6.500% Senior Notes due 2026.

On May 13, 2021, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $3.0 billion of Senior Notes bearing interest ranging from 2.250% to 3.500% and maturing in 2026 through 2031, and used the net proceeds of $3.0 billion to redeem our 6.000% Senior Notes due 2023, 6.000% Senior Notes due 2024, and 5.125% Senior Notes due 2025 with the remainder used to refinance existing indebtedness subsequent to issuance.

The Senior Notes issued in May 2021 have not been registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exception from the registration requirements thereof. Accordingly, the Senior Notes issued in May 2021 were offered and sold only (1) to persons reasonably believed to be "qualified institutional buyers" under Rule 144A under the Securities Act and (2) outside the United States to non-U.S. persons in reliance upon Regulation S under the Securities Act.

The Senior Notes are guaranteed on a senior unsecured basis by the Company and certain of our consolidated subsidiaries. They are redeemable at our discretion, in whole or in part, at any time. If redeemed prior to their

contractually specified applicable premium end date, the redemption price is subject to a premium calculated by reference to then-current U.S. Treasury rates plus a fixed spread; if redeemed on or after their respective applicable premium end date, they are redeemable at a contractually specified fixed premium that steps down gradually as the Senior Notes approach their par call date, on or after which they are redeemable at par. The amount of time by which the par call date precedes the maturity date of the respective series of Senior Notes varies from one to three years.

We have entered into a Registration Rights Agreement that is in effect through the maturity of the Senior Notes issued in May 2021. This agreement calls for us to use commercially reasonable efforts to file a registration statement and have it declared effective within a particular time period and to maintain the effectiveness of the registration statement for a certain period of time. If a default occurs, we will pay additional interest up to a maximum increase of 0.50% per annum. We have not accrued any obligations associated with the Registration Rights Agreement as compliance with the agreements is considered probable.

Debt Assumed

In connection with the Merger, we assumed the following indebtedness of Sprint:

(in millions)	Fair value as of April 1, 2020	Principal Outstanding as of December 31, 2021	Carrying Value as of December 31, 2021
7.250% Senior Notes due 2021	$ 2,324	$ —	$ —
7.875% Senior Notes due 2023	4,682	4,250	4,472
7.125% Senior Notes due 2024	2,746	2,500	2,650
7.625% Senior Notes due 2025	1,677	1,500	1,618
7.625% Senior Notes due 2026	1,701	1,500	1,648
3.360% Senior Secured Series 2016-1 A-1 Notes due 2021 (1)	1,310	—	—
4.738% Senior Secured Series 2018-1 A-1 Notes due 2025 (1)	2,153	1,706	1,735
5.152% Senior Secured Series 2018-1 A-2 Notes due 2028 (1)	1,960	1,838	1,936
7.000% Senior Notes due 2020	1,510	—	—
11.500% Senior Notes due 2021	1,105	—	—
6.000% Senior Notes due 2022	2,372	2,280	2,312
6.875% Senior Notes due 2028	2,834	2,475	2,772
8.750% Senior Notes due 2032	2,649	2,000	2,577
Accounts receivable facility	2,310	—	—
Other debt	464	—	—
Total Debt Assumed	$ 31,797	$ 20,049	$ 21,720

(1) In connection with the closing of the Merger, we assumed Sprint's spectrum-backed notes, which are collateralized by the acquired directly held and third-party leased Spectrum licenses. See "Spectrum Financing" section below for further information.

Note Redemptions and Repayments

During the year ended December 31, 2021, we made the following note redemptions and repayments:

(in millions)	Principal Amount	Write-off of Issuance Cost and Consent Fees [1]	Redemption Premium [2]	Redemption Date	Redemption Price
6.500% Senior Notes due 2026	$ 2,000	$ 36	$ 65	March 27, 2021	103.250 %
6.000% Senior Notes due 2023	1,300	10	—	May 23, 2021	100.000 %
6.000% Senior Notes due 2024	1,000	9	—	May 23, 2021	100.000 %
5.125% Senior Notes due 2025	500	3	6	May 23, 2021	101.281 %
4.500% Senior Notes due 2026	1,000	5	23	August 23, 2021	102.250 %
7.250% Senior Notes due 2021	2,250	—	—	September 15, 2021	N/A
11.500% Senior Notes due 2021	1,000	—	—	November 15, 2021	N/A
Total Senior Notes to third parties redeemed	$ 9,050	$ 63	$ 94		
4.500% Senior Notes to affiliates due 2026	$ 1,000	$ 4	$ 22	August 23, 2021	102.250 %
Total Senior Notes to affiliates redeemed	$ 1,000	$ 4	$ 22		
3.360% Secured Series 2016-1 A-1 Notes due 2021	$ 656	$ —	$ —	August 20, 2021	N/A
4.738% Secured Series 2018-1 A-1 Notes due 2025	394	—	—	Various	N/A
Other debt	184	—	—	Various	N/A
Total spectrum financing and other debt repayments	$ 1,234	$ —	$ —		

(1) Write-off of issuance costs and consent fees are included in Other expense, net on our Consolidated Statements of Comprehensive Income. Write-off of issuance costs and consent fees are included in Loss on redemption of debt within Net cash provided by operating activities on our Consolidated Statements of Cash Flows.

(2) The redemption premium is the excess paid over the principal amount. Redemption premiums are included in Other expense, net on our Consolidated Statements of Comprehensive Income and in Net cash used in financing activities on our Consolidated Statements of Cash Flows.

Our losses on extinguishment of debt were $184 million, $371 million, and $19 million for the years ended December 31, 2021, 2020 and 2019, respectively, and are included in Other expense, net on our Consolidated Statements of Comprehensive Income.

Spectrum Financing

On April 1, 2020, in connection with the closing of the Merger, we assumed Sprint's spectrum-backed notes, which are collateralized by the acquired directly held and third-party leased Spectrum licenses (collectively, the "Spectrum Portfolio") transferred to wholly-owned bankruptcy-remote special purpose entities (collectively, the "Spectrum Financing SPEs"). As of December 31, 2021 and 2020, the total outstanding obligations under these Notes was $3.5 billion and $4.6 billion, respectively.

In October 2016, certain subsidiaries of Sprint Communications, Inc. transferred the Spectrum Portfolio to the Spectrum Financing SPEs, which was used as collateral to raise an initial $3.5 billion in senior secured notes (the "2016 Spectrum-Backed Notes") bearing interest at 3.360% per annum under a $7.0 billion securitization program. The 2016 Spectrum-Backed Notes were repayable over a five-year term, with interest-only payments over the first four quarters and amortizing quarterly principal payments thereafter commencing December 2017 through September 2021. We fully repaid the 2016 Spectrum-Backed Notes in 2021.

In March 2018, Sprint issued approximately $3.9 billion in aggregate principal amount of senior secured notes (the "2018 Spectrum-Backed Notes" and together with the 2016 Spectrum-Backed Notes, the "Spectrum-Backed Notes")

under the existing $7.0 billion securitization program, consisting of two series of senior secured notes. The first series of notes totaled $2.1 billion in aggregate principal amount, bears interest at 4.738% per annum, and has quarterly interest-only payments until June 2021, and amortizing quarterly principal amounts thereafter commencing in June 2021 through March 2025. As of December 31, 2021, $525 million of the aggregate principal amount was classified as Short-term debt on our Consolidated Balance Sheets. The second series of notes totaled approximately $1.8 billion in aggregate principal amount, bears interest at 5.152% per annum, and has quarterly interest-only payments until June 2023, and amortizing quarterly principal amounts

thereafter commencing in June 2023 through March 2028. The Spectrum Portfolio, which also serves as collateral for the Spectrum-Backed Notes, remains substantially identical to the original portfolio from October 2016.

Simultaneously with the October 2016 offering, Sprint Communications, Inc. entered a long-term lease with the Spectrum Financing SPEs for the ongoing use of the Spectrum Portfolio. Sprint Communications, Inc. is required to make monthly lease payments to the Spectrum Financing SPEs in an aggregate amount that is market-based relative to the spectrum usage rights as of the closing date and equal to $165 million per month. The lease payments, which are guaranteed by T-Mobile subsidiaries subsequent to the Merger, are sufficient to service all outstanding series of the 2016 Spectrum-Backed Notes and the lease also constitutes collateral for the senior secured notes. Because the Spectrum Financing SPEs are wholly-owned T-Mobile subsidiaries subsequent to the Merger, these entities are consolidated and all intercompany activity has been eliminated.

Each Spectrum Financing SPE is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the respective Spectrum Financing SPE, to be satisfied out of the Spectrum Financing SPE's assets prior to any assets of such Spectrum Financing SPE becoming available to T-Mobile. Accordingly, the assets of each Spectrum Financing SPE are not available to satisfy the debts and other obligations owed to other creditors of T-Mobile until the obligations of such Spectrum Financing SPE under the spectrum-backed senior secured notes are paid in full. Certain provisions of the Spectrum Financing facility require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash.

Restricted Cash

Certain provisions of our debt agreements require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash.

Standby Letters of Credit

For the purposes of securing our obligations to provide device insurance services and for the purposes of securing our general purpose obligations, we maintain an agreement for standby letters of credit with certain financial institutions. We assumed certain of Sprint's standby letters of credit in the Merger. Our outstanding standby letters of credit were $441 million and $555 million as of December 31, 2021 and 2020, respectively.

Note 9 – Tower Obligations

Existing CCI Tower Lease Arrangements

In 2012, we conveyed to Crown Castle International Corp. ("CCI") the exclusive right to manage and operate approximately 6,200 tower sites ("CCI Lease Sites") via a master prepaid lease with site lease terms ranging from 23 to 37 years. CCI has fixed-price purchase options for the CCI Lease Sites totaling approximately $2.0 billion, exercisable annually on a per-tranche basis at the end of the lease term during the period from December 31, 2035 through December 31, 2049. If CCI exercises its purchase option for any tranche, it must purchase all the towers in the tranche. We lease back a portion of the space at certain tower sites for an initial term of 10 years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of the tower sites were transferred to special purpose entities ("SPEs"). Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants that lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs.

We determined the SPEs containing the CCI Lease Sites ("Lease Site SPEs") are VIEs as they lack sufficient equity to finance their activities. We have a variable interest in the Lease Site SPEs but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Lease Site SPEs' economic performance. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not have a controlling financial interest in the Lease Site SPEs, the Lease Site SPEs are not included in our consolidated financial statements.

However, we also considered if this arrangement resulted in the sale of the CCI Lease Sites for which we would de-recognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the CCI Lease Sites tower assets remained on our Consolidated Balance Sheets. We recorded long-

term financial obligations in the amount of the net proceeds received and recognize interest on the tower obligations at a rate of approximately 8% using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI and through net cash flows generated and retained by CCI from operation of the tower sites.

Acquired CCI Tower Lease Arrangements

Prior to the Merger, Sprint entered into a lease-out and leaseback arrangement with Global Signal Inc., a third party that was subsequently acquired by CCI, that conveyed to CCI the exclusive right to manage and operate approximately 6,400 tower sites ("Master Lease Sites") via a master prepaid lease. These agreements were assumed upon the close of the Merger, at which point the remaining term of the lease-out was approximately 17 years with no renewal options. CCI has a fixed price purchase option for all (but not less than all) of the leased or subleased sites for approximately $2.3 billion, exercisable one year prior to the expiration of the agreement and ending 120 days prior to the expiration of the agreement. We lease back a portion of the space at certain tower sites for an initial term of 10 years, followed by optional renewals at customary terms.

We considered if this arrangement resulted in the sale of the Master Lease Sites for which we would de-recognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the Master Lease Sites tower assets remained on our Consolidated Balance Sheets.

As of the closing date of the Merger, we recognized Property and equipment with a fair value of $2.8 billion and tower obligations related to amounts owed to CCI under the leaseback of $1.1 billion. Additionally, we recognized $1.7 billion in Other long-term liabilities associated with contract terms that are unfavorable to current market rates, which includes unfavorable terms associated with the fixed-price purchase option in 2037.

We recognize interest expense on the tower obligations at a rate of approximately 6% using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI. The tower assets are reported in Property and equipment, net on our Consolidated Balance Sheets and are depreciated to their estimated residual values over the expected useful life of the towers, which is 20 years.

The following table summarizes the balances associated with both of the tower arrangements on our Consolidated Balance Sheets:

(in millions)	**December 31, 2021**	**December 31, 2020**
Property and equipment, net	$ 2,548	$ 2,838
Tower obligations	2,806	3,028
Other long-term liabilities	1,712	1,712

Future minimum payments related to the tower obligations are approximately $415 million for the year ending December 31, 2022, $630 million in total for the years ending December 31, 2023 and 2024, $626 million in total for the years ending December 31, 2025 and 2026, and $329 million in total for the years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites and the Master Lease Sites. These contingent obligations are not included in Operating lease liabilities as any amount due is contractually owed by CCI based on the subleasing arrangement. Under the arrangement, we remain primarily liable for ground lease payments on approximately 900 sites and have included lease liabilities of $282 million in our Operating lease liabilities as of December 31, 2021.

Subsequent to December 31, 2021, on January 3, 2022, we entered into the Crown Agreement with CCI. The Crown Agreement modifies the leaseback portion of both the Existing CCI Tower Lease Arrangement and Acquired CCI Tower Lease Arrangement detailed above. As a result of the Crown Agreement, we expect an increase in the financing obligation as of the effective date of the agreement of approximately $1.2 billion, with a corresponding

decrease to Other long-term liabilities due to a decrease in unfavorable lease terms. There were no changes made to either of our master prepaid leases with CCI.

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Note 10 – Revenue from Contracts with Customers

Disaggregation of Revenue

We provide wireless communications services to three primary categories of customers:

- Postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, High Speed Internet, wearables, DIGITS or other connected devices which includes tablets and SyncUP products;
- Prepaid customers generally include customers who pay for wireless communications services in advance; and
- Wholesale customers include Machine-to-Machine and Mobile Virtual Network Operator customers that operate on our network but are managed by wholesale partners.

Postpaid service revenues, including postpaid phone revenues and postpaid other revenues, were as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Postpaid service revenues			
Postpaid phone revenues	$ 39,154	$ 33,939	$ 21,329
Postpaid other revenues	3,408	2,367	1,344
Total postpaid service revenues	$ 42,562	$ 36,306	$ 22,673

We operate as a single operating segment. The balances presented in each revenue line item on our Consolidated Statements of Comprehensive Income represent categories of revenue from contracts with customers disaggregated by type of product and service. Service revenues also include revenues earned for providing premium services to customers, such as device insurance services and customer-based, third-party services. Revenue generated from the lease of mobile communication devices is included in Equipment revenues on our Consolidated Statements of Comprehensive Income.

Equipment revenues from the lease of mobile communication devices were as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Equipment revenues from the lease of mobile communication devices	$ 3,348	$ 4,181	$ 599

We provide wireline communication services to domestic and international customers. Wireline service revenues were $739 million and $626 million for the years ended December 31, 2021 and 2020, respectively. Wireline service revenues are presented in Other service revenues on our Consolidated Statements of Comprehensive Income.

Contract Balances

The contract asset and contract liability balances from contracts with customers as of December 31, 2021 and 2020, were as follows:

(in millions)	**Contract Assets**	**Contract Liabilities**
Balance as of December 31, 2020	$ 278	$ 824
Balance as of December 31, 2021	286	763
Change	$ 8	$ (61)

Contract assets primarily represent revenue recognized for equipment sales with promotional bill credits offered to customers that are paid over time and are contingent on the customer maintaining a service contract.

The change in the Contract asset balance includes customer activity related to new promotions, offset by billings on existing contracts and impairment which is recognized as bad debt expense. The current portion of our Contract

assets of approximately $219 million and $204 million as of December 31, 2021 and 2020, respectively, was included in Other current assets on our Consolidated Balance Sheets.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. Changes in contract liabilities are primarily related to the activity of prepaid customers. Contract liabilities are primarily included in Deferred revenue on our Consolidated Balance Sheets.

Revenues for the years ended December 31, 2021, 2020 and 2019 include the following:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Amounts included in the beginning of year contract liability balance	$ 767	$ 545	$ 643

Remaining Performance Obligations

As of December 31, 2021, the aggregate amount of transaction price allocated to remaining service performance obligations for postpaid contracts with subsidized devices and promotional bill credits that result in an extended service contract is $898 million. We expect to recognize revenue as the service is provided on these postpaid contracts over an extended contract term of 24 months at the time of origination.

As of December 31, 2021, the aggregate amount of transaction price allocated to remaining service and lease performance obligations associated with device operating leases was $95 million and $58 million, respectively. We expect to recognize this revenue as service is provided over the device lease contract term of 18 months.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less has been excluded from the above, which primarily consists of monthly service contracts.

Certain of our wholesale, roaming and service contracts include variable consideration based on usage and performance. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of December 31, 2021, the aggregate amount of the contractual minimum consideration for wholesale, roaming and service contracts is $1.2 billion, $707 million and $685 million for 2022, 2023, and 2024 and beyond, respectively. These contracts have a remaining duration ranging from less than one year to eight years.

Contract Costs

The total balance of deferred incremental costs to obtain contracts with customers was $1.5 billion and $1.1 billion as of December 31, 2021 and December 31, 2020, respectively, and is included in Other assets on our Consolidated Balance Sheets. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs is included in Selling, general and administrative expenses on our Consolidated Statements of Comprehensive Income and were $1.1 billion and $865 million for the years ended December 31, 2021 and 2020, respectively.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the years ended December 31, 2021, 2020 and 2019.

Note 11 – Employee Compensation and Benefit Plans

Under our 2013 Omnibus Incentive Plan and the Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan that T-Mobile assumed in connection with the closing of the Merger (the “Incentive Plans”), we are authorized to issue up to 101 million shares of our common stock. Under our Incentive Plans, we can grant stock options, stock appreciation rights, restricted stock, restricted stock units (“RSUs”), and performance awards to eligible employees, consultants, advisors and non-employee directors. As of December 31, 2021, there were approximately 20 million shares of common stock available for future grants under our Incentive Plans.

We grant RSUs to eligible employees, key executives and certain non-employee directors and performance-based restricted stock units (“PRSUs”) to eligible key executives. RSUs entitle the grantee to receive shares of our common stock upon vesting (with vesting generally occurring annually over a three-year service period), subject to continued service through the applicable vesting date. PRSUs entitle the holder to receive shares of our common stock at the

end of a performance period of generally up to three years if the applicable performance goals are achieved and generally subject to continued service through the applicable performance period. The number of shares ultimately received by the holder of PRSUs is dependent on our business performance against the specified performance goal(s) over a pre-established performance period. We also maintain an employee stock purchase plan ("ESPP"), under which eligible employees can purchase our common stock at a discounted price.

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Stock-based compensation expense and related income tax benefits were as follows:

(in millions, except shares, per share and contractual life amounts)	As of and for the Year Ended December 31, 2021	2020	2019
Stock-based compensation expense	$ 540	$ 694	$ 495
Income tax benefit related to stock-based compensation	$ 100	$ 132	$ 92
Weighted-average fair value per stock award granted	$ 116.11	$ 96.27	$ 73.25
Unrecognized compensation expense	$ 625	$ 592	$ 515
Weighted-average period to be recognized (years)	1.8	1.9	1.6
Fair value of stock awards vested	$ 944	$ 1,315	$ 512

Stock Awards

Upon the completion of our Merger with Sprint, T-Mobile assumed Sprint's stock compensation plans. In addition, pursuant to the Business Combination Agreement, at the Effective Time, each outstanding option to purchase Sprint common stock (other than under Sprint's Employee Stock Purchase Plan), each award of time-based RSUs in respect of shares of Sprint common stock and each award of performance-based RSUs in respect of shares of Sprint common stock, in each case, that was outstanding immediately prior to the Effective Time was automatically adjusted by the Exchange Ratio (as defined in the Business Combination Agreement) and converted into an equity award of the same type covering shares of T-Mobile common stock, on the same terms and conditions (including, if applicable, any continuing vesting requirements (but excluding any performance-based vesting conditions)) under the applicable Sprint plan and award agreement in effect immediately prior to the Effective Time (the "Assumed Awards"). The applicable amount of performance-based RSUs eligible for conversion was based on formulas and approximated 100% of target. Any accrued but unpaid dividend equivalents with respect to any such award of time-based RSUs or performance-based RSUs were assumed by T-Mobile at the Effective Time and became an obligation with respect to the applicable award of RSUs in respect of shares of T-Mobile common stock.

On April 22, 2020, we filed a Form S-8 to register a total of 25,304,224 shares of common stock, representing those covered by the Sprint Corporation 1997 Long-Term Stock Incentive Program, the Sprint Corporation 2007 Omnibus Incentive Plan (the "Sprint 2007 Plan") and the Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan (the "2015 Plan") that T-Mobile assumed in connection with the closing of the Merger. This included 7,043,843 shares of T-Mobile common stock issuable upon exercise or settlement of the Assumed Awards held by current directors, officers, employees and consultants of T-Mobile or its subsidiaries who were directors, officers, employees and consultants of Sprint or its subsidiaries immediately prior to the Effective Time, as well as (i) 12,420,945 shares of T-Mobile common stock that remain available for issuance under the 2015 Plan and (ii) 5,839,436 additional shares of T-Mobile common stock subject to awards granted under the 2015 Plan that may become available for issuance under the 2015 Plan if any awards under the 2015 Plan are forfeited, lapse unexercised or are settled in cash.

The following activity occurred under the Incentive Plans during the year ended December 31, 2021:

Time-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2020	10,101,222	$ 84.61	0.9	$ 1,362
Granted	4,884,185	121.40		
Vested	(5,273,134)	79.67		
Forfeited	(818,985)	104.40		
Nonvested, December 31, 2021	8,893,288	105.96	0.8	1,031

Performance-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2020	3,173,101	$ 86.58	1.0	$ 428
Granted	433,116	125.34		
Performance award achievement adjustments [1]	576,866	64.44		
Vested	(2,236,918)	69.14		
Forfeited	(56,608)	99.51		
Nonvested, December 31, 2021	1,889,557	108.97	1.0	219

(1) Represents PRSUs granted prior to 2021 for which the performance achievement period was completed in 2021, resulting in incremental unit awards. These PRSU awards are also included in the amount vested in 2021.

PRSUs included in the table above are shown at target. Share payout can range from 0% to 200% based on different performance outcomes. Weighted-average grant date fair value of RSU and PRSU awards assumed through acquisition is based on the fair value on the date assumed.

Payment of the underlying shares in connection with the vesting of RSU and PRSU awards generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. With respect to RSUs and PRSUs settled in shares, we have agreed to withhold shares of common stock otherwise issuable under the RSU and PRSU awards to cover certain of these tax obligations, with the net shares issued to the employee accounted for as outstanding common stock. We withheld 2,511,512, 4,441,107 and 2,094,555 shares of common stock to cover tax obligations associated with the payment of shares upon vesting of stock awards and remitted cash of $316 million, $439 million and $156 million to the appropriate tax authorities for the years ended December 31, 2021, 2020 and 2019, respectively.

Employee Stock Purchase Plan

Our ESPP allows eligible employees to contribute up to 15% of their eligible earnings toward the semi-annual purchase of our shares of common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the closing stock price on the first or last day of the six-month offering period, whichever price is lower. The number of shares issued under our ESPP was 2,189,542, 2,144,036 and 2,091,650 for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, the number of securities remaining available for future sale and issuance under the ESPP was 7,064,316. Sprint's ESPP was terminated prior to the Merger close and legacy Sprint employees were eligible to enroll in our ESPP on August 15, 2020.

Our ESPP provides for an annual increase in the aggregate number of shares of our common stock reserved for sale and authorized for issuance thereunder as of the first day of each fiscal year (beginning with fiscal year 2016) equal to the lesser of (i) 5,000,000 shares of our common stock, and (ii) the number of shares of T-Mobile common stock determined by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"). For fiscal years 2016 through 2019, the Compensation Committee determined that no such increase in shares of our common stock was necessary. However, an additional 5,000,000 shares of our common stock were automatically added to the ESPP share reserve as of each of January 1, 2020 and January 1, 2021.

Stock Options

Stock options outstanding relate to the Metro Communications, Inc. 2010 Equity Incentive Compensation Plan, the Amended and Restated Metro Communications, Inc. 2004 Equity Incentive Compensation Plan, the Layer3 TV, Inc. 2013 Stock Plan, the Sprint 2007 Plan and the Sprint 2015 Plan (collectively, the "Stock Option Plans"). No stock option awards were granted during the year ended December 31, 2021.

The following activity occurred under the Stock Option Plans:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2020	918,695	$ 51.77	4.0
Exercised	(218,495)	48.02	
Expired/canceled	(4,356)	40.74	
Outstanding at December 31, 2021	695,844	53.01	3.3
Exercisable at December 31, 2021	695,844	53.01	3.3

Weighted-average grant date fair value of stock options assumed through acquisition is based on the fair value on the date assumed.

Stock options exercised under the Stock Option Plans generated proceeds of approximately $10 million, $48 million and $1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The grant-date fair value of share-based incentive compensation awards attributable to post-combination services including
restricted stock units and stock options, from the Merger was approximately $163 million.

Pension and Other Postretirement Benefits Plans

Upon the completion of our Merger with Sprint, we acquired the assets and assumed the liabilities associated with the Sprint Retirement Pension Plan (the “Pension Plan”) as well as other postretirement employee benefit plans. As of December 31, 2005, the Pension Plan was amended to freeze benefit plan accruals for the participants. The plan assets acquired and obligations assumed were recognized at fair value on the Merger close date.

The objective for the investment portfolio of the Pension Plan is to achieve a long-term nominal rate of return, net of fees, that exceeds the Pension Plan's long-term expected rate of return on investments for funding purposes. To meet this objective, our investment strategy is governed by an asset allocation policy, whereby a targeted allocation percentage is assigned to each asset class as follows: 41% to equities; 44% to fixed income investments; 11% to real estate, infrastructure and private assets; and 4% to other investments including hedge funds. Actual allocations are allowed to deviate from target allocation percentages within a range for each asset class as defined in the investment policy. The long-term expected rate of return on plan assets was 4% and 5% for the years ended December 31, 2021 and 2020, respectively, while the actual rate of return on plan assets was 8% and 21% for the years ended December 31, 2021 and 2020, respectively. The long-term expected rate of return on investments for funding purposes is 5% for the year ended December 31, 2022.

The components of net expense recognized for the Pension Plan were as follows:

(in millions)
Interest on projected benefit obligations
Expected return on pension plan assets
Net pension expense

The net expense associated with the Pension Plan is included in Other expense, net on our Consolidated Statements of Comprehensive Income.

Investments of the Pension Plan are measured at fair value on a recurring basis, which is determined using quoted market prices or estimated fair values. As of December 31, 2021, 14% of the investment portfolio was valued at quoted prices in active markets for identical assets, 81% was valued using quoted prices for similar assets in active or inactive markets, or other observable inputs, and 5% was valued using unobservable inputs that are supported by little or no market activity, the majority of which used the net asset value per share (or its equivalent) as a practical expedient to measure the fair value. As of December 31, 2020, 12% of the investment portfolio was valued at quoted prices in active markets for identical assets, 85% was valued using quoted prices for similar assets in active or

inactive markets, or other observable inputs, and 3% was valued using unobservable inputs that are supported by little or no market activity, the majority of which used the net asset value per share (or its equivalent) as a practical expedient to measure the fair value.

The fair values of our Pension Plan assets and certain other postretirement benefit plan assets in aggregate were $1.5 billion and $1.4 billion and our accumulated benefit obligations in aggregate were $2.2 billion and $2.3 billion as of December 31, 2021 and 2020, respectively. As a result, the plans were underfunded by approximately $633 million and $828 million as of

December 31, 2021 and 2020, respectively, and were recorded in Other long-term liabilities on our Consolidated Balance Sheets. In determining our pension obligation for both the years ended December 31, 2021, and 2020, we used a weighted-average discount rate of 3%.

During the years ended December 31, 2021 and 2020, we made contributions of $83 million and $58 million, respectively, to the benefit plans. We expect to make contributions to the Plan of $37 million through the year ending December 31, 2022.

Future benefits expected to be paid are approximately $100 million for the year ending December 31, 2022, $206 million in total for the years ending December 31, 2023 and 2024, $215 million in total for the years ending December 31, 2025 and 2026, and $562 million in total for the years ending December 31, 2027 through December 31, 2031.

Employee Retirement Savings Plan

We sponsor retirement savings plans for the majority of our employees under Section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pre-tax and post-tax income in accordance with specified guidelines. The plans provide that we match a percentage of employee contributions up to certain limits. Employer matching contributions were $190 million, $179 million and $119 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Note 12 – Discontinued Operations

On July 26, 2019, we entered into an Asset Purchase Agreement with Sprint and DISH. On June 17, 2020, T-Mobile, Sprint and DISH entered into the First Amendment. Pursuant to the First Amendment to the Asset Purchase Agreement, T-Mobile, Sprint and DISH agreed to proceed with the closing of the Prepaid Transaction in accordance with the Asset Purchase Agreement on July 1, 2020, subject to the terms and conditions of the Asset Purchase Agreement and the terms and conditions of the Consent Decree.

On July 1, 2020, pursuant to the Asset Purchase Agreement, upon the terms and subject to the conditions thereof, we completed the Prepaid Transaction. Upon closing of the Prepaid Transaction, we received $1.4 billion from DISH for the Prepaid Business, subject to a working capital adjustment. The close of the Prepaid Transaction did not have a significant impact on our Consolidated Statements of Comprehensive Income.

The assets of the Prepaid Business included EIP receivables originated pursuant to financed equipment purchases by customers of the Prepaid Business. At the time of the Prepaid Transaction, DISH did not hold certain licenses required to purchase or originate such contracts. In order to transfer the economics of the contracts to DISH without transferring ownership of them, the parties entered into a Participation Agreement under which we agreed to transfer a 100% participation interest in the contracts to DISH. Under the terms of the agreement, DISH retains all cash flows collected on these assets and there is no recourse against us for any credit losses on such loans. The proceeds received from DISH in exchange for this participation interest was a component of total consideration received for the Prepaid Transaction. We will temporarily continue to originate equipment installment contracts on DISH's behalf under the same terms in exchange for an amount equal to the initial outstanding principal balance of the originated contracts, again without recourse against us for any credit losses.

Of the total $1.4 billion of proceeds received under the Prepaid Transaction, approximately $162 million was allocated to the EIP receivables to which we transferred DISH a 100% participation interest. We accounted for this portion of the proceeds as a secured borrowing and present it in Other, net, within Net cash provided by (used in) financing activities on our Consolidated Statements of Cash Flows accordingly. The remaining $1.2 billion was allocated to the divested net assets of the Prepaid Business. The net cash received for the Prepaid Business is presented in Proceeds from the divestiture of prepaid business within Net cash used in investing activities on our Consolidated Statements of Cash Flows.

The results of the Prepaid Business include revenues and expenses directly attributable to the operations disposed. Corporate and administrative expenses, including Interest expense, not directly attributable to the operations were not allocated to the Prepaid Business. The results of the Prepaid Business from April 1, 2020, through December 31, 2020, are presented in Income from discontinued operations, net of tax on our Consolidated Statements of

Comprehensive Income. There was no income from discontinued operations for the years ended December 31, 2021 or 2019.

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The components of discontinued operations from the Merger close date of April 1, 2020, through December 31, 2020, were as follows:

(in millions)	Year Ended December 31, 2020
Major classes of line items constituting pretax income from discontinued operations	
Prepaid revenues	$ 973
Roaming and other service revenues	27
Total service revenues	1,000
Equipment revenues	270
Total revenues	1,270
Cost of services	25
Cost of equipment sales	499
Selling, general and administrative	314
Total operating expenses	838
Pretax income from discontinued operations	432
Income tax expense	(112)
Income from discontinued operations	$ 320

Net cash provided by operating activities from the Prepaid Business included in the Consolidated Statements of Cash Flows for the year ended December 31, 2020, were $611 million, all of which relates to the operations of the Prepaid Business during the three months ended June 30, 2020. There were no cash flows from investing or financing activities related to the Prepaid Business for the year ended December 31, 2020.

Continuing Involvement

Upon the closing of the Prepaid Transaction, we and DISH entered into (i) a License Purchase Agreement pursuant to which (a) DISH has the option to purchase certain 800 MHz spectrum licenses for a total of approximately $3.6 billion in a transaction to be completed, subject to certain additional closing conditions, following an application for FCC approval to be filed three years following the closing of the Merger and (b) we will have the option to lease back from DISH, as needed, a portion of the spectrum sold for an additional two years following the closing of the spectrum sale transaction, (ii) a Transition Services Agreement providing for our provisioning of transition services to DISH in connection with the Prepaid Business for a period of up to three years following the closing of the Prepaid Transaction, (iii) a Master Network Services Agreement providing for the provisioning of network services to customers of the Prepaid Business for a period of up to seven years following the closing of the Prepaid Transaction, and (iv) an Option to Acquire Tower and Retail Assets, offering DISH the option to acquire certain decommissioned towers and retail locations from us, subject to obtaining all necessary third-party consents, for a period of up to five years following the closing of the Prepaid Transaction.

In the event DISH breaches the License Purchase Agreement or fails to deliver the purchase price following the satisfaction or waiver of all closing conditions, DISH's sole liability is to pay us a fee of approximately $72 million. Additionally, if DISH does not exercise the option to purchase the 800 MHz spectrum licenses, we have an obligation to offer the licenses for sale through an auction. If the specified minimum price of $3.6 billion was not met in the auction, we would retain the licenses. As the sale of 800 MHz spectrum licenses is not expected to close within one year, the criteria for presentation as an asset held for sale is not met.

Cash flows associated with the Master Network Services Agreement and Transition Services Agreement are included in Net cash provided by operating activities on our Consolidated Statements of Cash Flows.

Note 13 – Income Taxes

Our sources of Income (loss) before income taxes were as follows:

(in millions)	Year Ended December 31,		
	2021	2020	2019
U.S. income	$ 3,401	$ 3,493	$ 4,557
Foreign (loss) income	(50)	37	46
Income from continuing operations before income taxes	$ 3,351	$ 3,530	$ 4,603

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Income tax expense is summarized as follows:

(in millions)	Year Ended December 31, 2021	2020	2019
Current tax (expense) benefit			
Federal	$ (22)	$ 17	$ 24
State	(89)	(84)	(70)
Foreign	(19)	(10)	2
Total current tax expense	(130)	(77)	(44)
Deferred tax (expense) benefit			
Federal	(541)	(676)	(954)
State	327	(34)	(125)
Foreign	17	1	(12)
Total deferred tax expense	(197)	(709)	(1,091)
Total income tax expense	$ (327)	$ (786)	$ (1,135)

The reconciliation between the U.S. federal statutory income tax rate and our effective income tax rate is as follows:

	Year Ended December 31, 2021	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.5	4.8	5.1
Effect of law and rate changes	(1.7)	(0.8)	0.4
Change in valuation allowance	(10.7)	(2.6)	(1.8)
Foreign taxes, net of federal benefit	0.1	0.3	0.3
Permanent differences	0.3	0.4	0.6
Federal tax credits, net of reserves	(2.5)	(0.9)	(0.8)
Equity-based compensation	(2.6)	(2.5)	(0.6)
Non-deductible compensation	1.5	2.3	0.6
Other, net	(0.1)	0.3	(0.1)
Effective income tax rate	9.8 %	22.3 %	24.7 %

Significant components of deferred income tax assets and liabilities, tax effected, are as follows:

(in millions)	December 31, 2021	December 31, 2020
Deferred tax assets		
Loss carryforwards	$ 4,414	$ 4,540
Lease liabilities	7,717	8,031
Property and equipment	—	90
Reserves and accruals	1,280	1,348
Federal and state tax credits	404	411
Other	2,888	2,665
Deferred tax assets, gross	16,703	17,085
Valuation allowance	(435)	(878)
Deferred tax assets, net	16,268	16,207
Deferred tax liabilities		
Spectrum licenses	18,060	17,518
Property and equipment	380	—
Lease right-of-use assets	6,761	7,239
Other intangible assets	769	912
Other	514	504
Total deferred tax liabilities	26,484	26,173
Net deferred tax liabilities	$ 10,216	$ 9,966
Classified on the consolidated balance sheets as:		
Deferred tax liabilities	$ 10,216	$ 9,966

As of December 31, 2021, we have tax effected federal net operating loss ("NOL") carryforwards of $3.5 billion, state NOL carryforwards of $1.4 billion and foreign NOL carryforwards of $37 million, expiring through 2041. Federal and certain state NOLs generated in and after 2018 do not expire. As of December 31, 2021, our tax effected federal and state NOL carryforwards for financial reporting purposes were approximately $221 million and $473 million, respectively, less than our NOL carryforwards for federal and state income tax purposes, due to unrecognized tax benefits of the same amount. There were no differences in our foreign NOL carryforwards for financial reporting purposes and our NOL carryforwards for foreign income tax purposes as of December 31, 2021. The unrecognized tax benefit amounts exclude offsetting tax effects of $132 million in other jurisdictions.

As of December 31, 2021, we have research and development, foreign tax and other general business credit carryforwards with a combined value of $581 million for federal income tax purposes, an immaterial amount of which begins to expire in 2023.

As of December 31, 2021, 2020 and 2019, our valuation allowance was $435 million, $878 million and $129 million, respectively. The change from December 31, 2020 to December 31, 2021 primarily related to a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions resulting from legal entity reorganizations of legacy Sprint entities. The change from December 31, 2019 to December 31, 2020 primarily related to $851 million of deferred tax assets acquired via the Merger for which a valuation allowance was deemed necessary, partially offset by a reduction in the valuation allowance against deferred tax assets in federal and certain other jurisdictions associated with additional tax attribute utilization and expiration. It is possible that our valuation allowance may change within the next 12 months.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. We are currently under examination by the IRS and various states. Management does not believe the resolution of any of the audits will result in a material change to our financial condition, results of operations or cash flows. The IRS has concluded its audits of our federal tax returns through the 2009 tax year; however, NOL and other carryforwards for certain audited periods remain open for examination. U.S. federal, state and foreign examination for years prior to 2002 are generally closed.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Unrecognized tax benefits, beginning of year	$ 1,159	$ 514	$ 462
Gross increases to tax positions in prior periods	73	6	—
Gross decreases to tax positions in prior periods	(123)	(28)	—
Gross increases to current period tax positions	72	45	64
Gross increases due to current period business acquisitions	36	624	—
Gross decreases due to settlements with taxing authorities	—	(2)	(12)
Unrecognized tax benefits, end of year	$ 1,217	$ 1,159	$ 514

As of December 31, 2021, 2020 and 2019, we had $932 million, $857 million and $310 million, respectively, in unrecognized tax benefits that, if recognized, would affect our annual effective tax rate. Penalties and interest on income tax assessments are included in Selling, general and administrative and Interest expense, respectively, on our Consolidated Statements of Comprehensive Income. The accrued interest and penalties associated with unrecognized tax benefits are insignificant.

Note 14 – SoftBank Equity Transaction

On June 22, 2020, we entered into a Master Framework Agreement (the "Master Framework Agreement") by and among the Company, SoftBank, SoftBank Group Capital Ltd, a wholly-owned subsidiary of SoftBank ("SBGC"), Delaware Project 4 L.L.C., a wholly-owned subsidiary of SoftBank, Delaware Project 6 L.L.C., a wholly-owned subsidiary of SoftBank, Claure Mobile LLC ("CM LLC"), DT, and T-Mobile Agent LLC, a wholly-owned subsidiary of the Company.

The Master Framework Agreement and related transactions were entered into to facilitate SoftBank's monetization of a portion of our common stock held by SoftBank (the "SoftBank Monetization"). In connection with the Master Framework Agreement, DT waived the restriction on the transfer under its Proxy, Lock-Up and ROFR Agreement, dated April 1, 2020, with SoftBank (the "SoftBank Proxy Agreement") with respect to approximately 198 million shares of our common stock held by SoftBank (the "Released Shares"). Upon the close of the Public Equity Offering (as defined below), we received a payment from SoftBank for $304 million for our role in facilitating the SoftBank Monetization. The payment received from SoftBank, net of tax, of $230 million was recorded as Additional paid-in capital on our Consolidated Balance Sheets and is presented as a

reduction of Repurchases of common stock in Net cash provided by (used in) financing activities on our Consolidated Statements of Cash Flows.

Under the terms of the Master Framework Agreement and the agreements contemplated thereby, SBGC sold the Released Shares to us, and we participated in the following transactions:

Public Equity Offering

On June 26, 2020, we completed a registered public offering of approximately 154.1 million shares of our common stock (the "Public Equity Offering") at a price of $103.00 per share. The net proceeds of the Public Equity Offering were used to repurchase an equal number of issued and outstanding shares of our common stock from SBGC, pursuant to a Share Repurchase Agreement, dated as of June 22, 2020 (the "Share Repurchase Agreement"), between us and SBGC.

Mandatory Exchangeable Offering

Concurrent with the Public Equity Offering, we sold approximately 19.4 million shares of our common stock to a third-party trust. The net proceeds from the sale of shares to the trust were used to repurchase an equal number of issued and outstanding shares of our common stock from SBGC.

The trust issued mandatory exchangeable trust securities, which entitle holders to receive quarterly distributions from the trust and a final mandatory exchange price to be settled on June 1, 2023 ("Mandatory Exchangeable Offering").

The trust was required to use a portion of the net proceeds from the Mandatory Exchangeable Offering to purchase U.S. Treasury securities, to fund quarterly distributions on the mandatory exchangeable trust securities, and the holders of the mandatory exchangeable trust securities will be entitled to a final mandatory exchange amount on June 1, 2023 that will depend on the daily volume-weighted average price of shares of our common stock.

The sale of shares through the Public Equity Offering and to the trust occurred simultaneously with the purchase of shares from SBGC. These simultaneous transactions did not result in a net change to our treasury shares or shares of common stock outstanding.

As these transactions occurred with separate counterparties, the exchange of shares and cash are recorded on a gross basis on our Consolidated Statement of Stockholders' Equity and Consolidated Statements of Cash Flows, respectively. The shares sold are presented in Shares issued in secondary offering and the shares purchased from SBGC are presented in Shares repurchased from SoftBank on our Consolidated Statement of Stockholders' Equity. The cash received from the sale of shares is presented in Issuance of common stock and the cash paid to purchase shares from SoftBank are presented in Repurchases of common stock within Net cash provided by (used in) financing activities on our Consolidated Statements of Cash Flows.

The Company is not affiliated with the trust, will not retain any proceeds from the offering of the trust securities, and will have no ongoing interest, economic or otherwise, in the trust securities.

Rights Offering

The Master Framework Agreement provides for the issuance of registered, transferable subscription rights (the "Rights Offering") resulting in the sale of 19,750,000 shares of our common stock to our stockholders (other than SoftBank, DT and Marcelo Claure and their respective affiliates, who agreed to waive their ability to exercise or transfer such rights). The subscription rights provided the stockholders the option to purchase one share of common stock for every 20 shares of common stock owned, at the same price per share as the common stock sold in the Public Equity Offering of $103.00 per share.

The Rights Offering exercise period expired on July 27, 2020. On August 3, 2020, the Rights Offering closed, resulting in the sale of 19,750,000 shares of our common stock. The net proceeds from the Rights Offering were used to purchase an equal number of shares from SBGC pursuant to the Share Repurchase Agreement.

Marcelo Claure

The Master Framework Agreement provided for the purchase of 5.0 million shares of our common stock by Marcelo Claure, a member of our board of directors, from us at the same price per share as the common stock sold in the Public Equity Offering of $103.00 per share.

Following receipt of the necessary regulatory approvals on July 16, 2020, the sale of shares to Marcelo Claure occurred simultaneously with our purchase of an equivalent number of shares from SBGC at the same price per share pursuant to the Share Repurchase Agreement.

DT Call Option

In exchange for DT consenting to the transfer of the Released Shares and as provided for in the Master Framework Agreement, DT received direct and indirect call options over up to approximately 101.5 million shares of our common stock held by SBGC. The arrangement provided DT with a fixed-price call option to purchase up to approximately 44.9 million shares at a price of $101.46 per share indirectly from SBGC through a back-to-back arrangement where (i) DT could purchase such shares from us (the "DT Fixed-Price Call Option") and (ii) we would fulfill our obligations under the DT Fixed-Price Call Option by simultaneously purchasing the same number of shares on the same economic terms from SBGC (the "T-Mobile Fixed-Price Call Option"). In addition, DT has a floating-price call option to purchase up to approximately 56.6 million shares from SBGC directly.

The DT Fixed-Price Call Option and the T-Mobile Fixed-Price Call Option represented free-standing derivatives and were recorded at fair value and marked-to-market each period. As the mark-to-market valuations of the T-Mobile Fixed-Price Call Option and the DT Fixed-Price Call Option moved in equal and offsetting directions, there was no net impact on our Consolidated Statements of Comprehensive Income.

On October 6, 2020, we assigned our rights under the T-Mobile Fixed-Price Call Option to DT and DT terminated its right to purchase shares from us under the DT Fixed-Price Call Option, resulting in derecognition of the related derivative asset and liability in equal and offsetting amounts of $1.0 billion such that there was no net impact to our Consolidated Statements of Comprehensive Income.

Ownership Following the SoftBank Monetization

The SoftBank Proxy Agreement remains in effect with respect to the remaining shares of our common stock held by SoftBank. In addition, on June 22, 2020, DT, CM LLC, and Marcelo Claure entered into a Proxy, Lock-Up and ROFR Agreement (the "Claure Proxy Agreement," together with the SoftBank Proxy Agreement, the "Proxy Agreements"), pursuant to which any shares of our common stock acquired after June 22, 2020 by Mr. Claure or CM LLC, an entity controlled by Mr. Claure, other than shares acquired as a result of Mr. Claure's role as a director or officer of the Company, will be voted in the manner as directed by DT.

As of December 31, 2021, DT and SoftBank held, directly or indirectly, approximately 46.7% and 4.9%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 48.4% of the outstanding T-Mobile common stock held by other stockholders.

Accordingly, as a result of the Proxy Agreements, DT has voting control as of December 31, 2021 over approximately 52.0% of the outstanding T-Mobile common stock.

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Note 15 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

(in millions, except shares and per share amounts)	Year Ended December 31, 2021	2020	2019
Income from continuing operations	$ 3,024	$ 2,744	$ 3,468
Income from discontinued operations, net of tax	—	320	—
Net income	$ 3,024	$ 3,064	$ 3,468
Weighted-average shares outstanding – basic	1,247,154,988	1,144,206,326	854,143,751
Effect of dilutive securities:			
Outstanding stock options and unvested stock awards	7,614,938	10,543,102	9,289,760
Weighted-average shares outstanding – diluted	1,254,769,926	1,154,749,428	863,433,511
Basic earnings per share:			
Continuing operations	$ 2.42	$ 2.40	$ 4.06
Discontinued operations	—	0.28	—
Earnings per share – basic	$ 2.42	$ 2.68	$ 4.06
Diluted earnings per share:			
Continuing operations	$ 2.41	$ 2.37	$ 4.02
Discontinued operations	—	0.28	—
Earnings per share – diluted	$ 2.41	$ 2.65	$ 4.02
Potentially dilutive securities:			
Outstanding stock options and unvested stock awards	139,619	80,180	16,359
SoftBank contingent consideration [(1)]	48,751,557	36,630,268	—

(1) Represents the weighted-average SoftBank Specified Shares that are contingently issuable from the acquisition date of April 1, 2020.

As of December 31, 2021, we had authorized 100 million shares of preferred stock, with a par value of $0.00001 per share. There was no preferred stock outstanding as of December 31, 2021 and 2020. Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

The SoftBank Specified Shares Amount of 48,751,557 shares of T-Mobile common stock was determined to be contingent consideration for the Merger and is not dilutive until the defined volume-weighted average price per share is reached.

Note 16 – Leases

Lessee

We are a lessee for non-cancelable operating and financing leases for cell sites, switch sites, retail stores, network equipment and office facilities with contractual terms that generally extend through 2035. Additionally, we lease dark fiber through non-cancelable operating leases with contractual terms that generally extend through 2041. The majority of cell site leases have a non-cancelable term of five to 15 years with several renewal options that can extend the lease term from five to 35 years. In addition, we have financing leases for network equipment that generally have a non-cancelable lease term of two to five years. The financing leases do not have renewal options and contain a bargain purchase option at the end of the lease.

On September 15, 2021, we modified the terms of one of our master lease agreements, which resulted in a $1.0 billion advance rent payment. Our operating lease liabilities were reduced as a result of this prepayment.

Subsequent to December 31, 2021, on January 3, 2022, we entered into the Crown Agreement with CCI that modified the terms of our leased towers from CCI. The Crown Agreement modifies the monthly rental payment we will pay for sites currently leased by us, extends the non-cancellable lease term for the majority of our sites through December 2033 and will allow us the flexibility to facilitate our network integration and decommissioning activities through new site builds and termination of duplicate tower locations. The initial non-cancellable term is through December 31, 2033, followed by optional renewals. As a result of this modification, we will remeasure the associated right-of use assets and lease liabilities with an expected increase of

between $4.8 billion to $5.4 billion to each on the effective date of the modification, with a corresponding gross increase to both deferred tax liabilities and assets of between $1.2 billion to $1.4 billion.

The components of lease expense were as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Operating lease expense	$ 5,921	$ 4,438	$ 2,558
Financing lease expense:			
Amortization of right-of-use assets	738	681	523
Interest on lease liabilities	69	81	82
Total financing lease expense	807	762	605
Variable lease expense	429	328	243
Total lease expense	$ 7,157	$ 5,528	$ 3,406

Information relating to the lease term and discount rate is as follows:

Weighted-Average Remaining Lease Term (Years)
Operating leases
Financing leases
Weighted-Average Discount Rate
Operating leases
Financing leases

Maturities of lease liabilities as of December 31, 2021, were as follows:

(in millions)	Operating Leases	Finance Leases
Twelve Months Ending December 31,		
2022	$ 3,868	$ 1,161
2023	4,237	800
2024	3,846	505
2025	3,343	128
2026	2,971	36
Thereafter	17,387	29
Total lease payments	35,652	2,659
Less: imputed interest	6,409	84
Total	$ 29,243	$ 2,575

Interest payments for financing leases were $69 million, $79 million and $82 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, we have additional operating leases for commercial properties that have not yet commenced with future lease payments of approximately $98 million.

As of December 31, 2021, we were contingently liable for future ground lease payments related to certain tower obligations. These contingent obligations are not included in the above table as the amounts owed are contractually owed by Crown Castle International Corp. based on the subleasing arrangement. See Note 9 – Tower Obligations for further information.

Lessor

The components of leased wireless devices under our Leasing Programs were as follows:

(in millions)	Average Remaining Useful Life	December 31, 2021	December 31, 2020
Leased wireless devices, gross	8 months	$ 3,832	$ 6,989
Accumulated depreciation		(2,373)	(2,170)
Leased wireless devices, net		$ 1,459	$ 4,819

For equipment revenues from the lease of mobile communication devices, see Note 10 – Revenue from Contracts with Customers.

Future minimum payments expected to be received over the lease term related to leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Expected Payments
Twelve Months Ending December 31,	
2022	$ 402
2023	44
Total	$ 446

Note 17 – Commitments and Contingencies

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms that generally extend through 2031. In addition, we have commitments to purchase wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043.

Our purchase commitments are approximately $4.7 billion for the twelve-month period ending December 31, 2022, $5.6 billion in total for the twelve-month periods ending December 31, 2023 and 2024, $2.1 billion in total for the twelve-month periods ending December 31, 2025 and 2026, and $1.6 billion in total thereafter. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.
Subsequent to December 31, 2021, on January 3, 2022, we entered into the Crown Agreement with CCI that will enable us to lease towers from CCI through December 2033, followed by optional renewals. The Crown Agreement amends the pricing for our non-dedicated transportation lines, which includes lit fiber backhaul and small cell circuits. We have committed to an annual volume commitment to execute and deliver 35,000 small cell contracts, including upgrades to existing locations, over the next five years. The minimum commitment for small cells is $1.8 billion through 2039.

Spectrum Leases

In connection with the Merger, we assumed certain spectrum lease contracts from Sprint that include service obligations to the lessors. Certain of the spectrum leases provide for minimum lease payments, additional charges, renewal options and escalation clauses. Leased spectrum agreements have varying expiration terms that generally extend through 2050. We expect that all renewal periods in our spectrum leases will be exercised by us.

Our spectrum lease and service credit commitments, including renewal periods, are approximately $350 million for the twelve-month period ending December 31, 2022, $611 million in total for the twelve-month periods ending December 31, 2023 and 2024, $591 million in total for the twelve-month periods ending December 31, 2025 and 2026 and $4.7 billion in total thereafter.

We accrue a monthly obligation for the services and equipment based on the total estimated available service credits divided by the term of the lease. The obligation is reduced by services provided and as actual invoices are presented and paid to the lessors. The maximum remaining service commitment on December 31, 2021 was $85 million and is expected to be incurred over the term of the related lease agreements, which generally range from 15 to 30 years.

Merger Commitments

In connection with the regulatory proceedings and approvals of the Transactions, we have commitments and other obligations to various state and federal agencies and certain nongovernmental organizations, including pursuant to the Consent Decree agreed to by us, DT, Sprint, SoftBank and DISH Network Corporation ("DISH") and entered by the U.S. District Court for the District of Columbia, and the FCC's memorandum opinion and order approving our applications for approval of the Merger. These commitments and obligations include, among other things, extensive 5G network build-out commitments, obligations to deliver high-speed wireless services to the vast majority of Americans, including Americans residing in rural areas, and the marketing of an in-home broadband product where spectrum capacity is available. Other commitments relate to national security, pricing, service, employment and support of diversity initiatives. Many of the commitments specify time frames for compliance. Failure to fulfill our obligations and commitments in a timely manner could result in substantial fines, penalties, or other legal and administrative actions.

We expect that our monetary commitments associated with these matters are approximately $11 million for the twelve-month period ending December 31, 2022, $12 million in total for the twelve-month periods ending December 31, 2023 and 2024. We do not expect any amounts after December 31, 2024. These amounts do not represent our entire anticipated costs to achieve specified network coverage and performance requirements, employment targets or commitments to provide access to affordable rate plans, but represent only those amounts for which we are required to make a specified payment in connection with our commitments or settlements.

Contingencies and Litigation

Litigation and Regulatory Matters

We are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation and Regulatory Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. Those Litigation and Regulatory Matters are at various stages, and some of them may proceed to trial, arbitration, hearing, or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate. The accruals are reflected in the consolidated financial statements but they are not considered to be, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including, but not limited to, uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. For Litigation and Regulatory Matters that may result in a contingent gain, we recognize such gains in the consolidated financial statements when the gain is realized or realizable. We recognize legal costs expected to be incurred in connection with Litigation and Regulatory Matters as they are incurred. Except as otherwise specified below, we do not expect that the ultimate resolution of these Litigation and Regulatory Matters, individually or in the aggregate, will have a material adverse effect on our financial position, but we note that an unfavorable outcome of some or all of the specific matters identified below could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating section 222 of the Communications Act and the FCC's regulations governing the privacy of customer information. In the first quarter of 2020, we recorded an accrual for an estimated payment amount. We maintained the accrual as of December 31, 2021, and that accrual was included in Accounts payable and accrued liabilities on our Consolidated Balance Sheets.

On April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint. Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions, and other proceedings. These matters include, among other things, certain ongoing FCC and

state government agency investigations into Sprint’s Lifeline program. In September 2019, Sprint notified the FCC that it had claimed monthly subsidies for serving subscribers even though these subscribers may not have met usage requirements under Sprint's usage policy for the Lifeline program, due to an inadvertent coding issue in the system used to identify qualifying subscriber usage that occurred in July 2017 while the system was being updated. Sprint has made a number of payments to reimburse the federal government and

certain states for excess subsidy payments.

We note that pursuant to Amendment No. 2 to the Business Combination Agreement, SoftBank agreed to indemnify us against certain specified matters and losses, including those relating to the Lifeline matters described above. Resolution of these matters could require making additional reimbursements and paying additional fines and penalties, which we do not expect to have a significant impact on our financial results. We expect that any additional liabilities related to these indemnified matters would be indemnified and reimbursed by SoftBank. See Note 2 – Business Combinations for further information.

On June 1, 2021, a putative shareholder class action and derivative lawsuit was filed in the Delaware Court of Chancery, *Dinkevich v. Deutsche Telekom AG, et al.*, Case No. C.A. No. 2021-0479, against DT, SoftBank and certain of our current and former officers and directors, asserting breach of fiduciary duty claims relating to the repricing amendment to the Business Combination Agreement, and to SoftBank's monetization of its T-Mobile shares. We are also named as a nominal defendant in the case. We are unable to predict the potential outcome of these claims. We intend to vigorously defend this lawsuit.

In October 2020, we notified MVNOs using the legacy Sprint CDMA network that we planned to sunset that network on December 31, 2021. In response to that notice, DISH, which has Boost Mobile customers who use the legacy Sprint CDMA network, has made several efforts to prevent us from sunsetting the CDMA network until mid-2023, including by urging the U.S. Department of Justice to move for a finding of contempt under the April 1, 2020 Final Judgment entered by the U.S. District Court for the District of Columbia, and by pursuing a Petition for Modification and related proceedings pursuant to the California Public Utilities Commission (the "CPUC")'s April 2020 decision concerning the T-Mobile-Sprint merger. We disagree with the merits of DISH's positions and have opposed them. On October 22, 2021, we announced that we would delay the sunset of the legacy Sprint CDMA network for three months, until March 31, 2022, to, among other things, help ensure that DISH and other MVNOs fulfill their contractual responsibilities and transition customers off the legacy Sprint CDMA network before the sunset. On February 2, 2022, the CPUC Administrative Law Judge presiding over DISH's Petition for Modification released a proposed decision that would deny the Petition for Modification. That proposed decision may be heard by the CPUC as soon as its March 17, 2022 business meeting. We cannot predict the outcome of the proceedings described above, but we intend to vigorously oppose any efforts to further delay the sunset of the legacy Sprint CDMA network.

On August 12, 2021, we became aware of a potential cybersecurity issue involving unauthorized access to T-Mobile's systems (the "August 2021 cyberattack"). We immediately began an investigation and engaged cybersecurity experts to assist with the assessment of the incident and to help determine what data was impacted. Our investigation uncovered that the perpetrator had illegally gained access to certain areas of our systems on or about March 18, 2021, but only gained access to and took data of current, former, and prospective customers beginning on or about August 3, 2021. With the assistance of our outside cybersecurity experts, we located and closed the unauthorized access to our systems and identified current, former and prospective customers whose information was impacted and notified them, consistent with state and federal requirements. We also undertook a number of other measures to demonstrate our continued support and commitment to data privacy and protection. We also coordinated with law enforcement. Our forensic investigation is complete, and we believe we have a full view of the data compromised.

As a result of the August 2021 cyberattack, we have become subject to numerous lawsuits, including multiple class action lawsuits, that have been filed in numerous jurisdictions seeking unspecified monetary damages, costs and attorneys' fees arising out of the August 2021 cyberattack. In December 2021, the Judicial Panel on Multidistrict Litigation consolidated the federal class action lawsuits in the U.S. District Court for the Western District of Missouri. In addition, in November 2021, a purported Company shareholder filed a derivative action in the U.S. District Court for the Western District of Washington, *Litwin v. Sievert et al.,* No. 2:21-cv-01599, against our current directors, alleging several claims concerning the Company's cybersecurity practices. We are also named as a nominal defendant in the lawsuit. We are unable to predict at this time the potential outcome of any of these claims or whether we may be subject to further private litigation. We intend to vigorously defend all of these lawsuits.

In addition, the Company has received inquiries from various government agencies, law enforcement and other governmental authorities related to the August 2021 cyberattack, which could result in fines or penalties. We are responding to these inquiries and cooperating fully with regulators. However, we cannot predict the timing or outcome of any of these inquiries, or whether we may be subject to further regulatory inquiries.

In light of the inherent uncertainties involved in such matters and based on the information currently available to us, as of the date of this Annual Report, we have not recorded any accruals for losses related to the above proceedings and inquiries, as any such amounts (or ranges of amounts) are not probable or estimable at this time. We believe it is reasonably possible that we could incur losses associated with these proceedings and inquiries, and the Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred

and the amount of the loss is reasonably estimable. Ongoing legal and other costs related to these proceedings and inquiries, as well as any potential future proceedings and inquiries, may be substantial, and losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries could be material to our business, reputation, financial condition, cash flows and operating results.

Note 18 – Restructuring Costs

Upon close of the Merger, we began implementing restructuring initiatives to realize cost efficiencies and reduce redundancies. The major activities associated with the restructuring initiatives to date include contract termination costs associated with the rationalization of retail stores, distribution channels, duplicative network and backhaul services and other agreements, severance costs associated with the integration of redundant processes and functions and the decommissioning of certain small cell sites and distributed antenna systems to achieve synergies in network costs.

The following table summarizes the expenses incurred in connection with our restructuring initiatives:

(in millions)	Year Ended December 31, 2020	Year Ended December 31, 2021	Incurred to Date
Contract termination costs	$ 178	$ 14	$ 192
Severance costs	385	17	402
Network decommissioning	497	184	681
Total restructuring plan expenses	$ 1,060	$ 215	$ 1,275

The expenses associated with the restructuring initiatives are included in Costs of services and Selling, general and administrative on our Consolidated Statements of Comprehensive Income.

Our restructuring initiatives also include the acceleration or termination of certain of our operating and financing leases for cell sites, switch sites, retail stores, network equipment and office facilities. Incremental expenses associated with accelerating amortization of the right-of-use assets on lease contracts were $873 million and $153 million for the years ended December 31, 2021 and 2020, respectively, and are included in Costs of services and Selling, general and administrative on our Consolidated Statements of Comprehensive Income.

The changes in the liabilities associated with our restructuring initiatives, including expenses incurred and cash payments, are as follows:

(in millions)	December 31, 2020	Expenses Incurred	Cash Payments	Adjustments for Non-Cash Items [1]	December 31, 2021
Contract termination costs	$ 81	$ 14	$ (80)	$ (1)	$ 14
Severance costs	52	17	(65)	(3)	1
Network decommissioning	30	184	(106)	(37)	71
Total	$ 163	$ 215	$ (251)	$ (41)	$ 86

(1) Non-cash items consist of non-cash stock-based compensation included within Severance costs and the write-off of assets within Network decommissioning.

The liabilities accrued in connection with our restructuring initiatives are presented in Accounts payable and accrued liabilities on our Consolidated Balance Sheets.

Our restructuring activities are expected to occur over the next two years with substantially all costs incurred by the end of fiscal year 2023. We are evaluating additional restructuring initiatives, which are dependent on consultations and negotiation with certain counterparties and the expected impact on our business operations, which could affect the amount or timing of the restructuring costs and related payments.

Note 19 – Additional Financial Information

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are summarized as follows:

(in millions)	December 31, 2021	December 31, 2020
Accounts payable	$ 6,499	$ 5,564
Payroll and related benefits	1,343	1,163
Property and other taxes, including payroll	1,830	1,540
Accrued interest	710	771
Commissions	348	399
Toll and interconnect	248	217
Advertising	59	135
Other	368	407
Accounts payable and accrued liabilities	$ 11,405	$ 10,196

Book overdrafts included in accounts payable and accrued liabilities were $378 million and $628 million as of December 31, 2021 and 2020, respectively.

Related Party Transactions

We have related party transactions associated with DT or its affiliates in the ordinary course of business, which are included in the Consolidated Financial Statements.

On August 23, 2021, we redeemed $1.0 billion aggregate principal amount of our 4.500% Senior Notes to affiliates due 2026. See Note 8 – Debt for further information.

The following table summarizes the impact of significant transactions with DT or its affiliates included in Operating expenses in the Consolidated Statements of Comprehensive Income:

(in millions)
Discount related to roaming expenses
Fees incurred for use of the T-Mobile brand
International long distance agreement

We have an agreement with DT in which we receive reimbursement of certain administrative expenses, which was $5 million, $6 million and $11 million for the years ended December 31, 2021, 2020 and 2019, respectively. Amounts due from and to DT related to these agreements are included in Accounts receivable from affiliates and Payables to affiliates, respectively, in the Consolidated Balance Sheets.

Index for Notes to the Consolidated Financial Statements

Supplemental Consolidated Statements of Cash Flows Information

The following table summarizes T-Mobile's supplemental cash flow information:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Interest payments, net of amounts capitalized	$ 3,723	$ 2,733	$ 1,128
Operating lease payments	6,248	4,619	2,783
Income tax payments	167	218	88
Non-cash investing and financing activities			
Non-cash beneficial interest obtained in exchange for securitized receivables	4,237	6,194	6,509
Non-cash consideration for the acquisition of Sprint	—	33,533	—
Change in accounts payable and accrued liabilities for purchases of property and equipment	366	589	(935)
Leased devices transferred from inventory to property and equipment	1,198	2,795	1,006
Returned leased devices transferred from property and equipment to inventory	(1,437)	(1,460)	(267)
Short-term debt assumed for financing of property and equipment	—	38	800
Operating lease right-of-use assets obtained in exchange for lease obligations	3,773	14,129	3,621
Financing lease right-of-use assets obtained in exchange for lease obligations	1,261	1,273	1,041

Note 20 – Subsequent Events

Subsequent to December 31, 2021, on January 3, 2022, we entered into an agreement with CCI to amend terms related to our tower leases, Tower obligations and non-dedicated transportation lines. See Note 9 - Tower Obligations, Note 16 – Leases and Note 17 – Commitments and Contingencies for further information.

Subsequent to December 31, 2021, on January 6, 2022, the FCC announced that we were the winning bidder of 199 licenses in Auction 110 (mid-band spectrum). See Note 6 - Goodwill, Spectrum License Transactions and Other Intangible Assets for further information.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-K.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Index for Notes to the Consolidated Financial Statements

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions, providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles, providing reasonable assurance that receipts and expenditures are made in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report herein.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III. OTHER INFORMATION
Item 10. Directors, Executive Officers and Corporate Governance

We maintain a code of ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, and Controller, which is a "Code of Ethics for Senior Financial Officers" as defined by applicable rules of the SEC. This code is publicly available on our website at investor.t-mobile.com. If we make any amendments to this code other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of this code we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at investor.t-mobile.com or in a Current Report on Form 8-K filed with the SEC.

The remaining information required by this item, including information about our Directors, Executive Officers and Audit Committee, will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or be included in an amendment to this Report.

Item 11. Executive Compensation

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Index for Notes to the Consolidated Financial Statements

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 14. Principal Accountant Fees and Services

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

PART IV.

Item 15. Exhibit and Financial Statement Schedules

(a) Documents filed as a part of this Form 10-K

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm (PCAOB ID: 238)
Consolidated Balance Sheets
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flows
Consolidated Statement of Stockholders' Equity
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable or the required information is otherwise included.

3. Exhibits

See the Index to Exhibits immediately following "Item 16. Form 10-K Summary" of this Form 10-K.

Item 16. Form 10–K Summary

None**.**

Index for Notes to the Consolidated Financial Statements

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
2.1	Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V. and SoftBank Group Corp.	8-K	04/30/2018	2.1	
2.2	Amendment No. 1, dated as of July 26, 2019, to the Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp.	8-K	7/26/2019	2.2	
2.3	Amendment No. 2, dated as of February 20, 2020, to the Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp.	8-K	2/20/2020	2.1	
2.4	Asset Purchase Agreement, dated as of July 26, 2019, by and among T-Mobile US, Inc., Sprint Corporation and DISH Network Corporation.	8-K	7/26/2019	2.1	
2.5	First Amendment, dated as of June 17, 2020, to the Asset Purchase Agreement, dated as of July 26, 2019, by and among T-Mobile US, Inc., Sprint Corporation and DISH Network Corporation.	8-K	6/17/2020	2.1	
2.6	Asset Purchase Agreement, dated as of May 28, 2021, by and between T-Mobile USA, Inc. and Shenandoah Telecommunications Company.	8-K	6/1/2021	2.1	
2.7	Amendment No. 1 to Asset Purchase Agreement, dated as of July 1, 2021, by and between T-Mobile USA, Inc. and Shenandoah Telecommunications Company.	10-Q	8/3/2021	2.2	
3.1	Fifth Amended and Restated Certificate of Incorporation of T-Mobile US, Inc.	8-K	4/1/2020	3.1	
3.2	Seventh Amended and Restated Bylaws of T-Mobile US, Inc.	8-K	4/1/2020	3.2	
4.1	Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.1	
4.2	Eleventh Supplemental Indenture, dated as of May 1, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.12	
4.3	Sixteenth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2014	4.3	
4.4	Nineteenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.3	
4.5	Twenty-Third Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022.	8-K	3/16/2017	4.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.6	Twenty-Fifth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027.	8-K	3/16/2017	4.3	
4.7	Twenty-Sixth Supplemental Indenture, dated as of April 27, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022-1.	8-K	4/28/2017	4.1	
4.8	Twenty-Eighth Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027-1.	8-K	4/28/2017	4.3	
4.9	Thirty-Third Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028.	8-K	1/25/2018	4.2	
4.10	Thirty-Fourth Supplemental Indenture, dated as of April 26, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	5/1/2018	4.5	
4.11	Thirty-Sixth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028-1.	8-K	5/4/2018	4.2	
4.12	Thirty-Seventh Supplemental Indenture, dated as of May 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	5/21/2018	4.1	
4.13	Thirty-Eighth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	12/21/2018	4.1	
4.14	Fortieth Supplemental Indenture, dated as of September 27, 2019, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2019	4.1	
4.15	Forty-First Supplemental Indenture, dated as of April 1, 2020, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q/A	8/10/2020	4.12	
4.16	Forty-Third Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.250% Senior Note due 2026.	8-K	1/14/2021	4.2	
4.17	Forty-Fourth Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.625% Senior Note due 2029.	8-K	1/14/2021	4.3	
4.18	Forty-Fifth Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.875% Senior Note due 2031.	8-K	1/14/2021	4.4	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.19	Forty-Sixth Supplemental Indenture, dated as of March 23, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.625% Senior Note due 2026.	8-K	3/23/2021	4.2	
4.20	Forty-Seventh Supplemental Indenture, dated as of March 23, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.375% Senior Note due 2029.	8-K	3/23/2021	4.3	
4.21	Forty-Eighth Supplemental Indenture, dated as of March 23, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.500% Senior Note due 2031.	8-K	3/23/2021	4.4	
4.22	Forty-Ninth Supplemental Indenture, dated as of March 30, 2021, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	8/3/2021	4.3	
4.23	Indenture, dated as of April 9, 2020 by and among T-Mobile USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee.	8-K	4/13/2020	4.1	
4.24	First Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.500% Senior Secured Note due 2025.	8-K	4/13/2020	4.2	
4.25	Second Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.750% Senior Secured Note due 2027.	8-K	4/13/2020	4.3	
4.26	Third Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.875% Senior Secured Note due 2030.	8-K	4/13/2020	4.4	
4.27	Fourth Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.375% Senior Secured Note due 2040.	8-K	4/13/2020	4.5	
4.28	Fifth Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Secured Note due 2050.	8-K	4/13/2020	4.6	
4.29	Seventh Supplemental Indenture, dated as of June 24, 2020 by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 1.500% Senior Secured Note due 2026.	8-K	6/26/2020	4.2	
4.30	Eighth Supplemental Indenture, dated as of June 24, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.050% Senior Secured Note due 2028.	8-K	6/26/2020	4.3	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.31	Ninth Supplemental Indenture, dated as of June 24, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.550% Senior Secured Note due 2031.	8-K	6/26/2020	4.4	
4.32	Tenth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/6/2020	4.4	
4.33	Eleventh Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/6/2020	4.5	
4.34	Twelfth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.000% Senior Secured Note due 2041.	8-K	10/6/2020	4.6	
4.35	Thirteenth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.300% Senior Secured Note due 2051.	8-K	10/6/2020	4.7	
4.36	Fourteenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.250% Senior Secured Note due 2031.	8-K	10/28/2020	4.4	
4.37	Fifteenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/28/2020	4.5	
4.38	Sixteenth Supplemental Indenture, dated as of October 28, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/28/2020	4.6	
4.39	Seventeenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.600% Senior Secured Note due 2060.	8-K	10/28/2020	4.7	
4.40	Eighteenth Supplemental Indenture, dated as of March 30, 2021, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	S-4	3/30/2021	4.19	
4.41	Nineteenth Supplemental Indenture, dated as of August 13, 2021, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.400% Senior Secured Note due 2052.	8-K	8/13/2021	4.3	
4.42	Twentieth Supplemental Indenture, dated as of August 13, 2021, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	8/13/2021	4.4	
4.43	Twenty-First Supplemental Indenture, dated as of December 6, 2021, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.400% Senior Secured Note due 2029.	8-K	12/6/2021	4.3	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.44	Twenty-Second Supplemental Indenture, dated as of December 6, 2021, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.700% Senior Secured Note due 2032.	8-K	12/6/2021	4.4	
4.45	Twenty-Third Supplemental Indenture, dated as of December 6, 2021, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	12/6/2021	4.5	
4.46	Registration Rights Agreement, dated as of May 13, 2021, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and J.P. Morgan Securities LLC, as representative of the Initial Purchasers (as defined therein).	8-K	5/13/2021	4.5	
4.47	Registration Rights Agreement, dated as of August 13, 2021, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	8/13/2021	4.5	
4.48	Registration Rights Agreement, dated as of December 6, 2021, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Barclays Capital Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	12/6/2021	4.6	
4.49	Indenture, dated as of October 1, 1998, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	10-Q (SEC File No. 001-04721)	11/2/1998	4(b)	
4.50	First Supplemental Indenture, dated as of January 15, 1999, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	2/3/1999	4(b)	
4.51	Second Supplemental Indenture, dated as of October 15, 2001, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	10/29/2001	99	
4.52	Third Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Capital Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	9/11/2013	4.5	
4.53	Fourth Supplemental Indenture, dated as of May 18, 2018, by and among Sprint Capital Corporation, Sprint Communications, Inc., and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	5/18/2018	4.1	
4.54	Fifth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Capital Corporation, Sprint Communications, Inc., Sprint Corporation, T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.), as trustee.	10-Q/A	8/10/2020	4.19	
4.55	Indenture, dated as of November 20, 2006, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/9/2011	4.1	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.56	Sixth Supplemental Indenture, dated as of November 14, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/14/2012	4.1	
4.57	Seventh Supplemental Indenture, dated as of November 20, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/20/2012	4.1	
4.58	Eighth Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.4	
4.59	Thirteenth Supplemental Indenture, dated as of May 14, 2018, by and between Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	8-K (SEC File No. 001-04721)	5/14/2018	4.2	
4.60	Sixteenth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Communications, Inc., T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q/A	8/10/2020	4.27	
4.61	Indenture, dated as of September 11, 2013, by and between Sprint Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.1	
4.62	Second Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.3	
4.63	Third Supplemental Indenture, dated as of December 12, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	12/12/2013	4.1	
4.64	Fourth Supplemental Indenture, dated as of February 24, 2015, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	2/24/2015	4.1	
4.65	Fifth Supplemental Indenture, dated as of February 22, 2018, by and among Sprint Corporation, Sprint Communications, Inc., and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	2/22/2018	4.1	
4.66	Sixth Supplemental Indenture, dated as of May 14, 2018, by and between Sprint Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	5/14/2018	4.1	
4.67	Eighth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Corporation, Sprint Communications, Inc., T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q/A	8/10/2020	4.36	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
4.68	Indenture, dated as of October 27, 2016, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary.	8-K (SEC File No. 001-04721)	11/2/2016	4.1	
4.69	First Supplemental Indenture, dated as of March 12, 2018, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	3/12/2018	4.1	
4.70	Second Supplemental Indenture, dated as of June 6, 2018, to the Indenture, dated as of October 27, 2016, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas as trustee.	8-K (SEC File No. 001-04721)	6/6/2018	4.1	
4.71	Third Supplemental Indenture, dated as of December 10, 2018, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	10-Q (SEC File No. 001-04721)	1/31/2019	4.1	
4.72	Series 2018-1 Supplement, dated as of March 21, 2018 by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	3/21/2018	10.1	
4.73	Proxy, Lock-Up and ROFR Agreement, dated as of April 1, 2020, by and between Deutsche Telekom AG and SoftBank Group Corp.	13D	4/2/2020	6	
4.74	Proxy, Lock-Up and ROFR Agreement, dated as of June 22, 2020, among Deutsche Telekom AG, Claure Mobile LLC and Raul Marcelo Claure.	13D/A	6/24/2020	49	
4.75	Description of Securities.				X
10.1	Master Agreement, dated as of September 28, 2012, among T-Mobile USA, Inc., Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.1	
10.2	Amendment No. 1, dated as of November 30, 2012, to Master Agreement, dated as of November 30, 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.2	
10.3	Settlement and Amendment No. 2, dated as of May 8, 2014, to Master Agreement, dated as of November 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-K	2/7/2019	10.3	
10.4	Master Prepaid Lease, dated as of November 30, 2012, by and among T-Mobile USA Tower LLC, T-Mobile West Tower LLC, T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.3	
10.5	MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.4	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.6	First Amendment, dated as of November 30, 2012, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.5	
10.7	Second Amendment, dated as of October 31, 2014, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc.	10-K	2/7/2019	10.7	
10.8	Sale Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.6	
10.9	First Amendment, dated as of November 30, 2012, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.7	
10.10	Second Amendment, dated as of October 31, 2014, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-K	2/7/2019	10.10	
10.11	Settlement Technical Closing Agreement, dated as of October 1, 2014, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-K	2/7/2019	10.11	
10.12	Management Agreement, dated as of November 30, 2012, by and among Suncom Wireless Operating Company, L.L.C., Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Property Company, L.L.C., T-Mobile USA Tower LLC, T-Mobile West Tower LLC, CCTMO LLC, T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.8	
10.13	Second Amended and Restated Stockholders' Agreement, dated as of June 22, 2020, by and among T-Mobile US, Inc., Deutsche Telekom AG and SoftBank Group Corp.	S-3ASR	6/22/2020	4.2	
10.14	Support Agreement, dated as of April 29, 2018, by and among SoftBank Group Corp., SoftBank Group Capital Limited, Starburst I, Inc., Galaxy Investment Holdings, Inc., T-Mobile US, Inc., and Deutsche Telekom AG	8-K	04/30/2018	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.16	Letter Agreement, dated as of February 20, 2020, by and among T-Mobile US, Inc., Deutsche Telekom AG and SoftBank Group Corp.	8-K	2/20/2020	10.1	
10.17	License Agreement dated as of April 30, 2013 by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.2	
10.18	Supplemental Agreement, effective as of June 3, 2019, to the License Agreement, dated as of April 30, 2013, by and between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	7/26/2019	10.5	
10.19	Amendment No. 1, dated as of April 1, 2020, to the License Agreement, dated as of April 30, 2013, by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	4/1/2020	10.3	
10.20*	Master Network Services Agreement, dated as of July 1, 2020, between T-Mobile USA, Inc., DISH Purchasing Corporation and solely for the purposes of Section 13, DISH Network Corporation.	10-Q	11/5/2020	10.1	
10.21*	License Purchase Agreement, dated as of July 1, 2020, by and between T-Mobile USA, Inc. and DISH Network Corporation.	10-Q	11/5/2020	10.2	
10.22	First Amended and Restated Receivables Sale and Conveyancing Agreement, dated as of March 2, 2021, by and among T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-Q	5/4/2021	10.5	
10.23	First Amended and Restated Receivables Sale and Contribution Agreement, dated as of March 2, 2021, by and between T-Mobile PCS Holdings LLCS, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	5/4/2021	10.6	
10.24	Fifth Amended and Restated Master Receivables Purchase Agreement, dated as of March 2, 2021, among T-Mobile Airtime Funding LLC, as transferor, T-Mobile PCS Holdings LLC, in its individual capacity and as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors, Billing Gate One LLC, as outgoing purchaser, Landesbank Hessen-Thüringen Girozentrale, as outgoing bank purchasing agent, MUFG Bank (Europe) N.V., Germany Branch, as outgoing bank collections agent, The Toronto-Dominion Bank, as administrative agent, and certain financial institutions party thereto.	10-Q	5/4/2021	10.7	
10.25	First Amendment to Fifth Amended and Restated Master Receivables Purchase Agreement, dated as of June 18, 2021, by and among T-Mobile Airtime Funding LLC, as transferor, T-Mobile PCS Holdings LLC, in its individual capacity and as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors, The Toronto-Dominion Bank, as administrative agent, and certain financial institutions party thereto.	10-Q	8/3/2021	10.4	
10.26	Performance Guaranty, dated as of March 2, 2021, by T-Mobile US, Inc. and T-Mobile USA, Inc.	10-Q	5/4/2021	10.8	
10.27	Receivables Sale and Conveyancing Agreement, dated as of November 10, 2021, by and among Sprint Spectrum LLC and SprintCom, Inc., each as a seller, and T-Mobile Financial LLC, as purchaser.				X
10.28	Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/30/2018	10.2	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.29	First Amendment, dated as of November 2, 2020, to Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-K	2/23/2021	10.32	
10.30	Second Amendment, dated as of November 10, 2021, to Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.				X
10.31	Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as performance guarantors, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	10/30/2018	10.1	
10.32	First Amendment, dated as of December 21, 2018, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as performance guarantors, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-K	2/7/2019	10.45	
10.33	Second Amendment, dated as of February 14, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.	10-Q	5/6/2020	10.1	
10.34	Third Amendment, dated as of April 30, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.	10-Q/A	8/10/2020	10.15	
10.35	Fourth Amendment, dated as of November 2, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.	10-K	2/23/2021	10.37	
10.36	Fifth Amendment, dated as of August 16, 2021, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, and T-Mobile Financial LLC, individually and as servicer.	10-Q	11/2/2021	10.1	
10.37	Sixth Amendment, dated as of November 10, 2021, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, individually and as				X

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.38	Amended and Restated Performance Guaranty, dated as of November 10, 2021, by T-Mobile US, Inc. and T-Mobile USA, Inc.				X
10.39	Purchase Agreement, dated as of March 13, 2017, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	3/16/2017	10.1	
10.40	Purchase Agreement, dated as of January 22, 2018, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	1/25/2018	10.1	
10.41	Credit Agreement, dated as of April 1, 2020, by and among T-Mobile USA, Inc., the issuing banks and lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent.	10-Q/A	8/10/2020	10.3	
10.42	First Incremental Facility Amendment, dated as of September 16, 2020, to the Credit Agreement, dated as of April 1, 2020, among T-Mobile USA, Inc., Deutsche Bank AG New York Branch, as administrative agent and each Incremental Revolving Lender as defined therein.	8-K	9/17/2020	10.1	
10.43	Second Amendment, dated as of October 29, 2021, to the Credit Agreement, dated as of April 1, 2020, among T-Mobile USA, Inc., the lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent.				X
10.44	Guarantee Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc. and the other guarantors party thereto in favor of Deutsche Bank AG New York Branch, as administrative agent.	10-Q/A	8/10/2020	10.4	
10.45	Collateral Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc. and the other grantors party thereto in favor of Deutsche Bank Trust Company Americas, as collateral trustee.	10-Q/A	8/10/2020	10.7	
10.46	Collateral Trust and Intercreditor Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the other grantors party thereto, Deutsche Bank AG New York Branch, as first priority agent, the holder representatives party thereto and Deutsche Bank Trust Company Americas, as collateral trustee.	10-Q/A	8/10/2020	10.8	
10.47	Guarantee and Collateral Agreement, dated October 27, 2016, among Deutsche Bank Trust Company Americas, Sprint Spectrum PledgeCo LLC, Sprint Spectrum PledgeCo II LLC, Sprint Spectrum PledgeCo III LLC, Sprint Spectrum License Holder LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC.	8-K (SEC File No. 001-04721)	11/2/2016	10.1	
10.48	Intra-Company Spectrum Lease Agreement, dated as of October 27, 2016, among Sprint Spectrum License Holder LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC and the guarantors.	8-K (SEC File No. 001-04721)	11/2/2016	10.2	
10.49	First Amendment to Intra-Company Spectrum Lease Agreement, dated as of March 12, 2018, among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC.	8-K (SEC File No. 001-04721)	3/12/2018	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.50	Second Amendment to Intra-Company Spectrum Lease Agreement, dated as of June 6, 2018, among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC, Sprint Corporation and the subsidiary guarantors.	8-K (SEC File No. 001-04721)	6/6/2018	10.1	
10.51	Guarantee Assumption Agreement, dated as of April 1, 2020, by and among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC, Sprint Spectrum License Holder III LLC, T-Mobile, T-Mobile USA and certain subsidiary guarantors.	10-Q/A	8/10/2020	10.13	
10.52	Guarantee Assumption Agreement, dated as of March 30, 2021, by and among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC, Sprint Spectrum License Holder III LLC and certain subsidiary guarantors.	10-Q	8/3/2021	10.3	
10.53	Master Framework Agreement, dated as of June 22, 2020, by and among SoftBank Group Corp., SoftBank Group Capital Ltd, Delaware Project 4 L.L.C., Delaware Project 6 L.L.C., Claure Mobile LLC, Deutsche Telekom AG, T-Mobile US, Inc. and T-Mobile Agent LLC.	8-K	6/26/2020	10.1	
10.54	Share Repurchase Agreement, dated as of June 22, 2020, between SoftBank Group Capital Ltd and T-Mobile US, Inc.	8-K	6/26/2020	10.2	
10.55	Share Purchase Agreement, dated as of June 22, 2020, among Raul Marcelo Claure, Claure Mobile LLC and T-Mobile US, Inc.	13D/A	6/25/2020	15	
10.56**	MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan.	Schedule 14A	4/19/2010	Annex A	
10.57**	Employment Agreement, effective November 15, 2019, between T-Mobile US, Inc. and Michael Sievert.	10-K	2/9/2020	10.61	
10.58**	Amendment No. 1, dated as of March 26, 2020, to the Amended and Restated Employment Agreement, dated as of November 15, 2019, by and between the Company and G. Michael Sievert.	10-Q	5/6/2020	10.6	
10.59**	Compensation Term Sheet between Neville Ray and T-Mobile US, Inc., effective as of November 15, 2019.	10-K	2/6/2020	10.65	
10.60**	PRSU Agreement, dated as of April 1, 2020, by and between the Company and Neville R. Ray.	10-Q	5/6/2020	10.4	
10.61**	Form of Severance Letter Agreement.	10-Q	5/1/2018	10.9	
10.62**	Form of Indemnification and Advancement Agreement.	10-K	2/8/2018	10.76	
10.63**	T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan (As Amended and Restated Effective as of January 1, 2014).	10-K	2/25/2014	10.39	
10.64**	First Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan	10-K	2/7/2019	10.75	
10.65**	Second Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan.	10-K	2/23/2021	10.70	
10.66**	T-Mobile US, Inc. Executive Continuity Plan as Amended and Restated Effective as of January 1, 2014.	8-K	10/25/2013	10.1	
10.67**	T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	10-Q	8/8/2013	10.20	
10.68**	Amendment to T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	Schedule 14A	4/26/2018	Annex A	
10.69**	T-Mobile USA, Inc. 2011 Long-Term Incentive Plan.	10-Q	8/8/2013	10.21	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Filing	Exhibit Number	
10.70**	Annual Incentive Award Notice under the 2013 Omnibus Incentive Plan.	10-Q	5/4/2021	10.4	
10.71**	T-Mobile US, Inc. 2014 Employee Stock Purchase Plan.	S-8	2/19/2015	99.1	
10.72**	Sprint Corporation 2007 Omnibus Incentive Plan.	8-K (SEC File No. 001-04721)	9/20/2013	10.2	
10.73**	Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan.	10-Q (SEC File No. 001-04721)	2/6/2017	10.1	
10.74**	Form of Sprint Corporation Evidence of Award 2014 Long-term Incentive Plan Stock Options.	10-Q (SEC File No. 001-04721)	8/8/2014	10.12	
10.75**	Form of Sprint Corporation Award Agreement (awarding stock options) under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q (SEC File No. 001-04721)	8/3/2017	10.3	
10.76**	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q	5/4/2021	10.1	
10.77**	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) for Executive Officers under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q	5/4/2021	10.2	
10.78**	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	5/6/2020	10.7	
10.79**	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) (Stock Settled) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	5/6/2020	10.8	
10.80**	Amended Director Compensation Program effective as of May 1, 2013 (amended June 4, 2014 and further amended on June 1, 2015, June 16, 2016, June 13, 2017, June 13, 2019 and June 4, 2020).	10-Q/A	8/10/2020	10.30	
10.81**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	8-K	6/4/2013	10.2	
10.82**	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) (Cash Settled) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	5/4/2021	10.3	
10.83**	Letter Agreement, dated as of March 25, 2019, by and between the Company and David A. Miller.	10-Q	8/3/2021	10.1	
10.84**	Letter Agreement, dated as of April 8, 2021, by and between the Company and David A. Miller.	10-Q	8/3/2021	10.2	
21.1	Subsidiaries of Registrant.				X
22.1	List of Guarantor Subsidiaries.				X
23.1	Consent of PricewaterhouseCoopers LLP.				X
24.1	Power of Attorney, pursuant to which amendments to this Form 10-K may be filed (included on the signature page contained in Part IV of the Form 10-K).				X

Index for Notes to the Consolidated Financial Statements

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1***	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2***	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).				

* Certain confidential information contained in this exhibit has been omitted because it is both (i) not material and (ii) would likely cause competitive harm if publicly disclosed.

** Indicates a management contract or compensatory plan or arrangement.

*** Furnished herewith.

Index for Notes to the Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

February 11, 2022

/s/ G. Michael Sievert
G. Michael Sievert
Chief Executive Officer

Each person whose signature appears below constitutes and appoints G. Michael Sievert and Peter Osvaldik, and each or any of them, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements (including post-effective amendments) to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 11, 2022.

Signature	Title
/s/ G. Michael Sievert G. Michael Sievert	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Peter Osvaldik Peter Osvaldik	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Dara Bazzano Dara Bazzano	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)
/s/ Timotheus Höttges Timotheus Höttges	Chairman of the Board
/s/ Marcelo Claure Marcelo Claure	Director
/s/ Srikant M. Datar Srikant M. Datar	Director
/s/ Bavan Holloway Bavan Holloway	Director

/s/ Christian P. Illek Director

Christian P. Illek

/s/ Raphael Kübler Raphael Kübler	Director
/s/ Thorsten Langheim Thorsten Langheim	Director
/s/ Dominique Leroy Dominique Leroy	Director
/s/ Letitia A. Long Letitia A. Long	Director
/s/ Teresa A. Taylor Teresa A. Taylor	Director
/s/ Omar Tazi Omar Tazi	Director
/s/ Kelvin R. Westbrook Kelvin R. Westbrook	Director
/s/ Michael Wilkens Michael Wilkens	Director

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 1-33409

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T-MOBILE US, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-0836269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12920 SE 38th Street
Bellevue, Washington
(Address of principal executive offices)
98006-1350
(Zip Code)

(425) 378-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.00001 per share	TMUS	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

As of June 30, 2020, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $40.7 billion based on the closing sale price as reported on the NASDAQ Global Select Market. As of February 17, 2021, there were 1,242,804,085 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K will be incorporated by reference from certain portions of the definitive Proxy Statement for the Registrant's 2021 Annual Meeting of Stockholders, which definitive Proxy Statement will be

filed with the Securities and Exchange Commission pursuant to Regulation 14A or will be included in an amendment to this Report.

T-Mobile US, Inc.
Form 10-K
For the Year Ended December 31, 2020

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of this Form 10-K, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- natural disasters, public health crises, including the COVID-19 pandemic (the "Pandemic"), terrorist attacks or similar incidents;
- adverse economic, political or market conditions in the U.S. and international markets, including those caused by the Pandemic;
- competition, industry consolidation and changes in the market condition for wireless services;
- data loss or other security breaches;
- the scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use;
- our inability to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture;
- our inability to take advantage of technological developments on a timely basis;
- system failures and business disruptions, allowing for unauthorized use of or interference with our network and other systems;
- the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of the Transactions (as defined below), including the Prepaid Transaction (as defined in Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements), the complaint and proposed final judgment (the "Consent Decree") agreed to by us, Deutsche Telekom AG ("DT"), Sprint Corporation ("Sprint"), SoftBank Group Corp. ("SoftBank") and DISH Network Corporation ("DISH") with the U.S. District Court for the District of Columbia, which was approved by the Court on April 1, 2020, the proposed commitments filed with the Secretary of the Federal Communications Commission ("FCC"), which we announced on May 20, 2019, certain national security commitments and undertakings, and any other commitments or undertakings entered into including but not limited to those we have made to certain states and nongovernmental organizations (collectively, the "Government Commitments"), and the challenges in satisfying the Government Commitments in the required time frames and the significant cumulative cost incurred in tracking, monitoring and complying with them;
- our inability to manage the ongoing commercial and transition services arrangements that we entered into with DISH in connection with the Prepaid Transaction, which we completed on July 1, 2020 (collectively, the "Divestiture Transaction"), and known or unknown liabilities arising in connection therewith;
- the effects of any future acquisition, investment, or merger involving us;
- any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business;
- the occurrence of high fraud rates or volumes related to device financing, customer payment cards, third-party dealers, employees, subscriptions, identities or account takeover fraud;
- our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms or to comply with the restrictive covenants contained therein;
- adverse changes in the ratings of our debt securities or adverse conditions in the credit markets;
- the risk of future material weaknesses we may identify while we work to integrate and align policies, principles and practices of the two companies following the Merger (as defined below), or any other failure by us to maintain effective internal controls, and the resulting significant costs and reputational damage;
- any changes in regulations or in the regulatory framework under which we operate;
- laws and regulations relating to the handling of privacy and data protection;
- unfavorable outcomes of existing or future legal proceedings;

- our offering of regulated financial services products and exposure to a wide variety of state and federal regulations;
- new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations;

- the possibility that we may be unable to renew our spectrum leases on attractive terms or the possible revocation of our existing licenses in the event that we violate applicable laws;
- interests of our significant stockholders that may differ from the interests of other stockholders;
- future sales of our common stock by DT and SoftBank and our inability to attract additional equity financing outside the United States due to foreign ownership limitations by the FCC;
- the volatility of our stock price and our lack of plan to pay cash dividends in the foreseeable future;
- failure to realize the expected benefits and synergies of the merger (the "Merger") with Sprint, pursuant to the Business Combination Agreement with Sprint and the other parties named therein (as amended, the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions") in the expected timeframes or in the amounts anticipated;
- any delay and costs of, or difficulties in, integrating our business and Sprint's business and operations, and unexpected additional operating costs, customer loss and business disruption, including maintaining relationships with employees, customers, suppliers or vendors;
- unanticipated difficulties, disruption, or significant delays in our long-term strategy to migrate Sprint's legacy customers onto T-Mobile's existing billing platforms; and
- changes to existing or the issuance of new accounting standards by the Financial Accounting Standards Board or other regulatory agencies.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-K, unless the context indicates otherwise, references to "T-Mobile," "our Company," "the Company," "we," "our," and "us" refer to T-Mobile US, Inc. as a standalone company prior to April 1, 2020, the date we completed the Merger with Sprint, and on and after April 1, 2020, refer to the combined company as a result of the Merger.

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We intend to also use certain social media accounts as means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD (the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and the @MikeSievert Twitter account (https://twitter.com/MikeSievert), which Mr. Sievert also uses as a means for personal communications and observations). The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on our Investor Relations website.

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PART I.

Item 1. Business

Business Overview and Strategy

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we have disrupted the wireless communications services industry, by actively engaging with and listening to our customers and eliminating their existing pain points, including providing them with added value, an exceptional experience and implementing signature Un-carrier initiatives that have changed wireless for good. We ended annual service contracts, overages, unpredictable international roaming fees, data buckets and so much more. We are inspired by a relentless customer experience focus, consistently leading the wireless industry in customer care by delivering an excellent customer experience with our "Team of Experts," which drives our record-high customer satisfaction levels while enabling operational efficiencies.

The Un-carrier was supercharged upon the completion of our Merger with Sprint on April 1, 2020, which resulted in Sprint and its subsidiaries becoming wholly owned consolidated subsidiaries of T-Mobile. Through the Merger, we acquired Sprint's customers and 2.5 GHz mid-band spectrum, among other assets. As the supercharged Un-carrier, we are on a mission to build America's best 5G network, offering customers unrivalled coverage and capacity where they live, work and play. Our network is the foundation of our success and powers everything we do. As one company, we have begun to combine our mid-band spectrum licenses, including Advanced Wireless Services ("AWS"), Personal Communications Services ("PCS") and 2.5 GHz, our millimeter-wave licenses and our foundational layer of low-band spectrum, including 600 MHz, 700 MHz and 800 MHz, to create a "layer cake" of spectrum and provide an unmatched 5G experience to our customers. We believe this layer cake will broaden and deepen our nationwide 5G network enabling accelerated innovation and increased competition in the U.S. wireless, video and broadband industries. We have achieved and expect to continue to achieve significant synergies and cost reductions by eliminating redundancies within the combined network as well as other business processes and operations.

For more information related to the Merger, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Sprint Merger and Note 2 - Business Combination of the Notes to the Consolidated Financial Statements.

Our 4G Long-Term Evolution ("LTE") network covers 328 million people (99% of the U.S. population). Additionally, our 5G network is America's largest, covering 1.6 million square miles, 280 million people and 9,100 cities and towns across the United States, including Puerto Rico and the U.S. Virgin Islands, as of December 31, 2020.

We continue to expand the footprint and improve the quality of our network, providing outstanding wireless experiences for customers who will not have to compromise on quality and value. Going forward, it is this network that will allow us to deliver new, innovative products and services with the same customer experience focus and industry-disrupting mentality that has redefined the wireless communications services industry in the United States in the customers' favor.

Business

As of December 31, 2020, we provide wireless services to 102.1 million postpaid and prepaid customers and generate revenue by providing affordable wireless communications services to these customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses relate to operating and expanding our network, providing a full range of devices, acquiring and retaining high-quality customers and compensating employees. We provide service, devices and accessories across our flagship brands, T-Mobile and Metro by T-Mobile, through our owned and operated retail stores, as well as through our websites (www.t-mobile.com and www.metrobyt-mobile.com), T-Mobile app and customer care channels. In addition, we sell devices to dealers and other third-party distributors for resale through independent third-party retail outlets and a variety of third-party websites. The information on our websites is not part of this Form 10-K. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Services and Products

We provide wireless communications services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, wearables, tablets and other mobile communication devices, which are manufactured by various suppliers.

Our primary service plan offering, which allows customers to subscribe for wireless communications services separately from the purchase of a device, is our signature Magenta plan ("Magenta"), which includes, among other benefits, unlimited talk, text and smartphone data on our network, 5G access at no extra cost, scam protection features and more. Customers also have the ability to choose additional features, such as HD video streaming and increased high-speed hotspot data, for an additional cost on our Magenta Plus plan. We also offer an Essentials rate plan for customers who want the basics, as well as specific rate plans to qualifying customers, including Unlimited 55+, Military, First Responder, and Business.

Our device options for qualifying customers include:

- The option of financing all or a portion of the individual device or accessory purchase price at the time of sale over an installment period, generally of 24 months, using an Equipment Installment Plan ("EIP");
- For qualifying customers who finance their initial device with an EIP, an option to enroll in our Just Upgrade My Phone ("JUMP!®") program to later upgrade their device; and
- The option to lease a device over a period of up to 18 months and upgrade it when eligibility requirements are met.

We also provide products that are complementary to our wireless communications services, including device protection, Home Internet, TVision™ and wireline communication services to domestic and international customers.

In August 2020, we unified the Sprint retail operations under the T-Mobile brand, providing Sprint customers access to all of our products, services and retail locations.

Customers

We provide wireless communications services to two primary categories of customers:

- Postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, wearables, DIGITS (a service that allows our customers to use multiple mobile numbers on any compatible smartphone or device with internet connection) or other connected devices, which include tablets and SyncUp products; and
- Prepaid customers generally include customers who pay for wireless communications services in advance. Our prepaid customers include customers of T-Mobile and Metro by T-Mobile.

We provide Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers access to our network. This access and the customer relationship is managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communications services to postpaid and prepaid customers. Our ability to attract and retain postpaid and prepaid customers is important to our business in the generation of service revenues, equipment revenues and other revenues. In 2020, our service revenues generated by providing wireless communications services by customer category were:

- 72% Postpaid customers;
- 19% Prepaid customers; and
- 9% Wholesale, roaming and other services.

Substantially all of our revenues for the years ended December 31, 2020, 2019 and 2018, were earned in the United States, including Puerto Rico and the U.S. Virgin Islands.

Network Strategy

On April 1, 2020, we closed our Merger with Sprint, which greatly enhanced our spectrum position. Integration of the spectrum and network assets acquired in the Merger is expected to occur over the next three years.

The integration strategy includes deploying the acquired spectrum on the combined network assets to supplement capacity, migrating Sprint customers to our network and optimizing the combined assets by decommissioning redundant sites to realize synergies.

Spectrum Position

We provide wireless communications services utilizing mid-band spectrum licenses, such as AWS, PCS and 2.5 GHz, low-band spectrum licenses utilizing our 600 MHz, 700 MHz and 800 MHz spectrum and mmWave spectrum.

- We controlled an average of 329 MHz of combined low- and mid-band spectrum nationwide as of December 31, 2020. This spectrum is comprised of:
    - An average of 40 MHz in the 600 MHz band;
    - An average of 10 MHz in the 700 MHz band;
    - An average of 14 MHz in the 800 MHz band;
    - An average of 66 MHz in the 1900 MHz PCS band;
    - An average of 41 MHz in the AWS band; and
    - An average of 158 MHz in the 2.5 GHz band.
- In March 2020, the FCC announced the results of Auctions 103 (37/39 GHz and 47 GHz spectrum bands). We were the winning bidder of 2,384 licenses for an aggregate price of $873 million. Prior to the Merger, the FCC announced that Sprint was the winning bidder of 127 licenses in Auction 103.
- In April 2020, we acquired control of FCC licenses in the 800 MHz, 1900 MHz and 2.5 GHz bands as part of our Merger with Sprint.
- We plan to evaluate future spectrum purchases in current and upcoming auctions and in the secondary market to further augment our current spectrum position.
- As of December 31, 2020, we had equipment deployed on approximately 108,000 macro cell sites and 69,000 small cell/distributed antenna system sites across our T-Mobile and legacy Sprint networks.

5G Leadership

- As of December 31, 2020, our Extended Range 5G covers 280 million people in 9,100 cities and towns covering 1.6 million square miles.
- Our Ultra Capacity 5G covers 106 million people as of December 31, 2020.

Competition

The wireless communications services industry is highly competitive. We are the second largest provider of wireless communications services in the U.S. as measured by our total postpaid and prepaid customers. Our competitors include other national carriers, such as AT&T Inc. (“AT&T”) and Verizon Communications, Inc. (“Verizon”). In addition, our competitors include numerous smaller regional carriers, MVNOs, including TracFone Wireless, Inc., Comcast Corporation, Charter Communications, Inc., Altice USA, Inc. and DISH, many of which offer no-contract, postpaid and prepaid service plans. Competitors also include providers who offer similar communication services, such as voice, messaging and data services, using alternative technologies or services. Competitive factors within the wireless communications services industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies and regulatory changes. Some competitors have shown a willingness to use aggressive pricing as a source of differentiation. Other competitors have sought to add ancillary services, like mobile video or music streaming services, to enhance their offerings. Taken together, the competitive factors we face continue to put pressure on growth and margins as companies compete to retain the current customer base and continue to add new customers.

Human Capital

Employees

As of December 31, 2020, we employed approximately 75,000 full-time and part-time employees, including network, retail, administrative and customer support functions.

Attraction and Retention

We employ a highly skilled workforce within a broad range of functions. Our employees are located throughout the United States, including Puerto Rico, to serve our nationwide network and retail operations. Our headquarters are located in Bellevue, Washington and Overland Park, Kansas.

We attract and retain our workforce through a dynamic and inclusive culture and by providing exceptional benefits, including:

- Competitive medical, dental and vision benefits;
- Annual stock grants to all full-time and part-time employees and a discounted Employee Stock Purchase Program;
- A 401(k) Savings Plan;
- LiveMagenta: a custom-branded program for employee engagement and well-being, including free access to life coaches, financial coaches and tools for healthy living;
- Access to personal health advocates offering independent guidance;
- Tuition assistance for all full-time and part-time employees; and
- A matching program for employee donations and volunteering.

To keep our employees safe during the Pandemic, we implemented remote working arrangements for many employees with a significant portion of our internal and global care employees transitioned to a work-from-home environment. We also encouraged our corporate and administrative employees to work remotely, if possible. For employees who did not have this option, we provided access to incremental paid time off for employees experiencing symptoms, taking care of children who were home due to school closures or caring for individuals impacted by the Pandemic. We also continue to encourage healthy practices such as social distancing and hand washing and have increased cleaning and sanitation in all our facilities and stores. See “Our Response - To Protect and Support Our Employees and Communities” included in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations for information on actions we took to support our employees during the Pandemic.

Training and Development

We believe in providing opportunities for our employees to improve their skills and advance their careers. We do this through a variety of programs, including:

- Award-winning career and development programs for all employees at all levels;
- Transparent career paths available to employees and candidates that provide realistic progression timelines, salaries and expectations;
- A Customer Care organization that uses 96 types of programs to train over 42,000 front line representatives and leaders;
- A Leader-to-Executives Program that provides elite career track opportunities for select MBA students and graduates; and
- Training for employees with disabilities pursuant to U.S. Department of Labor standards.

Diversity, Equity and Inclusion

Diversity, equity and inclusion (“DE&I”) have always been a part of the Un-carrier culture, and we are committed to having DE&I touch every aspect of our future as a bigger and better company. We are on a mission to increase diversity in leadership, talent pipelines, suppliers and customers while embedding inclusive behaviors across the business and investing in the communities we serve.

We have established six DE&I Employee Resource Groups and four sub-affinity groups that have helped us establish and maintain a culture of inclusion. Currently, we have over 55 DE&I chapters across the nation that help spearhead volunteer opportunities, events and meaningful conversation with employees at a local level. Our DE&I networks include the following:

- Accessibility Community at T-Mobile;
- Multicultural Alliance;
    - Asia Pacific & Allies Network;

    - Black Empowerment;
    - Indigenous Peoples Network;
    - Magenta Latinx Network;
- Multigenerational Network;
- Pride;
- Veterans & Allies Network; and
- Women & Allies Network.

We have established an External Diversity and Inclusion Council in connection with our civil rights memorandum of understanding. The council includes civil rights leaders representing a wide-range of underrepresented communities. Together with T-Mobile, the council will help identify ways to improve our efforts in focus areas such as corporate governance, workforce recruitment and retention, procurement, entrepreneurship, philanthropy and community investment.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our licenses and authorizations, the sale, transfer and acquisition of certain licenses, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements that affect our operations and pending proceedings regarding additional or modified requirements that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net neutrality, disabilities access, privacy and cybersecurity, consumer protection and the universal service and Lifeline programs. Many of these and other issues are being considered in ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or operating results. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Except for operations in certain unlicensed frequency bands, wireless communications services providers generally must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10-15 years depending on the particular licenses. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such noncompliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition.

Additionally, Congress's and the FCC's allocation of additional spectrum for broadband commercial mobile radio service ("CMRS"), which includes cellular, PCS and other wireless services, could significantly increase and intensify competition. We cannot assess the impact that any developments that may occur in the U.S. economy or any future spectrum allocations by the FCC may have on license values. FCC spectrum auctions and other market developments may adversely affect the market value of our licenses or our competitive position in the future. A significant decline in the value of our licenses could adversely affect our financial condition and results of operations. In addition, the FCC periodically reviews its policies on how to evaluate carriers' spectrum holdings. A change in these policies could affect spectrum resources and competition among us and other carriers.

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership through an entity controlling the licensee. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest, but must be reviewed and approved. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our Company by DT.

For our Educational Broadband Service ("EBS") licenses in the 2.5 GHz band, FCC rules previously limited eligibility to hold EBS licenses to accredited educational institutions and certain governmental, religious and nonprofit entities, while permitting those license holders to lease up to 95% of their capacity for non-educational purposes. Therefore, we primarily access EBS spectrum through long-term leasing arrangements with EBS license holders. Our EBS spectrum leases typically have an initial

term equal to the remaining term of the EBS license, with an option to renew the lease for additional terms, for a total lease term of up to 30 years. On April 27, 2020, the FCC lifted the restriction on who can hold EBS licenses and the 30-year limitation on lease duration, among other changes. T-Mobile has started to acquire some of these EBS licenses but we continue to lease most of our spectrum in this band and expect that to be the case for some time. The elimination of these restrictions will allow and may encourage current license holders to sell their licenses to other parties, including to T-Mobile. While a majority of our leases have contractual provisions enabling us to match offers, we may be forced to compete with others to purchase 2.5 GHz licenses on the secondary market and expend additional capital earlier than we may have anticipated.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communications services providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of devices while driving, zoning and land use. Notwithstanding this federal preemption, in response to the Pandemic, several state legislatures are considering bills that could potentially set prices, minimum performance standards, and/or restrictions on service discontinuation that could impact our business in those states.

In addition, following the FCC's adoption of the 2017 Restoring Internet Freedom ("RIF") Order reclassifying broadband internet access services as Title I (non-common carrier services), a number of states have sought to impose state-specific net neutrality and privacy requirements on providers' broadband services. The FCC's RIF Order preempted such state efforts, which are inconsistent with the FCC's federal deregulatory approach. Recently, however, the DC Circuit issued a ruling largely upholding the RIF Order, but also vacating the portion of the ruling broadly preempting state/local net neutrality laws. The court left open the prospect that particular state laws could still unlawfully conflict with the FCC net neutrality rules and be preempted; court challenges to some state enactments are pending.

While most states are largely seeking to codify the repealed federal rules, there are differences in some states, notably California, which has passed separate privacy and net neutrality legislation. There are also efforts within Congress to pass federal legislation to codify uniform federal privacy and net neutrality requirements, while also ensuring the preemption of separate state requirements, including the California laws. If not preempted or rescinded, separate state requirements will impose significant business costs and could also result in increased litigation costs and enforcement risks. State authority over wireless broadband services will remain unsettled until final action by the courts or Congress.

In addition, the Federal Trade Commission ("FTC") and other federal agencies have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown, and changes to regulations, or the applicability of regulations, could result in higher operating and capital expenses, or reduced revenues in the future.

Available Information

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically at www.sec.gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are also publicly available free of charge on the investor relations section of our website at investor.t-mobile.com as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our corporate governance guidelines, director selection guidelines, code of ethics for senior financial officers, code of business conduct, speak up policy, supplier code of conduct, and charters for the audit, compensation, nominating and corporate governance, executive and CEO selection committees of our Board of Directors are also posted on the investor relations section of our website at investor.t-mobile.com. The information on our website is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in
evaluating T-Mobile. Our business, financial condition, liquidity, or operating results, as well as the price of our common stock and other securities, could be materially adversely affected by any of these risks.

Risks Related to Our Business and the Wireless Industry

The Pandemic has adversely affected, and will continue to adversely affect, our business, liquidity, financial condition and operating results.

The Pandemic has impacted, and will continue to impact, the demand for our products and services, the ways in which our customers use them, where and how we work, and our suppliers and vendors' ability to provide products to us. As a result, our business, liquidity, financial condition, and operating results have been, and will continue to be, adversely impacted by the Pandemic.

To ensure the safety of both customers and employees, we continue to open, close, and limit capacity of our retail stores in compliance with local and state mandates and orders. However, even when we are able to open stores and provide safe and healthy operating environments, we have seen and may continue to see decreased traffic and therefore lower switching activity in the industry.

In addition, the Pandemic has impacted customers' ability to pay, and we expect to continue to work with them to help them maintain service and become current on their accounts, which may materially and adversely impact our financial results. These efforts may divert resources from our network buildout and put additional strain on our network, potentially leading to impacts on customer experience.

Even after the Pandemic has subsided, we may continue to experience impacts to our business as a result of the Pandemic's global economic impact and any recession that has occurred or may occur in the future. Further, as the Pandemic situation is unprecedented and continuously evolving, the Pandemic may also affect our operating and financial results in a manner that is not presently known to us or in a manner that we currently do not consider to present significant risks to our operations.

Economic, political and market conditions, including those caused by the Pandemic, may adversely affect our business, financial condition, and operating results.

Our business, financial condition and operating results are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, economic growth, energy costs, and other macro-economic factors.

Our services and device financing plans are available to a broad customer base, a significant segment of which may be vulnerable to weak economic conditions, particularly our subprime customers. We may have greater difficulty in gaining new customers within this segment, and existing customers may be more likely to terminate service and default on device financing plans due to an inability to pay.

Further, because we offer a device leasing plan, we expect to realize economic benefit from the estimated residual value of a leased device, which reflects the estimated fair value of the underlying asset at the end of the expected lease term. Changes in residual value assumptions made at lease inception affect the amount of depreciation expense and the net amount of equipment under operating leases. If estimated residual values, in the aggregate, significantly decline due to economic factors, including COVID-19 impacts, obsolescence, or other circumstances, we may not realize such residual value. Sprint historically suffered, and we may suffer, negative consequences including increased costs and increased losses on devices as a result of a lease customer default, the related termination of a lease, and the attempted repossession of the device, including failure of a lease customer to return a leased device.

Weak economic conditions and credit conditions may also adversely impact our suppliers, dealers, and MVNOs, some of which may file for bankruptcy, or may experience cash flow or liquidity problems, or may be unable to obtain or refinance credit such that they may no longer be able to operate. Any of these could adversely impact our ability to distribute, market, or sell our products and services.

Competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers and adversely affect our business, financial condition and operating results.

We have multiple competitors, many of which possess either more or different access to strategic capital assets, and yet we compete for customers based principally on service/device offerings, price, network coverage, speed and quality and customer

service. We expect market saturation to continue to cause the wireless industry's customer growth rate to be moderate in comparison with historical growth rates, leading to ongoing competition for customers. We also expect that our customers' appetite for data services will place increasing demands on our network capacity. This competition and our capacity will continue to put pressure on pricing and margins as companies compete for a relatively fixed pool of customers with an ever-expanding variety of products and services. Our ability to compete will depend upon, among other things, continued absolute and relative improvement in network quality and customer service, effective marketing and selling of products and services, innovation, and attractive pricing, all of which will involve significant expenses.

We face intense and increasing competition from other service providers as industry sectors converge, such as cable, telecom services and content, satellite, and other service providers. Companies such as Altice, Charter and DISH are diversifying outside cable, voice and broadband services to also offer wireless services. Competitors such as Comcast and AT&T provide original content services in addition to wireless, cable, voice and broadband services, and consumers are increasingly accessing video content from Internet-based providers and applications, all of which create increased competition in this area. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of our larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, such as 5G, could make it more difficult for us to continue to attract and retain customers, and may adversely affect our competitive position and ability to grow, which would have a material adverse effect on our business, financial condition and operating results.

Joint ventures, mergers, acquisitions and strategic alliances in the wireless sector have resulted in, and are expected to result in, larger competitors competing for a limited number of customers. Further consolidation, including the pending acquisition of TracFone Wireless by Verizon, could negatively impact our businesses, including wholesale. We will experience declining revenues from our wholesale business if Verizon migrates legacy TracFone customers off the T-Mobile network and DISH migrates Boost customers to their standalone network. Our competitors may also enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, refusal of our competitors to provide critical access to resources and inputs, such as roaming and/or backhaul services, on reasonable terms could negatively impact our business.

We could be harmed by data loss or other security breaches, whether directly or indirectly.

Our business involves the receipt, storage and transmission of our customers' confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions and intellectual property (collectively, "Confidential Information"). Unauthorized access to Confidential Information may be difficult to anticipate, detect, or prevent, particularly given that the methods of unauthorized access constantly change and evolve. We are subject to the threat of unauthorized access or disclosure of Confidential Information by state-sponsored parties, malicious actors, third parties or employees, errors or breaches by third-party suppliers, or other security incidents that could compromise the confidentiality and integrity of Confidential Information.

We have previously notified affected customers of incidents involving unauthorized access to certain customer information in compliance with applicable laws concerning customer notice, and we expect we will provide such notices again. For example, in December 2020, we notified a small number of customers of unauthorized access to their account information that is considered "customer proprietary network information" by the FCC. More typically, such incidents involved attempts to commit fraud by taking control of a customer's phone line. In a few cases, incidents involved unauthorized access to credit card information, financial data, social security numbers or passwords. While we do not believe these security incidents were material and actions were taken to prevent reoccurrence, we expect to continue to be the target of cyber-attacks, data breaches, or security incidents, which may in the future have a material adverse effect on our business, reputation, financial condition, and operating results.

As a telecommunications carrier, we are considered a critical infrastructure provider and therefore may be more likely to be the target of cyber-attacks (e.g., denial of service and other malicious attacks). Such attacks against companies may be perpetrated by a variety of groups or persons, including those in jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we provide confidential, proprietary and personal information to third-party service providers as part of our business operations. These third-party service providers have experienced data breaches and other attacks that included unauthorized access to Confidential Information in the past, and face security challenges common to all parties that collect and

process information. Past data breaches include a breach of the networks of one of our credit decisioning providers in September 2015, during which a subset of records containing current and potential customer information was acquired by an external party.

Our procedures and safeguards to prevent unauthorized access to sensitive data and to defend against attacks seeking to disrupt our services must be continually evaluated and revised to address the ever-evolving threat landscape. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third-party supplier environments. If we or our third-party suppliers are subject to such attacks or security breaches, we may incur significant costs or other material financial impacts, which may not be covered by, or may exceed the coverage limits of, our cyber insurance, be subject to regulatory investigations, sanctions and private litigation, experience disruptions to our operations or suffer damage to our reputation. Any future cyber-attacks, data breaches, or security incidents may have a material adverse effect on our business, financial condition and operating results.

The scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use, may adversely affect our business, financial condition and operating results.

As a result of completing the Transactions, we acquired additional spectrum from Sprint, including 2.5 GHz spectrum, that we need in order to continue our customer growth, expand and deepen our coverage, maintain our quality of service, meet increasing customer demands, and deploy new technologies. Although the Merger has reduced our immediate need to acquire additional spectrum, as we continue to enhance the quality of our services in certain geographic areas and deploy new technologies, including 5G, we may acquire additional spectrum in the future. As a result, we will continue to actively seek to make additional investment in spectrum, which could be significant.

The continued interest in, and acquisition of, spectrum by existing carriers and others may reduce our ability to acquire and/or increase the cost of acquiring spectrum in the secondary market or negatively impact our ability to gain access to spectrum through other means, including government auctions. Our return on investment in spectrum depends on our ability to attract additional customers and to provide additional services and usage to existing customers. Additionally, the FCC may not be able to provide sufficient additional spectrum to auction or we may be unable to secure the spectrum necessary to maintain or enhance our competitive position in any auction we may elect to participate in or in the secondary market, on favorable terms or at all.

The FCC may impose conditions on the acquisition and use of new wireless broadband mobile spectrum that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

If we cannot acquire needed spectrum from the government or otherwise, if competitors acquire spectrum that will allow them to provide services competitive with our services, or if we cannot deploy services over acquired spectrum on a timely basis without burdensome conditions, at reasonable cost, and while maintaining network quality levels, our ability to attract and retain customers and our business, financial condition and operating results could be materially adversely affected.

We rely on highly skilled personnel throughout all levels of our business. Our business could be harmed if we are unable to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture.

The market for highly skilled workers and leaders in our industry is extremely competitive. We believe that our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented personnel for all areas of our organization, including our CEO and the other members of our senior leadership team. In addition, certain members of our senior leadership team, including our CEO have term employment agreements with us. Our inability to extend the terms of these employment agreements or to replace these members of our senior leadership team at the end of their terms with qualified and capable successors could hinder our strategic planning and execution. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, changes to U.S. immigration policy, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our Company and our industry, and the effectiveness of our compensation programs.

In addition, uncertainty about the process of integrating T-Mobile's and Sprint's businesses could have an adverse impact on our employees. These uncertainties may impact our ability to attract, retain and motivate key personnel, as existing and prospective employees may experience uncertainty about their future roles with us. If key employees depart, our business could be negatively impacted. We may incur significant costs in identifying, hiring and replacing departing employees and may lose

significant expertise and talent. As a result, we may not be able to meet our business plan and our revenue growth and profitability may be materially adversely affected.

If we are unable to take advantage of technological developments on a timely basis, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Significant technological changes continue to impact the communications industry. In order to grow and remain competitive, we will need to adapt to future changes in technology, continually invest in our network, increase network capacity, enhance our existing offerings, and introduce new offerings to address our current and potential customers' changing demands. Enhancing our network, including our 5G network, is subject to risk from equipment changes and migration of customers from older technologies. Adopting new and sophisticated technologies may result in implementation issues such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, customer dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. If our new services fail to retain or gain acceptance in the marketplace or if costs associated with these services are higher than anticipated, this could have a material adverse effect on our business, brand, financial condition and operating results.

System failures and business disruptions may allow unauthorized use of or interference with our network and other systems, which could materially adversely affect our reputation and financial condition.

To be successful, we must provide our customers with reliable, trustworthy service and protect the communications, location, and personal information shared or generated by our customers. We rely upon systems and networks - those of suppliers and other providers, in addition to our own - to provide and support our services and, in some cases, protect our customers' information and our information. System, network or infrastructure failures may prevent us from providing reliable service or may allow for unauthorized use of or interference with our networks and other systems or the compromise of customer information. Examples of these risks include:

- human error such as responding to deceptive communications or unintentionally executing malicious code;
- physical damage, power surges or outages, or equipment failure with respect to both our wireless and wireline networks, including those as a result of severe weather and, natural disasters, public health crises, terrorist attacks, political instability and volatility, and acts of war;
- theft of customer and/or proprietary information offered for sale for competitive advantage or corporate extortion;
- unauthorized access to our IT and business systems or to our network and critical infrastructure and those of our suppliers and other providers;
- supplier failures or delays; and
- system failures or outages of our business systems or communications network.

Such events could cause us to lose customers, lose revenue, incur expenses, suffer reputational damage, and subject us to fines, penalties, adverse actions or judgments, litigation or governmental investigation. Remediation costs could include liability for information loss, costs of repairing infrastructure and systems, and/or costs of incentives offered to customers. Our insurance may not cover, or be adequate to fully reimburse us for, costs and losses associated with such events.

The challenges in satisfying the large number of Government Commitments in the required time frames and the significant cumulative cost incurred in tracking, monitoring and complying with them could adversely impact our business, financial condition and operating results.

In connection with the regulatory proceedings and approvals required to close the Transactions, we agreed to various Government Commitments. These Government Commitments include, among other things, extensive 5G network build-out commitments, obligations to deliver high-speed wireless services to the vast majority of Americans, and marketing an in-home broadband product to households where spectrum capacity is sufficient. Other Government Commitments relate to national security, pricing and availability of rate plans, employment, substantial monetary contributions to support organizations, and implementation of diversity and inclusion initiatives. The majority of the Government Commitments specify time frames for compliance and reporting. Failure to fulfill our obligations under

these Government Commitments in a timely manner could result in substantial fines, penalties, or other legal and administrative actions.

We expect to incur significant costs, expenses and fees to track, monitor, comply with and fulfill our obligations under these Government Commitments. In addition, abiding by the Government Commitments may divert our management's time and energy away from other business operations and could force us to make business decisions we would not otherwise make and forego taking actions that might be beneficial to the Company. The challenges in satisfying the large number of Government Commitments in the required time frames and the cost incurred in tracking, monitoring and complying with them could also adversely impact our business, financial condition and operating results and hinder our ability to effectively compete.

Our business may be adversely impacted if we are not able to successfully manage the ongoing commercial and transition services arrangements entered into in connection with the Divestiture Transaction and known or unknown liabilities arising in connection therewith.

In connection with the closing of the Divestiture Transaction, we and DISH entered into certain commercial and transition services arrangements, including a Master Network Services Agreement (the "MNSA") and a Spectrum Purchase Agreement (the "Spectrum Purchase Agreement"). Pursuant to the MNSA, DISH will receive network services from the Company for a period of seven years. As set forth in the MNSA, the Company will provide DISH, among other things, (a) legacy network services for certain Boost Mobile prepaid end users on the Sprint network, (b) T-Mobile network services for certain end users that have been migrated to the T-Mobile network or provisioned on the T-Mobile network by or on behalf of DISH and (c) infrastructure mobile network operator services to assist in the access and integration of the DISH network. Pursuant to the Spectrum Purchase Agreement, DISH has agreed to purchase all of Sprint's 800 MHz spectrum (approximately 13.5 MHz of nationwide spectrum) for a total of approximately $3.6 billion; provided, however, that if DISH breaches the Spectrum Purchase agreement prior to the closing or fails to deliver the purchase price following the satisfaction or waiver of all closing conditions, DISH's sole liability will be to pay us a fee of approximately $72 million. In such instance, T-Mobile may be required to conduct an auction sale of all of Sprint's 800 MHz spectrum under the terms set forth in the Consent Decree, but would not be required to divest such spectrum for an amount less than $3.6 billion. The covered spectrum sale will not occur before the third anniversary of the Merger (i.e., not before April 1, 2023), but must be divested within the later of three years after the closing of the Divestiture Transaction and five days after receipt of the approval from the FCC for the transfer, following an application for FCC approval to be filed by the third anniversary of the closing of the Merger. T-Mobile may exercise an option to lease back 4 MHz (2 MHz downlink + 2 MHz uplink) of the spectrum for two years following the closing of the 800 MHz spectrum sale at the same per person rate used to calculate the purchase price paid by DISH to T-Mobile – a rate of approximately $68 million per year.

Failure to successfully manage these ongoing commercial and transition services arrangements entered into in connection with the Divestiture Transaction and liabilities arising in connection therewith may result in material unanticipated problems, including diversion of management time and energy, significant expenses and liabilities. There may also be other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Divestiture Transaction, the occurrence of which could materially impact our business, financial condition, liquidity and operating results. In addition, there may be an increase in competition from DISH and other third parties that DISH may enter into commercial agreements with, who are significantly larger and with greater resources and scale advantages as compared to us. Such increased competition may result in our loss of customers and other business relationships.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm our business.

We may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with our business;

- difficulties in effectively integrating the financial and operational systems of the business involved in any such transaction into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction-related expenses in connection with any such transaction, whether consummated or not;

- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction;
- acquisition financing may not be available on reasonable terms or at all and any such financing could significantly increase our outstanding indebtedness or otherwise affect our capital structure or credit ratings; and
- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from the transaction, which could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

For any or all of these reasons, acquisitions, investments, or mergers may have a material adverse effect on our business, financial condition and operating results.

We rely on third parties to provide products and services for the operation of our business, and the failure or inability of such parties to provide these products or services could adversely affect our business, financial condition and operating results.

We depend heavily on suppliers, service providers, their subcontractors and other third parties for us to efficiently operate our business. Due to the complexity of our business, it is not unusual to engage a diverse set of suppliers to help us develop, maintain, and troubleshoot products and services such as wireless and wireline network components, software development services, and billing and customer service support. Some of our suppliers may provide services from outside of the United States, which carries additional regulatory and legal obligations. We commonly rely on suppliers to provide us with contractual assurances and to disclose accurate information regarding risks associated with their provision of products or services in accordance with our policies and standards, including our Supplier Code of Conduct and our third-party risk management practices. The failure of our suppliers to comply with our expectations and policies could have a material adverse effect on our business, financial condition and operating results.

Many of the products and services we use are available through multiple sources and suppliers. However, there are a limited number of suppliers who can support or provide billing services, voice and data communications transport services, wireless or wireline network infrastructure, equipment, handsets, other devices, and payment processing services, among other products and services. Disruptions or failure of such suppliers to adequately perform could have a material adverse effect on our business, financial condition and operating results.

Our suppliers, service providers and their subcontractors may not perform at the levels we expect or at the levels required by their contracts. Our suppliers are also subject to their own risks, including, but not limited to, economic, financial and credit conditions and the risks of natural catastrophic events such as earthquakes, floods, hurricanes and public health crises such as the Pandemic. Our business could be severely disrupted if critical suppliers or service providers fail to comply with their contracts or if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier or if we are required to replace the supplied products or services with those from another source, especially if the replacement becomes necessary on short notice. Any such disruptions could have a material adverse effect on our business, financial condition and operating results.

Our financial condition and operating results will be negatively affected if we experience high fraud rates or volumes related to device financing, customer payment cards, third-party dealers, employees, subscriptions, identities or account takeover fraud.

Our operating costs could increase substantially as a result of fraud, including any fraud related to device financing, customer payment cards, third-party dealers, employees, subscriptions, service use/abuse, or account takeover fraud. If our fraud strategies and processes are not successful in detecting, mitigating, and preventing fraud, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operation results. This includes fraudulent activities perpetrated directly against us or through the systems, processes, and operations of third parties such as national retailers, dealers, and others.

Risks Related to Our Indebtedness

Our substantial level of indebtedness could adversely affect our business flexibility and increase our borrowing costs.

We have, and we expect that we will continue to have, a substantial amount of debt. Our substantial level of indebtedness could have the effect of, among other things, reducing our flexibility in responding to changing business, economic, market and

industry conditions and increasing the amount of cash required to service our debt. In addition, this level of indebtedness may reduce funds available to support efforts to integrate T-Mobile's and Sprint's businesses and realize the expected benefits of the Transactions, and may also reduce funds available for capital expenditures, share repurchases and other activities. Those impacts may put us at a competitive disadvantage relative to other companies with lower debt levels. Further, we may need to incur substantial additional indebtedness in the future, subject to the restrictions contained in our debt instruments, which could increase the risks associated with our capital structure.

Because of our substantial indebtedness, there is a risk that we may not be able to service our debt obligations in accordance with their terms.

Our ability to service our substantial debt obligations will depend on future performance, which will be affected by business, economic, market and industry conditions and other factors, including our ability to achieve the expected benefits of the Transactions. There is no guarantee that we will be able to generate sufficient cash flow to service our debt obligations when due. If we are unable to meet such obligations or fail to comply with the financial and other restrictive covenants contained in the agreements governing such debt obligations, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices or make additional borrowings. We may not be able to, at any given time, refinance our debt, sell assets or make additional borrowings on commercially reasonable terms or at all, which could have a material adverse effect on our business, financial condition and operating results.

In addition, instability in the global financial markets could lead to periodic volatility in the credit, equity, and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

Some or all of our variable-rate indebtedness may use the London Inter-Bank Offered Rate ("LIBOR") as a benchmark for establishing the rate. LIBOR will be discontinued after 2021 and will be replaced with an alternative reference rate. The consequence of this development cannot be entirely predicted but could include an increase in the cost of our variable rate indebtedness. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any posting of collateral by us under our hedging agreements and the modification or termination of any of our hedging agreements could negatively impact our liquidity or other financial metrics. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

The agreements governing our indebtedness and other financings include restrictive covenants that limit our operating flexibility.

The agreements governing our indebtedness and other financings impose material operating and financial restrictions. These restrictions, subject in certain cases to customary baskets, exceptions and maintenance and incurrence-based financial tests, together with our debt service obligations, may limit our ability to engage in transactions and pursue strategic business opportunities, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock or making other restricted payments or investments;
- selling, buying or leasing assets, properties or licenses, including spectrum;
- developing assets, properties or licenses that we have or in the future may procure;
- creating liens on assets securing indebtedness or other obligations;
- participating in future FCC auctions of spectrum or private sales of spectrum;
- engaging in mergers, acquisitions, business combinations or other transactions;
- entering into transactions with affiliates; and

- our subsidiaries paying dividends or making other payments to us.

These restrictions could limit our ability to obtain debt financing, make share repurchases, refinance or pay principal on our outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving our lenders the right to terminate the commitments they had made or the right to require us to repay all amounts then outstanding plus any interest, fees, penalties or premiums. An event of default may also compel us to sell certain assets securing indebtedness under these agreements.

Credit rating downgrades could adversely affect our business, cash flows, financial condition and operating results, which rely on investment-grade markets.

Credit ratings impact the cost and availability of future borrowings and, as a result, cost of capital. Our current ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our debt obligations. Our capital structure and business model are reliant on continued access to the investment-grade debt markets. Each rating agency reviews our ratings periodically, and there can be no assurance that such ratings will be maintained in the future. A downgrade in our corporate rating and/or our issued investment-grade debt ratings, or our amount of secured debt outstanding, could impact our ability to access the investment-grade debt market and adversely affect our business, cash flows, financial condition and operating results.

Risks Related to Legal and Regulatory Matters

Any material weaknesses we identify while we work to integrate and align policies, principles and practices of the two companies following the Merger, or any other failure by us to maintain effective internal controls, could result in a loss of investor confidence regarding our financial statements. Additionally, the trading price of our stock and our access to capital could be negatively impacted, and we could be subject to significant costs and reputational damage that could have an adverse impact on our business, financial condition or operating results.

Under Section 404 of the Sarbanes-Oxley Act, we, along with our independent registered public accounting firm, are required to report on the effectiveness of our internal control over financial reporting. This requirement is subject to an exemption for business combinations during the most recent fiscal year, which we are utilizing due to the Merger. Any identified material weakness in internal control over financial reporting would still be reported, as obligated.

While we integrate and align the policies, principles and practices of the two companies following the Merger, as a result of the differences in control environments and cultures, we could identify material weaknesses that could result in materially inaccurate financial statements, materially inaccurate disclosures, or failure to prevent error or fraud for the combined company. There can be no assurance that remediation of any material weaknesses identified during integration of the two companies will be completed in a timely manner or that the remedial measures will prevent other control deficiencies or material weaknesses. If we are unable to remediate material weaknesses in internal control over financial reporting, then our ability to analyze, record and report financial information free of material misstatements, to prepare financial statements within the time periods specified by the rules and forms of the SEC and otherwise to comply with the requirements of Section 404 of the Sarbanes-Oxley Act will be negatively impacted. The impact could negatively impact our business, financial condition or operating results, restrict our ability to access the capital markets, require the expenditure of significant resources to correct the weaknesses or deficiencies, subject us to fines, penalties, investigations or judgments, harm our reputation, or otherwise cause a decline in investor confidence.

Changes in regulations or in the regulatory framework under which we operate could adversely affect our business, financial condition and operating results.

We are subject to regulatory oversight by various federal, state and local agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to, roaming, interconnection, spectrum allocation and licensing, facilities siting, pole attachments, intercarrier compensation, Universal Service Fund, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including device financing and insurance activities.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, as do some state and local regulatory agencies. In particular, the FCC imposes significant regulation

on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and the resolution of issues of interference between spectrum bands. Additionally, the FTC and other federal and state agencies have asserted that they have jurisdiction over some consumer protection, and elimination and prevention of anticompetitive business practices with respect to the provision of wireless products and services.

We cannot assure that the FCC or any other federal, state or local agencies will not adopt regulations, implement new programs in response to the Pandemic, or take enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations. For example, in response to the Pandemic, T-Mobile implemented the Keep Americans Connected Pledge in March 2020, in which we pledged, through June 2020, to not terminate service for certain customers failing to pay their bills due to the Pandemic, to waive any such customers' late fees, and to open our Wi-Fi hotspots to any American who needs them. Similarly, in response to the Pandemic, starting in January 2021 and extending at least 90 days, the California Public Utilities Commission adopted a resolution providing a moratorium on customer disconnects and late fees for certain California customers facing financial hardship. Additionally, under the Obama administration, the FCC established net neutrality and privacy regimes that applied to our operations. Both sets of rules potentially subjected some of our initiatives and practices to more burdensome requirements and heightened scrutiny by federal and state regulators, the public, edge providers, and private litigants regarding whether such initiatives or practices are compliant. While the FCC rules were largely rolled back under the Trump administration, the FCC could possibly revisit that decision under the Biden administration. In addition, some states and other jurisdictions have enacted, or are considering enacting, laws in these areas (including, for example, the CCPA and CPRA as discussed below), and it is uncertain what rules may be promulgated under the Biden administration, perpetuating the risk and uncertainty regarding the regulatory environment and compliance around these issues.

In addition, states are increasingly focused on the quality of service and support that wireless communications services providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. We also face potential investigations by, and inquiries from or actions by state public utility commissions. We also cannot assure that Congress will not amend the Communications Act, from which the FCC obtains its authority, and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business.

Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and operating results. We could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such noncompliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, financial condition and operating results.

Laws and regulations relating to the handling of privacy and data protection may result in increased costs, legal claims, fines against us, or reputational damage.

In January 2020, the California Consumer Privacy Act (the "CCPA") became effective, creating new data privacy rights for California residents and new compliance obligations for us. We have incurred and will continue to incur significant implementation costs to ensure compliance with the CCPA, and we could see increased litigation costs. Moreover, a new privacy law, the California Privacy Rights Act ("CPRA"), was passed by Californians via ballot initiative during the November 3, 2020 election. The CPRA, which is scheduled to take effect on January 1, 2023 (with a lookback to January 1, 2022), will significantly modify the CCPA and will impose additional data protection obligations on companies such as ours doing business in California. Other states (such as Nevada) have passed or are considering similar legislation (such as Washington), which could create more risks and potential costs for us, especially to the extent the specific requirements vary from those in California, Nevada and other existing laws.

We have incurred and will continue to incur significant implementation costs to ensure compliance with the CCPA, the CPRA, and their related regulations and any additional laws and regulations could cause us to incur further costs or further constrain our business, strategies, offerings and initiatives.

Unfavorable outcomes of legal proceedings may adversely affect our business, financial condition and operating results.

We and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings and litigation matters. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energy of management and other key personnel.

In connection with the Transactions, it is possible that stockholders of T-Mobile and/or Sprint may file putative class action lawsuits or shareholder derivative actions against the Company and the legacy T-Mobile board of directors and/or the legacy Sprint board of directors. Among other remedies, these stockholders could seek damages. The outcome of any litigation is uncertain and any such potential lawsuits could result in substantial costs and may be costly and distracting to management.

Additionally, on April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint. Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions and other proceedings, including, among other things, certain ongoing FCC and state government agency investigations into Sprint's Lifeline program. In September 2019, Sprint notified the FCC that it had claimed monthly subsidies for serving customers even though those customers may not have met usage requirements under Sprint's usage policy for the Lifeline program due to an inadvertent coding issue in the system used to identify qualifying customer usage that occurred in July 2017 while the system was being updated. Sprint has made a number of payments to reimburse the federal government and certain states for excess subsidy payments. Unfavorable resolution of these matters could require making additional reimbursements and paying additional fines and penalties.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating Section 222 of the Communications Act and the FCC's regulations governing the privacy of customer information. We recorded an accrual for an estimated payment amount as of March 31, 2020, which was included in Accounts payable and accrued liabilities in our Consolidated Balance Sheets.

We, along with equipment manufacturers and other carriers, are subject to current and potential future lawsuits alleging adverse health effects arising from the use of wireless handsets or from wireless transmission equipment such as cell towers. In addition, the FCC has from time to time gathered data regarding wireless device emissions, and its assessment of the risks associated with using wireless devices may evolve based on its findings. Any of these allegations or changes in risk assessments could result in customers purchasing fewer devices and wireless services, could result in significant legal and regulatory liability, and could have a material adverse effect on our business, financial condition and operating results.

The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition and operating results.

We offer regulated financial services products. These products expose us to a wide variety of state and federal regulations.

The financing of devices, such as through our EIP, JUMP! On Demand or other leasing programs, such as those acquired in the Merger, has expanded our regulatory compliance obligations. Failure to remain compliant with applicable regulations may increase our risk exposure in the following areas:

- consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including, but not limited to, the Consumer Financial Protection Bureau, state attorneys general, the FCC and the FTC; and
- regulatory fines, penalties, enforcement actions, civil litigation, and/or class action lawsuits.

Failure to comply with applicable regulations and the realization of any of these risks could have a material adverse effect on our business, financial condition and operating results.

Our business may be impacted by new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations.

In connection with the products and services we sell, we calculate, collect, and remit various federal, state, and local taxes, fees and regulatory charges (“tax” or “taxes”) to numerous federal, state and local governmental authorities, including federal and state USF contributions and common carrier regulatory charges and public safety fees. In addition, we incur and pay state and local transaction taxes and fees on purchases of goods and services used in our business.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws (such as the Coronavirus Aid, Relief, and Economic Security Act of 2020 or the U.S. Tax Cuts and Jobs Act of 2017) may be uncertain and subject to different interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services and in the context of our recent merger with Sprint. Legislative changes, administrative interpretations and judicial decisions affecting the scope or application of tax laws could also impact revenue reported and taxes due on tax inclusive plans.

In the event that T-Mobile, including pre-acquisition Sprint, has incorrectly described, disclosed, determined, calculated, assessed, or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state, and/or local municipalities were to significantly increase taxes and regulatory or public safety charges on our network, operations, or services, or seek to impose new taxes or charges, it could have a material adverse effect on our business, financial condition and operating results.

Our wireless licenses are subject to renewal and may be revoked in the event that we violate applicable laws.

Our existing wireless licenses are subject to renewal upon the expiration of the period for which they are granted. Our licenses have been granted with an expectation of renewal and the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. If we fail to timely file to renew any wireless license or fail to meet any regulatory requirements for renewal, including construction and substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. Accordingly, we cannot assure that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, financial condition and operating results.

Risks Related to Ownership of Our Common Stock

Each of DT, which controls a majority of the voting power of our common stock, and SoftBank, a significant stockholder of T-Mobile, may have interests that differ from the interests of our other stockholders.

Upon the completion of the Transactions, DT and SoftBank entered into the SoftBank Proxy Agreement, and on June 22, 2020, DT, Claure Mobile LLC ("CM LLC"), and Marcelo Claure entered into a Proxy, Lock-up and ROFR Agreement ("the Claure Proxy Agreement," together with the SoftBank Proxy Agreement, the "Proxy Agreements"). Pursuant to the Proxy Agreements, at any meeting of our stockholders, the shares of our common stock beneficially owned by SoftBank or CM LLC will be voted in the manner as directed by DT.

Accordingly, DT controls a majority of the voting power of our common stock and therefore we are a "controlled company," as defined in The NASDAQ Stock Market LLC ("NASDAQ") listing rules, and we are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

In addition, pursuant to our Fifth Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and the Second Amended and Restated Stockholders' Agreement, as long as DT beneficially owns 30% or more of our outstanding common stock, we are restricted from taking certain actions without DT's prior written consent, including (i) incurring indebtedness above certain levels based on a specified debt to cash flow ratio, (ii) taking any action that would cause a default under any instrument evidencing indebtedness involving DT or its affiliates, (iii) acquiring or disposing of assets or entering into mergers or similar acquisitions in excess of $1.0 billion, (iv) changing the size of our board of directors, (v) subject to certain exceptions, issuing equity of 10% or more of the then-outstanding shares of our common stock, or issuing equity to redeem debt held by DT, (vi) repurchasing or

redeeming equity securities or making any extraordinary or in-kind dividend other than on a pro rata basis, or (vii) making certain changes involving our CEO. We are also restricted from amending our Certificate of Incorporation and bylaws in any manner that could adversely affect DT's rights under the Second Amended and

Restated Stockholders' Agreement for as long as DT beneficially owns 5% or more of our outstanding common stock. These restrictions could prevent us from taking actions that our board of directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

DT effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our Certificate of Incorporation, a sale or merger of our Company and other transactions requiring stockholder approval under Delaware law. DT's controlling interest may have the effect of making it more difficult for a third party to acquire, or discouraging a third party from seeking to acquire, the Company. DT and SoftBank, as significant stockholders, may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counterparty in a number of commercial arrangements, and may make decisions adverse to the interests of our other stockholders.

In addition, we license certain trademarks from DT, including the right to use the trademark "T-Mobile" as a name for the Company and our flagship brand, under a trademark license agreement, as amended, with DT. As described in more detail in our Proxy Statement on Schedule 14A filed with the SEC on April 21, 2020 under the heading "Transactions with Related Persons and Approval," we are obligated to pay DT a royalty in an amount equal to 0.25% (the "royalty rate") of the net revenue (as defined in the trademark license) generated by products and services sold by the Company under the licensed trademarks subject to a cap of $80.0 million per calendar year through December 31, 2028. We and DT are obligated to negotiate a new trademark license when (i) DT has 50% or less of the voting power of the outstanding shares of capital stock of the Company or (ii) any third party owns or controls, directly or indirectly, 50% or more of the voting power of the outstanding shares of capital stock of the Company, or otherwise has the power to direct or cause the direction of the management and policies of the Company. If we and DT fail to agree on a new trademark license, either we or DT may terminate the trademark license and such termination shall be effective, in the case of clause (i) above, on the third anniversary after notice of termination and, in the case of clause (ii) above, on the second anniversary after notice of termination. A further increase in the royalty rate or termination of the trademark license could have a material adverse effect on our business, financial condition and operating results.

Future sales of our common stock by DT and SoftBank and foreign ownership limitations by the FCC could have a negative impact on our stock price and decrease the value of our stock.

We cannot predict the effect, if any, that market sales of shares of our common stock by DT or SoftBank will have on the prevailing trading price of our common stock. Sales of a substantial number of shares of our common stock could cause our stock price to decline.

We, DT and SoftBank are parties to the Second Amended and Restated Stockholders' Agreement pursuant to which DT and SoftBank are free to transfer their shares in public sales without notice, as long as such transactions would not result in a third party owning more than 30% of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transfer is approved by our board of directors or the transferee makes a binding offer to purchase all of the other outstanding shares on the same price and terms. The Second Amended and Restated Stockholders' Agreement does not otherwise impose any other restrictions on the sales of common stock by DT or SoftBank. Moreover, we may be required to file a shelf registration statement with respect to the common stock and certain debt securities of ours held by DT and SoftBank, which would facilitate the resale by DT or SoftBank of all or any portion of such shares of our common stock or debt securities they hold. The sale of shares of our common stock by DT or SoftBank (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease in our stock price. In addition, even if DT or SoftBank does not sell a large number of their shares into the market, their right to transfer a large number of shares into the market may depress our stock price.

Furthermore, under existing law, no more than 20% of an FCC licensee's capital stock may be directly owned, or no more than 25% indirectly owned, or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. If an FCC licensee is controlled by another entity, up to 25% of that entity's capital stock may be owned or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. Foreign ownership above the 25% holding company level may be allowed if the FCC finds such higher levels consistent with the public interest. The FCC has ruled that higher levels

of foreign ownership, even up to 100%, are presumptively consistent with the public interest with respect to investors from certain nations. If our foreign ownership by previously unapproved foreign parties were to exceed the permitted level, the FCC could subject us to a range of penalties, including an order for us to divest the foreign ownership in part, fines, license revocation or denials of license renewals. If ownership of our common stock by an unapproved foreign entity were to become subject to such limitations, or if any

ownership of our common stock violates any other rule or regulation of the FCC applicable to us, our Certificate of Incorporation provides for certain redemption provisions at a pre-determined price which may be less than fair market value. These limitations and our Certificate of Incorporation may limit our ability to attract additional equity financing outside the United States and decrease the value of our common stock.

Our stock price may be volatile and may fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

The trading prices of the securities of communications companies historically have been highly volatile, and the trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in reaction to a number of events and factors that may include, among other things:

- adverse economic, political or market conditions in the U.S. and international markets, including those caused by the Pandemic;
- our or our competitors' actual or anticipated operating and financial results;
- introduction of new products and services by us or our competitors or changes in service plans or pricing by us or our competitors;
- analyst projections, predictions and forecasts, analyst target prices for our securities and changes in, or our failure to meet, securities analysts' expectations;
- realization of the expected benefits and synergies of the Transactions, or market or analyst expectations with respect thereto;
- transactions in our common stock by major investors;
- share repurchases by us or purchases by DT or SoftBank;
- the potential issuance to SoftBank of the SoftBank Specified Shares Amount, subject to the terms and conditions set forth in the Letter Agreement (see Note 2 - Business Combination of the Notes to the Consolidated Financial Statements for further information);
- DT's financial performance and results of operations, or actions implied or taken by DT or SoftBank;
- entry of new competitors into our markets or perceptions of increased price competition, including a price war;
- our performance, including customer growth, and our financial and operational performance;
- market perceptions relating to our services, network, handsets, and deployment of our LTE and 5G platforms and our access to iconic handsets, services, applications, or content;
- market perceptions of the wireless communications services industry and valuation models for us and the industry;
- conditions or trends in the Internet and the industry sectors in which we operate;
- changes in our credit rating or future prospects;
- changes in interest rates;
- changes in our capital structure, including issuance of additional debt or equity to the public;
- the availability or perceived availability of additional capital in general and our access to such capital;
- actual or anticipated consolidation or other strategic mergers or acquisition activities involving us or our competitors, or other participants in related or adjacent industries, or market speculation regarding such activities;
- disruptions of our operations or the operations of service providers or other vendors necessary to our network operations; and
- availability of additional spectrum, whether by the announcement, commencement, bidding and closing of auctions for new spectrum or the acquisition of companies that own spectrum, and the extent to which we or our competitors succeed in acquiring additional spectrum.

In addition, the stock market has been volatile and has experienced significant price and volume fluctuations in the past, which may continue for the foreseeable future. Severe market fluctuations, such as those experienced recently with regard to the Pandemic, oil and other commodity prices, concerns over sovereign debt risk, trade policies and tariffs affecting other countries, and those that may arise from global and political tensions or weak economic conditions, have had and may continue to have a significant impact on the trading price of securities issued by many

companies, including companies in the communications industry. These changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and indentures governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and for general corporate purposes, including the integration of T-Mobile's and Sprint's businesses and the continued build-out of our 5G network. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future, and capital appreciation, if any, of our common stock will be the sole source of potential gain.

Risks Related to Integration

Although we expect that the Transactions will result in synergies and other benefits, those synergies and benefits may not be realized in the amounts anticipated, or may not be realized within the expected time frame, and risks associated with the foregoing may also result from the extended delay in the integration of the companies.

Our ability to realize the anticipated benefits of the Transactions will depend, to a large extent, on our ability to integrate our and Sprint's businesses in a manner that facilitates growth opportunities and achieves the projected cost savings. In addition, some of the anticipated synergies are not expected to occur for a significant time period following the completion of the Transactions and will require substantial capital expenditures in the near term.

As a result of the delays experienced in the completion of the Transactions and the Pandemic, our anticipated synergies and other benefits of the Transactions may be reduced or eliminated, including a delay in the integration of, or inability to integrate, the networks of T-Mobile and Sprint. Even if we are able to integrate the two companies successfully, the anticipated benefits of the Transactions, including the expected synergies and network benefits, may not be realized fully or at all or may take longer to realize than expected.

We have incurred substantial expenses as a result of completing the Transactions. We expect to incur substantial additional expenses in connection with integrating T-Mobile's and Sprint's businesses, operations, policies and procedures and compliance with the Government Commitments. While we have assumed that a certain level of transaction-related expenses will be incurred, factors beyond our control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses could exceed the costs historically borne by us and offset the expected synergies.

Our business and Sprint's business may not be integrated successfully or such integration may be more difficult, time consuming or costly than expected. Operating costs, customer loss and business disruption, including maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected.

The combination of two independent businesses is complex, costly and time-consuming, and may divert significant management attention and resources. This process may disrupt our business or otherwise impact our ability to compete. The overall combination of our and Sprint's businesses may also result in material unanticipated problems, expenses, liabilities, competitive responses and impacts, and loss of customers and other business relationships. The difficulties of combining the operations of the companies include, among others:

- diversion of management attention to integration matters;
- difficulties in integrating operations and systems, including intellectual property and communications systems, administrative and information technology infrastructure, and supplier and vendor arrangements;
- challenges in conforming standards, controls, procedures and accounting and other policies;
- alignment of key performance measurements may result in a greater need to communicate and manage clear expectations while we work to integrate and align policies and practices;
- difficulties in integrating employees;

- the transition of management to the combined company management team, and the need to address possible differences in corporate cultures, management philosophies, and compensation structures;
- challenges in retaining existing customers and obtaining new customers;

- difficulties in managing the expanded operations of a significantly larger and more complex company;
- possible delays, disputes, or regulatory issues in connection with the finalizing and consummation of an asset purchase agreement between Sprint PCS and Shentel for all of Shentel's wireless assets and customers, and any associated adverse effects on the operations and business in the Shentel service area;
- compliance with Government Commitments relating to national security;
- known or potential unknown liabilities of Sprint that are larger than expected;
- other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Transactions.

Additionally, uncertainties over the integration process could cause customers, suppliers, distributors, dealers, retailers and others to seek to change or cancel our existing business relationships or to refuse to renew existing relationships. Suppliers, distributors and content and application providers may also delay or cease developing new products for us that are necessary for the operations of our business due to uncertainties. Competitors may also target our existing customers by highlighting potential uncertainties and integration difficulties.

Some of these factors are outside our control, and any one of them could result in lower revenues, higher costs and diversion of management time and energy, which could adversely impact our business, financial condition and operating results. In addition, even if the integration is successful, the full benefits of the Transactions including, among others, the synergies, cost savings or sales or growth opportunities may not be realized. As a result, it cannot be assured that we will realize the full benefits expected from the Transactions within the anticipated time frames or at all.

In connection with the Merger, we are evaluating the long-term billing system architecture strategy for our customers. Our long-term strategy is to migrate Sprint's legacy customers onto T-Mobile's existing billing platforms. We will operate and maintain multiple billing systems until such migration is completed. Any unanticipated difficulties, disruption, or significant delays could have adverse operational, financial, and reputational effects on our business.

Following the closing of the Merger, we are operating and maintaining multiple billing systems. We expect to continue to do so until successful migration of Sprint's legacy customers to T-Mobile's existing billing platforms. We may encounter unanticipated difficulties or experience delays in the ongoing integration efforts with respect to billing, causing major system or business disruptions. In addition, we or our supporting vendors may experience errors, cyber-attacks or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of these billing systems could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers or negatively impact overall customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, and/or material weaknesses in our internal control over financial reporting and reputational damage.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2020, our significant properties that we own, lease and use in connection with switching centers, data centers, call centers and warehouses were as follows:

	Approximate Number	Approximate Size in Square Feet
Switching centers	184	11,000,000
Data centers	10	1,800,000
Call center	25	1,800,000
Warehouses	63	1,500,000

Through the Merger, we acquired leases of real property, including cell sites, switch sites, dark fiber, retail stores and office facilities.

As of December 31, 2020, we owned and leased:

- Approximately 108,000 macro towers and 69,000 distributed antenna system and small cell sites;

- Approximately 3,400 T-Mobile and Metro by T-Mobile retail locations, including stores and kiosks ranging in size from approximately 100 square feet to 17,000 square feet;
- Office space totaling approximately 1.3 million square feet for our corporate offices located in Bellevue, Washington. We use these offices for engineering and administrative purposes;
- Office space totaling approximately 2.0 million square feet for our corporate offices located in Overland Park, Kansas and Frisco, Texas. We use these offices for administrative purposes; and
- Office space throughout the U.S., totaling approximately 3.0 million square feet, for use by our regional offices primarily for administrative, engineering and sales purposes.

Item 3. Legal Proceedings

For more information regarding the legal proceedings in which we are involved, see Note 2 - Business Combination and Note 18 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

None.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TMUS." We are included within the S&P 500 in the Wireless Telecommunication Services GICS (Global Industry Classification Standard) Sub-Industry index. As of January 31, 2021, there were 16,299 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and indentures governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and for general corporate purposes, including the integration of T-Mobile's and Sprint's businesses. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future, and capital appreciation, if any, of our common stock will be the sole source of potential gain.

Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2015 to December 31, 2020.

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The five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index, as illustrated in the graph above, are as follows:

	At December 31,					
	2015	2016	2017	2018	2019	2020
T-Mobile US, Inc.	$ 100.00	$ 147.01	$ 162.35	$ 162.60	$ 200.46	$ 344.71
S&P 500	100.00	111.96	136.40	130.42	171.49	203.04
NASDAQ Composite	100.00	108.87	141.13	137.12	187.44	271.64
Dow Jones US Mobile Telecommunications TSM	100.00	127.44	130.32	155.09	175.87	191.76

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

The following selected financial data are derived from our consolidated financial statements. The data below should be read together with Risk Factors included in Part I, Item 1A, Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 and Financial Statements and Supplementary Data included in Part II, Item 8 of this Form 10-K.

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Selected Financial Data

(in millions, except per share and customer amounts)	As of and for the Year Ended December 31,				
	2020 [1]	2019 [2]	2018 [3]	2017	2016
Statement of Operations Data					
Total service revenues	$ 50,395	$ 34,500	$ 32,441	$ 30,525	$ 28,085
Total revenues	68,397	44,998	43,310	40,604	37,490
Operating income	6,636	5,722	5,309	4,888	4,050
Total other expense, net	(3,106)	(1,119)	(1,392)	(1,727)	(1,723)
Income tax (expense) benefit [4]	(786)	(1,135)	(1,029)	1,375	(867)
Income from continuing operations	2,744	3,468	2,888	4,536	1,460
Income from discontinued operations, net of tax [6]	320	—	—	—	—
Net income	3,064	3,468	2,888	4,536	1,460
Net income attributable to common stockholders	3,064	3,468	2,888	4,481	1,405
Earnings per share					
Continuing operations	$ 2.40	$ 4.06	$ 3.40	$ 5.39	$ 1.71
Discontinued operations [6]	0.28	—	—	—	—
Basic	$ 2.68	$ 4.06	$ 3.40	$ 5.39	$ 1.71
Continuing operations	$ 2.37	$ 4.02	$ 3.36	$ 5.20	$ 1.69
Discontinued operations [6]	0.28	—	—	—	—
Diluted	$ 2.65	$ 4.02	$ 3.36	$ 5.20	$ 1.69
Balance Sheet Data					
Cash and cash equivalents	$ 10,385	$ 1,528	$ 1,203	$ 1,219	$ 5,500
Property and equipment, net [2]	41,175	21,984	23,359	22,196	20,943
Spectrum licenses	82,828	36,465	35,559	35,366	27,014
Total assets [2]	200,162	86,921	72,468	70,563	65,891
Total debt and financing lease liabilities, excluding tower obligations [2]	73,632	27,272	27,547	28,319	27,786
Stockholders' equity	65,344	28,789	24,718	22,559	18,236
Statement of Cash Flows and Operational Data					
Net cash provided by operating activities [5]	$ 8,640	$ 6,824	$ 3,899	$ 3,831	$ 2,779
Purchases of property and equipment	(11,034)	(6,391)	(5,541)	(5,237)	(4,702)
Purchases of spectrum licenses and other intangible assets, including deposits	(1,333)	(967)	(127)	(5,828)	(3,968)
Proceeds related to beneficial interests in securitization transactions [5]	3,134	3,876	5,406	4,319	3,356
Net cash provided by (used in) financing activities [5]	13,010	(2,374)	(3,336)	(1,367)	463
Total customers (in thousands)	102,064	67,894	63,656	58,715	54,240

(1) On April 1, 2020, we completed the Merger with Sprint. Our financial results include the consolidated operations of T-Mobile and Sprint subsequent to the date of Merger close.

(2) On January 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)" and all the related amendments (collectively, the "new lease standard"), using the modified retrospective method with the cumulative effect of initially applying the guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods.

(3) On January 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all the related amendments (collectively, the "new revenue standard"), using the modified retrospective method with the cumulative effect of initially applying the

guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods.

(4) In December 2017, the Tax Cuts and Jobs Act of 2017 ("TCJA") was signed into legislation. The TCJA included numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction took place on January 1, 2018. We recognized a net tax benefit of $2.2 billion associated with the enactment of the TCJA in Income tax expense in our Consolidated Statements of Comprehensive Income in the fourth quarter of 2017, primarily due to a re-measurement of deferred tax assets and liabilities.

(5) On January 1, 2018, we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" (the "new cash flow standard") which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to Investing activities of approximately $4.3 billion and $3.4 billion for the years ended December 31, 2017 and 2016, respectively, in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $188 million for the year ended December 31, 2017, in our Consolidated Statements of Cash Flows. There were no cash payments for debt prepayment and debt extinguishment costs during the year ended December 31, 2016. We have applied the new cash flow standard retrospectively to all periods presented.

(6) In connection with obtaining regulatory approval for the Merger, on July 1, 2020, DISH acquired the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shentel and Swiftel Communications, Inc.), the results of which prior to the divestiture are presented in Income from discontinued operations, net of tax.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The objectives of our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are to provide users of our consolidated financial statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is performed on a consolidated basis and is inclusive of the results and operations of Sprint prospectively from the close of our Merger on April 1, 2020. The Merger enhanced our spectrum portfolio, increased our customer base, altered our product mix by increasing the portion of customers who finance their devices with leasing programs and created opportunity for synergies in our operations. We anticipate an initial increase in our combined operating costs which we expect to decrease as we realize synergies. We expect the trends and results of operations of the combined company to be materially different than those of the standalone entities.

Our MD&A is provided as a supplement to, and should be read together with, our audited consolidated financial statements as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in Part II, Item 8 of this Form 10-K. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Beginning with the second quarter of 2020, we have discontinued the use of "Branded" to describe the results and metrics associated with our flagship brands including T-Mobile and Metro by T-Mobile.

Sprint Merger

Transaction Overview

On April 1, 2020, we completed our Merger with Sprint, a communications company offering a comprehensive range of wireless and wireline communications products and services. As a result, Sprint and its subsidiaries became wholly owned consolidated subsidiaries of T-Mobile.

The Merger has altered the size and scope of our operations, impacting our assets, liabilities, obligations, capital requirements and performance measures. We expect the trends and results of operations of the combined company to be materially different than those of the standalone entities. As a combined company, we expect to be able to enhance the breadth and depth of our nationwide 5G network, accelerate innovation, increase competition in the U.S. wireless, video and broadband industries and achieve significant synergies and cost reductions by eliminating redundancies within the combined network as well as other business processes and operations.

For more information regarding the Merger, see Note 2 – Business Combination of the Notes to the Consolidated Financial Statements.

On June 22, 2020, we entered into a Master Framework Agreement and related transactions with SoftBank to facilitate the SoftBank Monetization as described in Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements.

Brand and Retail Unification

On August 2, 2020, we combined the Sprint and T-Mobile operations under the T-Mobile brand nationwide. We combined our retail operations and rebranded thousands of Sprint stores to T-Mobile stores while implementing the tools and systems across our distribution footprint to serve all customers in all stores.

Sale of Boost Mobile and Sprint Prepaid Brands

In connection with obtaining regulatory approval for the Merger, on July 1, 2020, DISH acquired the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shentel and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business"), and assumed certain related liabilities (the "Prepaid Transaction"). For more information, see Note 12 - Discontinued Operations of the Notes to the Consolidated Financial Statements.

Upon the closing of the Prepaid Transaction, we entered into a Master Network Services Agreement (the "MVNO Agreement") providing for the provisioning of network services to customers of the Prepaid Business for a period of up to seven years following the closing of the Prepaid Transaction. The revenue generated through this agreement is presented within Wholesale revenues in our Consolidated Statements of Comprehensive Income following the close of the Prepaid Transaction on July 1, 2020.

We included the pre-tax results of our discontinued operations in our determination of Adjusted EBITDA, a Non-GAAP measure, to reflect contributions of the Prepaid Business that was replaced by the MVNO Agreement beginning on July 1, 2020. See "Adjusted EBITDA" in the "Performance Measures" section of this MD&A.

Merger-Related Costs

Merger-related costs generally include:

- Integration costs to achieve efficiencies in network, retail, information technology and back office operations;
- Restructuring costs, including severance, store rationalization and network decommissioning; and
- Transaction costs, including legal and professional services related to the completion of the Merger.

Transaction and restructuring costs are disclosed in Note 2 – Business Combination and Note 19 - Restructuring Costs, respectively. Merger-related costs have been excluded from our calculation of Adjusted EBITDA, a non-GAAP financial measure, as we do not consider these costs to be reflective of our ongoing operating performance. See "Adjusted EBITDA" in the "Performance Measures" section of this MD&A. Cash payments for Merger-related costs, including payments related to our restructuring plan, are included in Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

Merger-related costs during the years ended December 31, 2020, 2019 and 2018 are presented below:

	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
(in millions)	**2020**	**2019**	**2018**	**$ Change**	**% Change**	**$ Change**	**% Change**
Merger-related costs							
Cost of services, exclusive of depreciation and amortization	$ 646	$ —	$ —	$ 646	NM	$ —	NM
Cost of equipment sales	6	—	—	6	NM	—	NM
Selling, general and administrative	1,263	620	196	643	104 %	424	216 %
Total Merger-related costs	$ 1,915	$ 620	$ 196	$ 1,295	209 %	$ 424	216 %
Cash payments for Merger-related costs	$ 1,493	$ 442	$ 86	$ 1,051	238 %	$ 356	414 %

NM - Not Meaningful

Merger-related costs will be impacted by restructuring and integration activities expected to occur over the next three years as we implement initiatives to realize cost efficiencies from the Merger. Transaction costs, including legal and professional service fees related to the completion of the Merger, are expected to decrease in periods subsequent to the close of the Merger.

Restructuring

Upon the close of the Merger, we began implementing restructuring initiatives to realize cost efficiencies from the Merger. The major activities associated with the restructuring initiatives to date include:

- Contract termination costs associated with rationalization of retail stores, distribution channels, duplicative network and backhaul services and other agreements;
- Severance costs associated with the reduction of redundant processes and functions; and
- The decommissioning of certain small cell sites and distributed antenna systems to achieve synergies in network costs.

Anticipated Impacts

Our restructuring activities are expected to occur over the next three years with substantially all costs incurred by the end of fiscal year 2023. We are evaluating additional restructuring initiatives which are dependent on consultations and negotiation with certain counterparties and the expected impact on our business operations, which could affect the amount or timing of the restructuring costs and related payments. We expect our principal sources of funding to be sufficient to meet our liquidity requirements and anticipated payments associated with the restructuring initiatives.

As a result of our ongoing restructuring activities, we expect to realize cost efficiencies by eliminating redundancies within our combined network as well as other business processes and operations. We expect these activities to result in a reduction of expenses within Cost of services and Selling, general and administrative in our Consolidated Statements of Comprehensive Income.

COVID-19 Pandemic

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses, economies, and financial markets worldwide, and has caused significant volatility in the U.S. and international debt and equity markets. The impact of the Pandemic has been wide-ranging, including, but not limited to, the temporary closures of many businesses and schools, “shelter in place” orders, travel restrictions, social distancing guidelines and other governmental, business and individual actions taken in response to the Pandemic. These restrictions have impacted, and will continue to impact, our business, including the demand for our products and services and the ways in which our customers purchase and use them. In addition, the Pandemic has resulted in economic uncertainty and a significant increase in unemployment in the United States, which could affect our customers’ purchasing decisions and ability to make timely payments. Throughout the year, the Pandemic has peaked, subsided and seen a resurgence, leading to phased re-openings, as well as continuing or renewed containment measures.

As a critical communications infrastructure provider as designated by the government, our focus has been on providing crucial connectivity to our customers and impacted communities while ensuring the safety and well-being of our employees.

Our Response

We have taken a variety of steps to help mitigate the impact of the Pandemic on our customers and to protect the health and well-being of our workforce and communities:

To Protect and Support Our Employees and Communities

- Before the Merger, in mid-March, approximately 80% of T-Mobile and 70% of Sprint company-owned store locations, as well as many third-party retailer locations that sell our T-Mobile, Metro by T-Mobile and Sprint brands were temporarily closed. In compliance with the regulations of various states, we have since reopened substantially all of our previously closed stores.
- At the onset of the Pandemic, we supplemented pay for certain of our employees and commissions for third-party dealers and provided access to incremental paid time off for employees experiencing symptoms,

taking care of children who were home due to school closures or caring for individuals impacted by the Pandemic.

- We implemented remote working arrangements for many employees with a significant portion of our internal and global care employees transitioned to a work-from-home environment. We also encouraged our corporate and administrative employees to work remotely, if possible.
- We also continue to encourage healthy practices such as social distancing and hand washing and have increased cleaning and sanitation in all our facilities and stores.

To Keep Our Customers Connected

- In March, we committed to the FCC's Keep Americans Connected pledge, and at the FCC's request, later extended our commitment to June 30, 2020. During this period, we pledged to:
    - Not terminate service to any residential or small business customers because of their inability to pay their bills due to disruptions caused by the Pandemic; and
    - Waive any late fees that any residential or small business customers incurred because of their economic circumstances related to the Pandemic.
- After the Pledge extension ended, we continued to work with our customers to help them maintain service and become current on their accounts, while avoiding financial hardship.
- We also took additional temporary steps in March to ensure that all current T-Mobile customers with smartphone data plans were provided connectivity to learn and work remotely through June 30, 2020, including:
    - Providing unlimited high-speed smartphone data to current customers as of March 13, 2020 who had legacy plans without unlimited high-speed data (excluding roaming);
    - Giving T-Mobile postpaid and Metro by T-Mobile customers on smartphone plans with mobile hotspot data the ability to add 10GB of Smartphone Mobile HotSpot each month (20GB total);
    - Working with our Lifeline partners to provide customers up to 5GB per month of free data;
    - Increasing the data allowance, at no extra charge, to schools and students using our EmpowerED digital learning program to ensure each participant had access to at least 20GB of data per month; and
    - Providing free international calling to landlines (and, in many cases, mobile numbers) to countries that were significantly impacted by the Pandemic through May 13, 2020.
- In addition:
    - We are offering our customers creative, new COVID-safe solutions such as virtual selling and curbside pickup;
    - We partnered with multiple spectrum holders and the FCC to successfully deploy additional 600 MHz spectrum on a temporary basis (through June 30, 2020), effectively doubling total 600 MHz LTE capacity across the nation to help ensure customers can stay connected during this critical time; and
    - We are working to keep our network fully operational as an essential service to first responders, 911 communications and our customers and continue to expand our 5G network, while adhering to governmental guidelines.

We continue to monitor the Pandemic and its impacts and may adjust our actions as needed to continue to provide our products and services to our communities and employees.

Impact on Results of Operations and Performance Measures for the Year Ended December 31, 2020

For the year ended December 31, 2020, we incurred $458 million, before taxes, in supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs, which are included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. These costs have been excluded from the calculation of Adjusted EBITDA, a non-GAAP financial measure, as they represent direct, incremental costs as a result of our response to the Pandemic. See "Adjusted EBITDA" in the "Performance Measures" section of this MD&A.

Expected Continued Impact on Results of Operations and Performance Measures

We continue to monitor developments regarding the Pandemic and evaluate the appropriate steps needed to align with guidelines from state, local and federal government agencies and do what is best for our employees and customers. The extent to which the Pandemic impacts our business, operations and financial results will depend on numerous future developments that we are not able to predict at this time, including the duration and scope of the Pandemic, the success of governmental, business

and individual actions that have been and continue to be taken in response to the Pandemic, and the impact on economic activity from the Pandemic and actions taken in response. Such impacts may include:

- Lower net customer additions due to lower switching activity in the industry from reduced store traffic due to temporary retail store closures and reduced consumer spending caused by widespread unemployment and other adverse economic effects, partially offset by lower churn;
- Lower Equipment revenues and lower Cost of equipment sales from lower device sales due to lower switching activity in the industry from reduced store traffic due to temporary retail store closures, which may impact our ability to sell devices;
- Higher bad debt expense on our service and EIP receivable portfolios due to adverse macro-economic conditions. Should these adverse conditions worsen, our operating and financial results could be negatively impacted;
- Continued costs to protect and support our employees and customers; and
- Potential disruptions in our supply chains.

In addition, we have reevaluated, and continue to assess, our spending, including for marketing purposes like advertising, capital projects like build-out of our stores, travel, third-party services and certain operating expenses. We have taken actions to adjust our spending given the significant uncertainty around the magnitude and duration of any recessionary impacts arising from the Pandemic.

For additional risks to our business and industry, see Item 1A. Risk Factors.

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Results of Operations

Set forth below is a summary of our consolidated financial results:

(in millions)	Year Ended December 31			2020 Versus 2019		2019 Versus 2018	
	2020	2019	2018	$ Change	% Change	$ Change	% Change
Revenues							
Postpaid revenues	$ 36,306	$ 22,673	$ 20,862	$ 13,633	60 %	$ 1,811	9 %
Prepaid revenues	9,421	9,543	9,598	(122)	(1)%	(55)	(1)%
Wholesale revenues	2,590	1,279	1,183	1,311	103 %	96	8 %
Roaming and other service revenues	2,078	1,005	798	1,073	107 %	207	26 %
Total service revenues	50,395	34,500	32,441	15,895	46 %	2,059	6 %
Equipment revenues	17,312	9,840	10,009	7,472	76 %	(169)	(2)%
Other revenues	690	658	860	32	5 %	(202)	(23)%
Total revenues	68,397	44,998	43,310	23,399	52 %	1,688	4 %
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	11,878	6,622	6,307	5,256	79 %	315	5 %
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	16,388	11,899	12,047	4,489	38 %	(148)	(1)%
Selling, general and administrative	18,926	14,139	13,161	4,787	34 %	978	7 %
Impairment expense	418	—	—	418	NM	—	NM
Depreciation and amortization	14,151	6,616	6,486	7,535	114 %	130	2 %
Total operating expenses	61,761	39,276	38,001	22,485	57 %	1,275	3 %
Operating income	6,636	5,722	5,309	914	16 %	413	8 %
Other income (expense)							
Interest expense	(2,483)	(727)	(835)	(1,756)	242 %	108	(13)%
Interest expense to affiliates	(247)	(408)	(522)	161	(39)%	114	(22)%
Interest income	29	24	19	5	21 %	5	26 %
Other expense, net	(405)	(8)	(54)	(397)	4,963 %	46	(85)%
Total other expense, net	(3,106)	(1,119)	(1,392)	(1,987)	178 %	273	(20)%
Income from continuing operations before income taxes	3,530	4,603	3,917	(1,073)	(23)%	686	18 %
Income tax expense	(786)	(1,135)	(1,029)	349	(31)%	(106)	10 %
Income from continuing operations	2,744	3,468	2,888	(724)	(21)%	580	20 %
Income from discontinued operations, net of tax	320	—	—	320	NM	—	NM
Net income	$ 3,064	$ 3,468	$ 2,888	$ (404)	(12)%	$ 580	20 %
Statement of Cash Flows Data							
Net cash provided by operating activities	$ 8,640	$ 6,824	$ 3,899	$ 1,816	27 %	$ 2,925	75 %
Net cash used in investing activities	(12,715)	(4,125)	(579)	(8,590)	208 %	(3,546)	612 %
Net cash provided by (used in) financing activities	13,010	(2,374)	(3,336)	15,384	(648)%	962	(29)%
Non-GAAP Financial Measures							
Adjusted EBITDA	24,557	13,383	12,398	11,174	83 %	985	8 %
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	3,001	4,319	3,552	(1,318)	(31)%	767	22 %

NM - Not Meaningful

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The following discussion and analysis is for the year ended December 31, 2020, compared to the same period in 2019 unless otherwise stated. For a discussion and analysis of the year ended December 31, 2019, compared to the same period in
2018, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 6, 2020.

Total revenues increased $23.4 billion, or 52%. The components of this change are discussed below.

Postpaid revenues increased $13.6 billion, or 60%, primarily from:

- Higher average postpaid phone customers, primarily from customers acquired in the Merger and the success of new customer segments and rate plans, as well as continued growth in existing and new markets;
- Higher average postpaid other customers, primarily from customers acquired in the Merger and growth in other connected devices (tablets and wearable products) and growth in public and educational sector customers; and
- Higher postpaid phone ARPU, primarily as a result of customers acquired in the Merger. See "Postpaid Phone ARPU" in the "Performance Measures" section of this MD&A.

Prepaid revenues were essentially flat.

Wholesale revenues increased $1.3 billion, or 103%, primarily from:

- Our Master Network Service Agreement with DISH, which went into effect on July 1, 2020; and
- Customers acquired in the Merger.

Roaming and other service revenues increased $1.1 billion, or 107%, primarily from:

- Inclusion of wireline operations acquired in the Merger; and
- Higher Lifeline, advertising and affiliate revenues primarily due to operations acquired in the Merger; partially offset by
- Lower international roaming due to the impact of the Pandemic, and lower domestic roaming due to revenue generated from Sprint customers roaming on the T-Mobile network in periods before the Merger.

Equipment revenues increased $7.5 billion, or 76%, primarily from:

- An increase of $3.6 billion in lease revenues due to a higher number of customer devices under lease, primarily from leases acquired in the Merger;
- An increase of $2.5 billion in device sales revenue, excluding purchased leased devices, primarily from:
    - An increase in the number of devices sold, excluding purchased leased devices, due to an increase in our customer base primarily due to the Merger; and
    - Higher average revenue per device sold, excluding purchased leased devices, due to an increase in the high-end device mix due to the Merger;
- An increase of $625 million in sales of leased devices, primarily due to an increase in purchased leased devices as a result of the Merger; and
- An increase of $622 million in revenues primarily related to the liquidation of a higher volume of returned devices primarily as a result of the Merger.

Operating expenses increased $22.5 billion, or 57%. The components of this change are discussed below.

Cost of services, exclusive of depreciation and amortization, increased $5.3 billion, or 79%, primarily from:

- An increase in expenses associated with leases, backhaul agreements and other network expenses, such as roaming,

acquired in the Merger and the continued build-out of our nationwide 5G network;

- An increase of $646 million for the year ended December 31, 2020, in Merger-related costs including incremental costs associated with accelerating amortization of right-of-use assets for terminated cell sites leases and the decommissioning of certain small cell sites and distributed antenna systems;
- Higher employee-related and benefit-related costs primarily due to increased headcount as a result of the Merger;
- An increase in repair and maintenance costs, primarily due to the Merger; and
- An increase in regulatory and roaming costs primarily due to the Merger.

Cost of equipment sales, exclusive of depreciation and amortization, increased $4.5 billion, or 38%, primarily from:

- An increase of $2.8 billion in device cost of equipment sales, excluding purchased leased devices, primarily from:
    - An increase in the number of devices sold, excluding purchased leased devices, due to an increase in our customer base primarily due to the Merger; and
    - Higher average costs per device sold, excluding purchased leased devices, due to an increase in the high-end device mix due to the Merger;
- An increase of $759 million in leased device cost of equipment sales, primarily due to an increase in purchased leased devices as a result of the Merger; and
- An increase of $511 million in costs related to the liquidation of a higher volume of returned devices primarily as a result of the Merger.

Selling, general and administrative expenses increased $4.8 billion, or 34%, primarily from:

- Higher employee-related costs due to an increase in the number of employees primarily from the Merger;
- Higher external labor and professional services, lease and advertising expense from the Merger;
- $1.3 billion of Merger-related costs, including transaction costs associated with legal and professional services and restructuring costs including severance and store rationalization, compared to $620 million of Merger-related costs in the year ended December 31, 2019;
- Higher commission expense, primarily due to:
    - Higher gross customer additions primarily due to the increased size of the company as a result of the Merger, partially offset by lower switching activity in the industry from reduced store traffic due to retail store closures arising from the Pandemic; partially offset by
    - Lower commissions expense due to lower prepaid gross additions and compensation structure changes;
- Higher bad debt expense, primarily due to customers acquired as a result of the Merger and the recording of estimated losses associated with the new credit loss standard, including incremental bad debt for the estimated macro-economic impacts of the Pandemic; and
- Higher legal-related expenses from recording an estimated accrual associated with the FCC Notice of Apparent Liability and commitments associated with the Merger.
- Selling, general and administrative expenses for the year ended December 31, 2020 included $458 million of supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs.

Impairment expense was $418 million and consisted of the following:

- A $218 million impairment on the goodwill in the Layer3 reporting unit; and
- A $200 million impairment on the capitalized software development costs related to our postpaid billing system.
- There was no impairment expense for the year ended December 31, 2019.

For more information regarding the impairments above, see Note 5 – Property and Equipment and Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Depreciation and amortization increased $7.5 billion, or 114%, primarily as a result of the Merger, including:

- Higher depreciation expense from assets acquired in the Merger, excluding leased devices, and network expansion from the continued build-out of our nationwide 5G network;
- Higher depreciation expense on leased devices resulting from a higher total number of customer devices under lease, primarily from customers acquired in the Merger; and
- Higher amortization from intangible assets acquired in the Merger.

Operating income, the components of which are discussed above, increased $914 million, or 16%.

Interest expense increased $1.8 billion, or 242%, primarily from:

- The assumption of debt with a fair value of $31.8 billion in connection with the Merger;
- The issuance of an aggregate of $19.0 billion in Senior Secured Notes and the entry into a $4.0 billion secured term loan in April 2020 in connection with the Merger;
- Amortization of interest rate swap derivatives beginning upon settlement in April 2020; and
- The issuance of an aggregate of $8.75 billion in Senior Secured Notes in October 2020.

Interest expense to affiliates decreased $161 million, or 39%, primarily from the redemption of an aggregate of $5.25 billion in Senior Notes to affiliates and the repayment of an aggregate of $4.0 billion in Incremental term loan facility to affiliates in 2020, partially offset by lower capitalized interest.

Other expense, net increased $397 million, primarily from losses on the extinguishment of debt.

Income from continuing operations before income taxes, the components of which are discussed above, was $3.5 billion and $4.6 billion for the years ended December 31, 2020 and 2019, respectively.

Income tax expense decreased $349 million, or 31%, primarily from:

- Lower income before income taxes; and
- A lower effective tax rate, primarily due to changes in state income taxes and excess tax benefits, partially offset by an increase in non-deductible expenses, including certain Merger-related costs. The effective tax rate was 22.3% and 24.7% for the years ended December 31, 2020 and 2019, respectively.

Income from continuing operations decreased $724 million, or 21%, primarily from:

- Higher Interest expense; and
- Higher Other expense, net; partially offset by
- Higher operating income; and
- Lower Income tax expense.

Income from discontinued operations, net of tax was $320 million for the year ended December 31, 2020, and consists of the results of the Prepaid Business that was divested on July 1, 2020. There were no discontinued operations for the year ended December 31, 2019. For more information regarding the Prepaid Transaction, see Note 12 – Discontinued Operations of the Notes to the Consolidated Financial Statements.

Net income, the components of which are discussed above, decreased $404 million, or 12%, and included the following:

- Merger-related costs, net of tax, of $1.5 billion for the year ended December 31, 2020, compared to $501 million for the year ended December 31, 2019.
- The negative impact of supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs, net of tax, of $339 million for the year ended December 31, 2020, compared to no impact for the year ended December 31, 2019.
- Impairment expense of $366 million, net of tax, for the year ended December 31, 2020, compared to no impairment expense for the year ended December 31, 2019.

Guarantor Financial Information

On March 2, 2020, the SEC adopted amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities, as well for affiliates whose securities collateralize a registrant's securities. We early adopted the requirements of the amendments on January 1, 2020, which included replacing guarantor condensed consolidating financial information with summarized financial information for the consolidated obligor group (Parent, Issuer, and Guarantor Subsidiaries) and no longer requiring guarantor cash flow information, financial information for non-guarantor subsidiaries, or a reconciliation to the consolidated results.

On April 1, 2020, in connection with the closing of the Merger, we assumed certain registered debt to third parties issued by Sprint, Sprint Communications, Inc. and Sprint Capital Corporation (collectively, the "Sprint Issuers"). Amounts previously disclosed for the estimated values of certain acquired assets and liabilities assumed have been adjusted based on additional information arising subsequent to the initial valuation. These revisions to the estimated values did not have a significant impact on our summarized financial information for the consolidated obligor group.

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties issued by T-Mobile USA, Inc. and the Sprint Issuers (collectively, the "Issuers") is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile ("Parent") and certain of Parent's 100% owned subsidiaries ("Guarantor Subsidiaries").

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures, supplemental indentures and credit agreements governing the long-term debt contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuers or borrowers to loan funds or make payments to Parent. However, the Issuers or borrowers and Guarantor Subsidiaries are allowed to make certain permitted payments to Parent under the terms of the indentures, supplemental indentures and credit agreements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. We early adopted the standard on January 1, 2020 and have applied the standard retrospectively to all periods presented. Upon the adoption of the standard, deferred tax assets of non-guarantor entities in aggregate of $163 million were reclassified and netted with the deferred tax liabilities of the guarantor obligor group of the debt issued by T-Mobile USA, Inc. The adoption of this standard did not have a material impact on our consolidated financial statements for the year ended December 31, 2020.

In March 2020, certain Guarantor Subsidiaries became non-Guarantor Subsidiaries. Certain prior period amounts have been reclassified to conform to the current period's presentation.

In connection with the preparation of our guarantor financial information for the year ended December 31, 2020, we determined that the summarized balance sheet information and summarized results of operations for the consolidated

obligor group of debt issued by T-Mobile USA, Inc., as presented in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2020, June 30, 2020, and September 30, 2020, should be adjusted to exclude investments in non-guarantor subsidiaries and the related equity method income from non-guarantor subsidiaries as of and for the year-to-date periods ending December 31, 2019, March 31, 2020, June 30, 2020 and September 30, 2020. We also determined the summarized balance sheet information

and summarized results of operations for the consolidated obligor groups of debt issued by Sprint, Sprint Communications, Inc. and Sprint Capital Corporation, as presented in our Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2020, and September 30, 2020, should be adjusted as well to exclude investments in their respective non-guarantor subsidiaries for the year-to-date periods ending June 30, 2020 and September 30, 2020. Therefore, we have updated the historical summarized financial information for these periods and obligor groups as set forth below. This adjustment does not impact the Consolidated Financial Statements for any quarterly or annual periods and does not impact guarantor financial information filed prior to our adoption of the new disclosure requirements for guarantors and issuers of guaranteed securities on January 1, 2020.

Basis of Presentation

The following tables include summarized financial information of the obligor groups of debt issued by T-Mobile USA, Inc., Sprint, Sprint Communications, Inc., and Sprint Capital Corporation. The summarized financial information of each obligor group is presented on a combined basis with balances and transactions within the obligor group eliminated. Investments in and the equity in earnings of non-guarantor subsidiaries which would otherwise be consolidated in accordance with U.S. GAAP are excluded from the below summarized financial information pursuant to SEC Regulation S-X Rule 13-01.

The summarized balance sheet information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

(in millions)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2019
Current assets	$ 8,431	$ 23,105	$ 18,035	$ 22,638	$ 8,177
Noncurrent assets	77,827	154,164	164,220	165,294	77,684
Current liabilities	14,125	21,487	17,765	19,982	11,885
Noncurrent liabilities	41,330	101,662	109,249	112,930	43,448
Due to non-guarantors	—	7,054	7,183	7,433	—
Due from non-guarantors	358	—	—	—	346
Due to related parties	14,215	6,067	4,846	4,873	14,173
Due from related parties	26	24	19	22	20

The summarized results of operations information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

(in millions)	Three Months Ended March 31, 2020	Six Months Ended June 30, 2020	Nine Months Ended September 30, 2020	Year Ended December 31, 2020	Year Ended December 31, 2019
Total revenues	$ 10,694	$ 28,071	$ 47,076	$ 67,112	$ 43,431
Operating income	1,309	1,525	3,353	4,335	4,761
Net income	809	412	1,029	1,148	2,860
Revenue from non-guarantors	259	656	1,088	1,496	974
Operating expenses to non-guarantors	129	775	1,443	2,127	668
Other expense to non-guarantors	—	(40)	(77)	(114)	—

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint and Sprint Communications, Inc. is presented in the table below:

(in millions)	June 30, 2020	September 30, 2020	December 31, 2020
Current assets	$ 1,619	$ 1,051	$ 2,646
Noncurrent assets	49,525	25,512	26,278
Current liabilities	4,716	3,317	4,209
Noncurrent liabilities	64,845	61,437	65,161
Due from non-guarantors	49,254	25,231	25,993
Due to related parties	6,025	4,774	4,786
Due from related parties	—	5	—

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The summarized results of operations information for the consolidated obligor group of debt issued by Sprint and Sprint Communications, Inc., since the acquisition of Sprint on April 1, 2020, is presented in the table below:

(in millions)	Three Months Ended June 30, 2020	Six Months Ended September 30, 2020	Nine Months Ended December 31, 2020
Total revenues	$ 2	$ 4	$ 10
Operating loss	(15)	(17)	(15)
Net loss	(819)	(1,651)	(2,229)
Revenue from non-guarantors	2	4	6
Other income, net, from non-guarantors	367	732	1,084

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint Capital Corporation is presented in the table below:

(in millions)	June 30, 2020	September 30, 2020	December 31, 2020
Current assets	$ 1,619	$ 1,051	$ 2,646
Noncurrent assets	58,547	34,540	35,330
Current liabilities	4,788	3,388	4,281
Noncurrent liabilities	70,070	66,530	70,253
Due from non-guarantors	58,276	34,259	35,046
Due to related parties	6,025	4,774	4,786
Due from related parties	—	5	—

The summarized results of operations information for the consolidated obligor group of debt issued by Sprint Capital Corporation, since the acquisition of Sprint on April 1, 2020, is presented in the table below:

(in millions)	Three Months Ended June 30, 2020	Six Months Ended September 30, 2020	Nine Months Ended December 31, 2020
Total revenues	$ 2	$ 4	$ 10
Operating loss	(15)	(17)	(15)
Net loss	(804)	(1,608)	(2,165)
Revenue from non-guarantors	2	4	6
Other income, net, from non-guarantors	366	732	1,085

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.

The performance measures presented below include the impact of the Merger on a prospective basis from the close date of April 1, 2020. Historical results were not restated.

Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Customers are qualified either for postpaid service utilizing phones, wearables, DIGITS or other connected devices, which include tablets and SyncUp products, where they generally pay after receiving service, or prepaid service, where they generally pay in advance of receiving service. Our postpaid

customers include customers of T-Mobile. Our prepaid customers include customers of T-Mobile and Metro by T-Mobile.

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The following table sets forth the number of ending customers:

(in thousands)	As of December 31,			2020 Versus 2019		2019 Versus 2018	
	2020	2019	2018	#	%	#	%
Customers, end of period							
Postpaid phone customers [1]	66,618	40,345	37,224	26,273	65 %	3,121	8 %
Postpaid other customers [1]	14,732	6,689	5,295	8,043	120 %	1,394	26 %
Total postpaid customers	81,350	47,034	42,519	34,316	73 %	4,515	11 %
Prepaid customers [1],[2]	20,714	20,860	21,137	(146)	(1)%	(277)	(1)%
Total customers	102,064	67,894	63,656	34,170	50 %	4,238	7 %
Adjustment to prepaid customers [2]	—	(616)	—	616	(100)%	(616)	NM

NM - Not Meaningful

(1) Includes customers acquired in connection with the Merger and certain customer base adjustments. See Customer Base Adjustments and Net Customer Additions tables below.

(2) On July 18, 2019, we entered into an agreement whereby certain T-Mobile prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment in the third quarter of 2019 to reduce prepaid customers by 616,000.

Total customers increased 34,170,000, or 50%, primarily from:

- Higher postpaid phone customers, primarily due to customers acquired in the Merger and the success of new customer segments and rate plans and continued growth in existing and new markets, along with promotional activities; and
- Higher postpaid other customers, primarily due to customers acquired in the Merger and growth in other connected devices primarily related to public and educational sector customers and wearable products; partially offset by
- Lower prepaid customers, primarily due to the customer base adjustments made to align the customer reporting policies of T-Mobile and Sprint, partially offset by the continued success of our prepaid business due to promotional activities and rate plan offers.

Customer Base Adjustments

Certain adjustments were made to align the customer reporting policies of T-Mobile and Sprint.

The adjustments made to the reported T-Mobile and Sprint ending customer base as of March 31, 2020, are presented below:

(in thousands)	Postpaid phone customers	Postpaid other customers	Total postpaid customers	Prepaid customers	Total customers
Reconciliation to beginning customers					
T-Mobile customers as reported, end of period March 31, 2020	40,797	7,014	47,811	20,732	68,543
Sprint customers as reported, end of period March 31, 2020	25,916	8,428	34,344	8,256	42,600
Total combined customers, end of period March 31, 2020	66,713	15,442	82,155	28,988	111,143
Adjustments					
Reseller reclassification to wholesale customers [1]	(199)	(2,872)	(3,071)	—	(3,071)
EIP reclassification from postpaid to prepaid [2]	(963)	—	(963)	963	—
Divested prepaid customers [3]	—	—	—	(9,207)	(9,207)
Rate plan threshold [4]	(182)	(918)	(1,100)	—	(1,100)
Customers with non-phone devices [5]	(226)	226	—	—	—
Collection policy alignment [6]	(150)	(46)	(196)	—	(196)
Miscellaneous adjustments [7]	(141)	(43)	(184)	(302)	(486)
Total Adjustments	(1,861)	(3,653)	(5,514)	(8,546)	(14,060)
Adjusted beginning customers as of April 1, 2020	64,852	11,789	76,641	20,442	97,083

(1) In connection with the closing of the Merger, we refined our definition of wholesale customers resulting in the reclassification of certain postpaid and prepaid reseller customers to wholesale customers. Starting with the three months ended March 31, 2020, we discontinued reporting wholesale customers to focus on postpaid and prepaid customers and wholesale revenues, which we consider more relevant than the number of wholesale customers given the expansion of M2M and IoT products.
(2) Prepaid customers with a device installment billing plan historically included as Sprint postpaid customers have been reclassified to prepaid customers to align with T-Mobile policy.
(3) Customers associated with the Sprint wireless prepaid and Boost Mobile brands that were divested on July 1, 2020, have been excluded from our reported customers.
(4) Customers who have rate plans with monthly recurring charges which are considered insignificant have been excluded from our reported customers.

(5) Customers with postpaid phone rate plans without a phone (e.g., non-phone devices) have been reclassified from postpaid phone to postpaid other customers to align with T-Mobile policy.
(6) Certain Sprint customers subject to collection activity for an extended period of time have been excluded from our reported customers to align with T-Mobile policy.
(7) Miscellaneous insignificant adjustments to align with T-Mobile policy.

Net Customer Additions

The following table sets forth the number of net customer additions:

	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
(in thousands)	**2020**	**2019**	**2018**	**#**	**%**	**#**	**%**
Net customer additions							
Postpaid phone customers	2,218	3,121	3,097	(903)	(29)%	24	1 %
Postpaid other customers	3,268	1,394	1,362	1,874	134 %	32	2 %
Total postpaid customers	5,486	4,515	4,459	971	22 %	56	1 %
Prepaid customers [(1)]	145	339	460	(194)	(57)%	(121)	(26)%
Total customers	5,631	4,854	4,919	777	16 %	(65)	(1)%
Acquired customers, net of base adjustments	29,228	—	—	29,228	NM	—	NM

NM - Not Meaningful
(1) On July 18, 2019, we entered into an agreement whereby certain T-Mobile prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment in the third quarter of 2019 to reduce prepaid customers by 616,000.

Total net customer additions increased 777,000, or 16%, primarily from:

- Higher postpaid other net customer additions, primarily due to higher gross additions from connected devices, primarily due to public and educational sector additions and lower churn, partially offset by lower switching activity in the industry from reduced store traffic due to retail store closures arising from the Pandemic; partially offset by
- Lower postpaid phone net customer additions, primarily due to higher churn from customers acquired in the Merger and lower switching activity in the industry from reduced store traffic due to retail store closures arising from the Pandemic; and
- Lower prepaid gross customer additions, partially offset by lower churn, both primarily due to lower switching activity in the industry from reduced store traffic due to retail store closures arising from the Pandemic.

Churn

Churn represents the number of customers whose service was disconnected as a percentage of the average number of customers during the specified period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

The following table sets forth the churn:

	Year Ended December 31,			Bps Change 2020 Versus 2019	Bps Change 2019 Versus 2018
	2020	**2019**	**2018**		
Postpaid phone churn	0.90 %	0.89 %	1.01 %	1 bps	-12 bps
Prepaid churn	3.03 %	3.82 %	3.96 %	-79 bps	-14 bps

Postpaid phone churn was essentially flat, primarily due to the inclusion of the customer base acquired in the Merger with higher churn, offset by lower switching activity in the industry due to reduced store traffic due to temporary retail store closures arising from the Pandemic.

Prepaid churn decreased 79 basis points, primarily due to lower switching activity in the industry due to reduced store traffic due to temporary retail store closures arising from the Pandemic and the continued success of our prepaid products due to promotional activities and rate plan offers.

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Total Postpaid Accounts

A postpaid account is generally defined as a billing account number that generates revenue. Postpaid accounts are generally comprised of customers that are qualified for postpaid service utilizing phones, wearables, DIGITS or other connected devices which include tablets and SyncUp products, where they generally pay after receiving service.

	As of December 31,			2020 Versus 2019		2019 Versus 2018	
(in thousands)	**2020**	**2019**	**2018**	**# Change**	**% Change**	**# Change**	**% Change**
Accounts, end of period							
Total postpaid customer accounts[1]	25,754	15,047	14,015	10,707	71 %	1,032	7 %

(1) Includes accounts acquired in connection with the Merger and certain account base adjustments. See Account Base Adjustments table below.

Total postpaid customer accounts increased 10,707,000, or 71%, primarily due to 10,150,000 accounts acquired in the Merger, the success of new customer segments and rate plans, continued growth in existing and new markets, along with promotional activities, improvements in network quality and industry-leading customer service, partially offset by lower switching activity in the industry from reduced store traffic due to retail store closures resulting from the Pandemic.

Account Base Adjustments

Certain adjustments were made to align the account reporting policies of T-Mobile and Sprint.

The adjustments made to the reported T-Mobile and Sprint ending account base as of March 31, 2020 are presented below:

(in thousands)	**Postpaid Accounts**
Reconciliation to beginning accounts	
T-Mobile accounts as reported, end of period March 31, 2020	15,244
Sprint accounts, end of period March 31, 2020	11,246
Total combined accounts, end of period March 31, 2020	26,490
Adjustments	
Reseller reclassification to wholesale accounts [1]	(1)
EIP reclassification from postpaid to prepaid [2]	(963)
Rate plan threshold [3]	(18)
Collection policy alignment [4]	(76)
Miscellaneous adjustments [5]	(47)
Total Adjustments	(1,105)
Adjusted beginning accounts as of April 1, 2020	25,385

(1) In connection with the closing of the Merger, we refined our definition of wholesale accounts resulting in the reclassification of certain postpaid and prepaid reseller accounts to wholesale accounts.
(2) Prepaid accounts with a customer with a device installment billing plan historically included as Sprint postpaid accounts have been reclassified to prepaid accounts to align with T-Mobile policy.
(3) Accounts with customers who have rate plans with monthly recurring charges which are considered insignificant have been excluded from our reported accounts.
(4) Certain Sprint accounts subject to collection activity for an extended period of time have been excluded from our reported accounts to align with T-Mobile policy.
(5) Miscellaneous insignificant adjustments to align with T-Mobile policy.

Average Revenue Per User

ARPU represents the average monthly service revenue earned from customers. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue per customer and assist in forecasting our future service revenues generated from our customer base. Postpaid phone ARPU excludes postpaid other customers and related revenues, which include wearables, DIGITS and other connected devices such as tablets and SyncUp products.

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The following table illustrates the calculation of our operating measure ARPU and reconciles this measure to the related service revenues:

(in millions, except average number of customers and ARPU)	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
	2020	2019	2018	$ Change	% Change	$ Change	% Change
Calculation of Postpaid Phone ARPU							
Postpaid service revenues	$ 36,306	$ 22,673	$ 20,862	$ 13,633	60 %	$ 1,811	9 %
Less: Postpaid other revenues	(2,367)	(1,344)	(1,117)	(1,023)	76 %	(227)	20 %
Postpaid phone service revenues	33,939	21,329	19,745	12,610	59 %	1,584	8 %
Divided by: Average number of postpaid phone customers (in thousands) and number of months in period	59,249	38,602	35,458	20,647	53 %	3,144	9 %
Postpaid phone ARPU	$ 47.74	$ 46.04	$ 46.40	$ 1.70	4 %	$ (0.36)	(1)%
Calculation of Prepaid ARPU							
Prepaid service revenues	$ 9,421	$ 9,543	$ 9,598	$ (122)	(1)%	$ (55)	(1)%
Divided by: Average number of prepaid customers (in thousands) and number of months in period	20,594	20,955	20,761	(361)	(2)%	194	1 %
Prepaid ARPU	$ 38.12	$ 37.95	$ 38.53	$ 0.17	— %	$ (0.58)	(2)%

Postpaid Phone ARPU

Postpaid phone ARPU increased $1.70, or 4%, primarily due to:

- The net impact of customers acquired in the Merger, which have higher ARPU (net of changes arising from the reduction in base due to policy adjustments and reclassification of certain ARPU components from the acquired customers being moved to other revenue lines); and
- Higher premium service revenues; partially offset by
- An increase in our promotional activities.

Prepaid ARPU

Prepaid ARPU was essentially flat and was primarily impacted by:

- The impacts of certain adjustments to our customer base, including the removal of certain prepaid customers associated with products now offered and distributed by a current MVNO partner as those customers had lower ARPU; offset by
- Dilution from promotional rate plans; and
- A reduction in certain non-recurring charges.

Average Revenue Per Account

Average Revenue per Account ("ARPA") represents the average monthly postpaid service revenue earned per account. We believe postpaid ARPA provides management, investors and analysts with useful information to assess and evaluate our postpaid service revenue realization and assist in forecasting our future postpaid service revenues on a per account basis. We consider postpaid ARPA to be indicative of our revenue growth potential given the increase in the average number of postpaid phone customers per account and increases in postpaid other customers, including wearables, DIGITS or other connected devices, which include tablets and SyncUp products.

The following table illustrates the calculation of our operating measure ARPA and reconciles this measure to the related service revenues:

(in millions, except average number of accounts, ARPA)	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
	2020	2019	2018	$ Change	% Change	$ Change	% Change
Calculation of Postpaid ARPA							
Postpaid service revenues	$ 36,306	$ 22,673	$ 20,862	$ 13,633	60 %	$ 1,811	9 %
Divided by: Average number of postpaid accounts (in thousands) and number of months in period	22,959	14,486	13,492	8,473	58 %	994	7 %
Postpaid ARPA	$ 131.78	$ 130.43	$ 128.86	$ 1.35	1 %	$ 1.57	1 %

Postpaid ARPA

Postpaid ARPA increased $1.35, or 1%, primarily due to:

- An increase in customers per account, including further penetration in connected devices, and the success of new customer segments and rate plans;
- Higher premium service revenues; and
- The net impact of customers acquired in the Merger; partially offset by
- An increase in our promotional activities; and
- A reduction in certain non-recurring charges, including from the impact of the Pandemic.

Adjusted EBITDA

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, non-cash Stock-based compensation and certain income and expenses not reflective of our ongoing operating performance. Net income margin represents Net income divided by Service revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA is a non-GAAP financial measure utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance, and as a benchmark to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications services companies because it is indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, Merger-related costs including network decommissioning costs, incremental costs directly attributable to COVID-19 and impairment expense, as they are not indicative of our ongoing operating performance, as well as certain other nonrecurring income and expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

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The following table illustrates the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
(in millions)	2020	2019	2018	$ Change	% Change	$ Change	% Change
Net income	$ 3,064	$ 3,468	$ 2,888	$ (404)	(12)%	$ 580	20 %
Adjustments:							
Income from discontinued operations, net of tax	(320)	—	—	(320)	NM	—	NM
Income from continuing operations	2,744	3,468	2,888	(724)	(21)%	580	20 %
Interest expense	2,483	727	835	1,756	242 %	(108)	(13)%
Interest expense to affiliates	247	408	522	(161)	(39)%	(114)	(22)%
Interest income	(29)	(24)	(19)	(5)	21 %	(5)	26 %
Other expense, net	405	8	54	397	4,963 %	(46)	(85)%
Income tax expense	786	1,135	1,029	(349)	(31)%	106	10 %
Operating income	6,636	5,722	5,309	914	16 %	413	8 %
Depreciation and amortization	14,151	6,616	6,486	7,535	114 %	130	2 %
Operating income from discontinued operations [1]	432	—	—	432	NM	—	NM
Stock-based compensation [2]	516	423	389	93	22 %	34	9 %
Merger-related costs	1,915	620	196	1,295	209 %	424	216 %
COVID-19-related costs	458	—	—	458	NM	—	NM
Impairment expense	418	—	—	418	NM	—	NM
Other, net [3]	31	2	18	29	1,450 %	(16)	(89)%
Adjusted EBITDA	$ 24,557	$ 13,383	$ 12,398	$ 11,174	83 %	$ 985	8 %
Net income margin (Net income divided by Service revenues)	6 %	10 %	9 %		-400 bps		100 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by Service revenues)	49 %	39 %	38 %		1,000 bps		100 bps

NM - Not Meaningful

(1) Following the Prepaid Transaction, starting on July 1, 2020, we provide MVNO services to DISH. We have included the operating income from discontinued operations from April 1, 2020 through June 30, 2020, in our determination of Adjusted EBITDA to reflect contributions of the Prepaid Business that were replaced by the MVNO Agreement beginning on July 1, 2020 in order to enable management, analysts and investors to better assess ongoing operating performance and trends.

(2) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the consolidated financial statements. Additionally, certain stock-based compensation expenses associated with the Transactions have been included in Merger-related costs.

(3) Other, net may not agree to the Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are therefore excluded in Adjusted EBITDA.

Adjusted EBITDA increased $11.2 billion, or 83%. The components comprising Adjusted EBITDA are discussed further above. The increase was primarily due to:

- Higher Total service revenues; and
- Higher Equipment revenues; partially offset by
- Higher Cost of services expenses, excluding Merger-related costs;
- Higher Cost of equipment sales; and

- Higher Selling, general and administrative expenses, excluding Merger-related costs and supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of long-term debt and common stock, financing leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and the New Revolving Credit Facility (as defined below). In connection with the closing of the Merger on April 1, 2020, we incurred a substantial amount of additional third-party indebtedness which increased our future financial commitments, including aggregate interest payments. Further, the incurrence of additional indebtedness may inhibit our ability to incur new debt under the terms governing our existing and future indebtedness, which

may make it more difficult for us to incur new debt in the future to finance our business strategy. See “Risk Factors - Risks Related to Our Indebtedness.”

Cash Flows

The following is a condensed schedule of our cash flows for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
(in millions)	**2020**	**2019**	**2018**	**$**	**%**	**$**	**%**
Net cash provided by operating activities	$ 8,640	$ 6,824	$ 3,899	$ 1,816	27 %	$ 2,925	75 %
Net cash used in investing activities	(12,715)	(4,125)	(579)	(8,590)	208 %	(3,546)	612 %
Net cash provided by (used in) financing activities	13,010	(2,374)	(3,336)	15,384	(648)%	962	(29)%

Operating Activities

Net cash provided by operating activities increased $1.8 billion, or 27%, primarily from:

- Higher Net income, excluding non-cash income and expenses; partially offset by
- A $6.3 billion increase in net cash outflows from changes in working capital, primarily due to the one-time impact of $2.3 billion in gross payments for the settlement of interest rate swaps related to Merger financing for the year ended December 31, 2020, included in the use of cash from Other current and long-term liabilities, as well as higher use of cash from Accounts payable and accrued liabilities and Inventories.
- Net cash provided by operating activities includes $1.5 billion and $442 million in payments for Merger-related costs for the years ended December 31, 2020 and 2019, respectively.
- Net cash provided by operating activities includes $458 million in payments for supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs for the year ended December 31, 2020.

Investing Activities

Net cash used in investing activities increased $8.6 billion, or 208%. The use of cash was primarily from:

- $11.0 billion in Purchases of property and equipment, including capitalized interest, from network integration related to the Merger and the continued build-out of our nationwide 5G network;
- $5.0 billion in cash paid for the acquisition of Sprint, net of cash and restricted cash acquired; and
- $1.3 billion in Purchases of spectrum licenses and other intangible assets, including deposits; partially offset by
- $3.1 billion in Proceeds related to beneficial interests in securitization transactions;
- $1.2 billion in Proceeds from the divestiture of prepaid business; and
- $632 million related to derivative contracts under collateral exchange arrangements, for more information regarding these contracts, see Note 7 - Fair Value Measurements of the Notes to the Consolidated Financial Statements.

Financing Activities

Net cash provided by (used in) financing activities increased $15.4 billion. The source of cash was primarily from:

- $35.3 billion in Proceeds from the issuance of long-term debt, net of discounts and issuance costs, driven primarily by the issuance of $31.8 billion in Senior Secured Notes and a draw of $4.0 billion on the New Secured Term Loan Facility;
- $18.7 billion in Proceeds from the issuance of short-term debt, net of discounts and issuance costs, driven by a $19.0 billion draw on the New Secured Bridge Loan Facility in connection with the closing of the Merger; and

- $304 million in net proceeds from the SoftBank Equity transaction, see Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements; partially offset by
- $20.4 billion in Repayments of long-term debt driven by the repayment of $5.3 billion aggregate principal amount of Senior Notes held by DT, our $4.0 billion Incremental Term Loan Facility with DT, our $4.0 billion New Secured Term Loan Facility, $2.3 billion of outstanding principal for the termination of the accounts receivable facility assumed in the Merger, $4.2 billion aggregate principal amount of Senior Notes held by third parties and $656 million

aggregate principal amount of our 3.360% Senior Secured Series 2016-1 A-1 Notes due 2021;

- $18.9 billion in Repayments of short-term debt, net of refunds for issuance costs, for the repayment of the $19.0 billion draw on the New Secured Bridge Loan Facility; and
- $1.0 billion in Repayments of financing lease obligations.

Cash and Cash Equivalents

As of December 31, 2020, our Cash and cash equivalents were $10.4 billion compared to $1.5 billion at December 31, 2019.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities less cash payments for Purchases of property and equipment, including Proceeds from sales of tower sites and Proceeds related to beneficial interests in securitization transactions, less Cash payments for debt prepayment or debt extinguishment. Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, are non-GAAP financial measures utilized by our management, investors and analysts of our financial information to evaluate cash available to pay debt and provide further investment in the business.

The table below provides reconciliations of Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure.

	Year Ended December 31,			2020 Versus 2019		2019 Versus 2018	
(in millions)	**2020**	**2019**	**2018**	**$**	**%**	**$ Change**	**% Change**
Net cash provided by operating activities	$ 8,640	$ 6,824	$ 3,899	$ 1,816	27 %	$ 2,925	75 %
Cash purchases of property and equipment	(11,034)	(6,391)	(5,541)	(4,643)	73 %	(850)	15 %
Proceeds from sales of tower sites	—	38	—	(38)	(100)%	38	NM
Proceeds related to beneficial interests in securitization transactions	3,134	3,876	5,406	(742)	(19)%	(1,530)	(28)%
Cash payments for debt prepayment or debt extinguishment costs	(82)	(28)	(212)	(54)	193 %	184	(87)%
Free Cash Flow	658	4,319	3,552	(3,661)	(85)%	767	22 %
Gross cash paid for the settlement of interest rate swaps	2,343	—	—	2,343	NM	—	NM
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	$ 3,001	$ 4,319	$ 3,552	$ (1,318)	(31)%	$ 767	22 %

NM - Not Meaningful

Free Cash Flow, excluding gross payments for the settlement of interest rate swaps related to Merger financing, decreased $1.3 billion, or 31%. The decrease was primarily impacted by the following:

- Higher Cash purchases of property and equipment, including capitalized interest of $440 million and $473 million for the years ended December 31, 2020 and 2019, respectively, from network integration related to the Merger and the continued build-out of our nationwide 5G network; and
- Lower Proceeds related to our deferred purchase price from securitization transactions; partially offset by
- Higher Net cash provided by operating activities, as described above. Net cash provided by operating activities was impacted by the following:
    - $1.5 billion and $442 million in payments for Merger-related costs for the years ended December 31, 2020 and 2019, respectively.

    - $458 million in payments for supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs for the year ended December 31, 2020.
- The calculation of Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, excludes the one-time impact of gross payments for the settlement of interest rate swaps related to Merger financing of $2.3 billion.

Borrowing Capacity

We maintain a financing arrangement with Deutsche Bank AG, which allows for up to $108 million in borrowings. Under the financing arrangement, we can effectively extend payment terms for invoices payable to certain vendors. As of December 31, 2020, there were no outstanding balances under such financing arrangement.

We also maintain vendor financing arrangements primarily with our main network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. Additionally, we assumed financial liabilities with certain vendors in connection with the closing of the Merger and incurred additional financial liabilities with DISH at the closing of the Prepaid Transaction. During the year ended December 31, 2020, we repaid $481 million associated with the vendor financing arrangements and other financial liabilities, of which $342 million was associated with financial liabilities assumed in connection with the closing of the Merger. These payments are included in Repayments of short-term debt for purchases of inventory, property and equipment and other financial liabilities, in our Consolidated Statements of Cash Flows. As of December 31, 2020 and 2019, the outstanding balance under the vendor financing arrangements and other financial liabilities was $240 million and $25 million, respectively.

On April 1, 2020, in connection with the closing of the Merger, T-Mobile USA and certain of its affiliates, as guarantors, entered into a Credit Agreement with certain financial institutions named therein, providing for a $4.0 billion secured term loan facility (the “New Secured Term Loan Facility”) and a $4.0 billion revolving credit facility (the “New Revolving Credit Facility”). On September 16, 2020, we increased the aggregate commitment under the New Revolving Credit Facility to $5.5 billion through an amendment to the Credit Agreement. On October 9, 2020, we repaid at par all of the outstanding amounts under, and terminated, our New Secured Term Loan Facility. As of December 31, 2020, there was no outstanding balance under the New Revolving Credit Facility.

On October 30, 2020, we entered into a $5.0 billion senior secured term loan commitment with certain financial institutions. Subsequent to December 31, 2020, on January 14, 2021, we issued an aggregate of $3.0 billion in Senior Notes. The senior secured term loan commitment was reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. Up to $2.0 billion of loans under the commitment may be drawn at any time (subject to customary conditions precedent) through June 30, 2021. If drawn, the facility matures in 364 days with one six-month extension exercisable at our discretion. Proceeds may be used for general corporate purposes and will accrue interest at a rate of LIBOR plus a margin of 1.25% per annum.

Debt Financing

As of December 31, 2020, our total debt and financing lease liabilities were $73.6 billion, excluding our tower obligations, of which $66.5 billion was classified as long-term debt and $1.4 billion was classified as long-term financing lease liabilities.

During the year ended December 31, 2020, we issued short- and long-term debt for net proceeds of $54.2 billion and redeemed and repaid short- and long-term debt with an aggregate principal amount of $39.9 billion. Additionally, in connection with the closing of the Merger, we assumed certain indebtedness of Sprint totaling $31.8 billion.

On October 6, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $4.0 billion in Senior Secured Notes bearing interest rates ranging from 2.050% to 3.300% and maturing in 2028 through 2051. On October 9, 2020, we used the net proceeds of $4.0 billion to repay at par all of the outstanding amounts under, and terminate, our New Secured Term Loan Facility.

On October 28, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $4.75 billion in Senior Secured Notes bearing interest rates ranging from 2.250% to 3.600% and maturing in 2031 through 2060. We intend to use the net proceeds of $4.6 billion for general corporate purposes, which may include among other things, acquisitions of additional spectrum and refinancing existing indebtedness on an ongoing basis.

On October 30, 2020, we entered into a $5.0 billion senior secured term loan commitment with certain financial institutions. Subsequent to December 31, 2020, on January 14, 2021, T-Mobile USA issued $1.0 billion of 2.250% Senior Notes due 2026, $1.0 billion of 2.625% Senior Notes due 2029, and $1.0 billion of 2.875% Senior Notes due 2031. We intend to use the net proceeds of $3.0 billion for general corporate purposes, which may include among other things, financing acquisitions of additional spectrum and refinancing existing indebtedness on an ongoing basis. A portion of the senior secured term loan commitments were reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. Up to $2.0 billion of loans under the commitment may be drawn at any time (subject to customary conditions precedent) through June 30, 2021. If drawn, the facility matures in 364 days with one six-month extension exercisable at our discretion. Proceeds may be used for general corporate purposes and will accrue interest at a rate of LIBOR plus a margin of 1.25% per annum.

For more information regarding our debt financing transactions, see Note 8 - Debt of the Notes to the Consolidated Financial Statements.

Spectrum Auction

In March 2020, the FCC announced that we were the winning bidder of 2,384 licenses in Auction 103 (37/39 GHz and 47 GHz spectrum bands) for an aggregate price of $873 million, net of an incentive payment of $59 million. At the inception of Auction 103 in October 2019, we deposited $82 million with the FCC. Upon conclusion of Auction 103 in March 2020, we made a down payment of $93 million for the purchase price of the licenses won in the auction. On April 8, 2020, we paid the FCC the remaining $698 million of the purchase price for the licenses won in the auction. Prior to the Merger, the FCC announced that Sprint was the winning bidder of 127 licenses in Auction 103 (37/39 GHz and 47 GHz spectrum bands). All payments related to the licenses won were made by Sprint prior the Merger.

For more information regarding our spectrum licenses, see Note 6 - Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Interest Rate Lock Derivatives

In April 2020, in connection with the issuance of an aggregate of $19.0 billion in Senior Secured Notes, we terminated our interest rate lock derivative. At the time of termination, the interest rate lock derivatives were a liability of $2.3 billion, of which $1.2 billion was cash collateralized. Consequently, the net cash required to settle the interest rate lock derivatives was an additional $1.1 billion and was paid at termination.

For more information regarding the termination of our interest rate lock derivative, see Note 7 - Fair Value Measurements of the Notes to the Consolidated Financial Statements.

Future Sources and Uses of Liquidity

We may seek additional sources of liquidity, including through the issuance of additional long-term debt in 2021, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions, or for other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of high yield callable debt and the execution of our integration plan.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. We have incurred, and will incur, substantial expenses as a result of completing the Transactions, the Divestiture Transaction and compliance with the Government Commitments, and we are also expected to incur substantial restructuring expenses in connection with integrating and coordinating T-Mobile's and Sprint's businesses, operations, policies and procedures. While we have assumed that a certain level of Merger-related expenses will be incurred, factors beyond our control, including required

consultation and negotiation with certain counterparties, could affect the total amount or the timing of these expenses. These expenses could exceed the costs historically borne by us and adversely affect our financial condition and results of operations. There are a number of additional risks and uncertainties, including those due to the impact of the Pandemic, that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment. See “Risk Factors - Risk Related to our

Business and Wireless Industry - The Pandemic has adversely affected, and will continue to adversely affect, our business, liquidity, financial condition, and operating results."

The indentures, supplemental indentures and credit agreements governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions on our common stock, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuers or borrowers to loan funds or make payments to Parent. However, the Issuers or borrowers are allowed to make certain permitted payments to Parent under the terms of each of the credit agreements, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of December 31, 2020.

The Merger

In connection with the closing of the Merger, on April 1, 2020, we assumed Sprint's liabilities, which include accounts payable and accrued liabilities, short-term debt, operating and financing lease liabilities, net pension plan liabilities, deferred tax liabilities and long-term debt with an aggregate fair value of $31.8 billion.

For more information regarding the Merger, see Note 2 – Business Combination of the Notes to the Consolidated Financial Statements.

Shentel Wireless Asset Acquisition

Sprint PCS (specifically Sprint Spectrum L.P.) is party to a variety of publicly filed agreements with Shenandoah Personal Communications Company LLC ("Shentel"), pursuant to which Shentel is the exclusive provider of Sprint PCS's wireless mobility communications network products in certain parts of Maryland, North Carolina, Virginia, West Virginia, Kentucky, Ohio and Pennsylvania. Pursuant to one such agreement, the Sprint PCS Management Agreement, dated November 5, 1999 (as amended, supplemented and modified from time to time, the "Management Agreement"), Sprint PCS was granted an option to purchase Shentel's wireless telecommunications assets used to provide services pursuant to the Management Agreement. On August 26, 2020, Sprint, now our indirect subsidiary, on behalf of and as the direct or indirect owner of Sprint PCS, exercised its option by delivering a binding notice of exercise to Shentel. T-Mobile's exercise of its option triggered a requirement for the parties to engage three independent valuation providers (the "Valuation Providers") to calculate the "entire business value" (the "Entire Business Value") of such wireless telecommunications assets, pursuant to a formula and valuation process prescribed in the Management Agreement.

Subsequent to December 31, 2020, on February 1, 2021, in accordance with the Management Agreement and other agreed-upon terms, the Valuation Providers determined and calculated the Entire Business Value of Shentel's wireless telecommunications assets used to provide services pursuant to the Management Agreement to be $2.1 billion, and correspondingly, the base purchase price for such wireless telecommunications assets shall be ninety percent (90%) of that Entire Business Value amount ($1.9 billion), subject to certain other purchase price adjustments prescribed by the Management Agreement and such additional purchase price adjustments agreed by the parties. The parties are negotiating the remaining outstanding terms of a definitive agreement to govern the purchase of Shentel's wireless telecommunication assets and expect the transaction to close in the second quarter of 2021 after satisfying customary conditions to closing.

Financing Lease Facilities

We have entered into uncommitted financing lease facilities with certain partners that provide us with the ability to enter into financing leases for network equipment and services. As of December 31, 2020, we have committed to $5.1 billion of financing leases under these financing lease facilities, of which $1.2 billion was executed during the year ended December 31, 2020. We expect to enter into up to an additional $1.2 billion in financing lease commitments during the year ending December 31, 2021.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses, the construction, expansion and upgrading of our network infrastructure and the integration of the networks, spectrum, technology, personnel, customer base and business practices of T-Mobile and Sprint. Property and equipment capital expenditures primarily relate to the integration of our acquired Sprint 2.5 GHz spectrum licenses and existing 600 MHz spectrum licenses as we build out our

nationwide 5G network. We expect the majority of our remaining capital expenditures related to these efforts to occur in 2021 and 2022, after which we expect capital expenditure requirements to reduce.

We expect cash purchases of property and equipment to range from $11.7 billion to $12.0 billion in 2021.

For more information regarding our property and equipment and spectrum licenses, see Note 5 – Property and Equipment and Note 6 - Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements, respectively.

Dividends

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock.

Contractual Obligations

In connection with the regulatory approvals of the Transactions, we made commitments to various state and federal agencies, including the U.S. Department of Justice's (the "DOJ") and FCC.

For more information regarding these commitments, see Note 18 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements.

The contractual commitments and purchase obligations of Sprint were assumed upon the completion of the Merger. These contractual commitments and purchase obligations are primarily commitments to purchase wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business.

For more information regarding our contractual commitments and purchase obligations, see Note 18- Commitments and Contingencies of the Notes to the Consolidated Financial Statements.

The following table summarizes our contractual obligations and borrowings as of December 31, 2020, and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

(in millions)	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long-term debt [1]	$ 4,486	$ 11,960	$ 9,891	$ 43,052	$ 69,389
Interest on long-term debt	3,477	5,938	4,317	13,817	27,549
Financing lease liabilities, including imputed interest	1,121	1,217	229	61	2,628
Tower obligations [2]	397	716	598	624	2,335
Operating lease liabilities, including imputed interest	4,903	8,113	6,146	18,940	38,102
Purchase obligations [3]	5,033	4,462	2,392	1,723	13,610
Spectrum leases and service credits [4]	338	675	594	5,077	6,684
Total contractual obligations	$ 19,755	$ 33,081	$ 24,167	$ 83,294	$ 160,297

(1) Represents principal amounts of long-term debt to affiliates and third parties at maturity, excluding unamortized premiums, discounts, debt issuance costs, consent fees, and financing lease obligations. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

(2) Future minimum payments, including principal and interest payments, related to the tower obligations. See Note 9 – Tower Obligations of the Notes to the Consolidated Financial Statements for further information.

(3) The minimum commitment for certain obligations is based on termination penalties that could be paid to exit the contracts. Termination penalties are included in the above table as payments due as of the earliest we could exit the contract, typically in less than one year. For certain contracts that include fixed volume purchase commitments and fixed prices for various products, the purchase obligations are calculated using fixed volumes and contractually fixed prices for the products that are expected to be purchased. This table does not include

open purchase orders as of December 31, 2020 under normal business purposes. See Note 18 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for further information.

(4) Spectrum lease agreements are typically for five to 10 years with automatic renewal provisions, bringing the total term of the agreements up to 30 years.

Certain commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment. Other long-term liabilities have been omitted from the table above due to the uncertainty of the timing of payments, combined with the lack of historical trends to predict future payments. See Note 20 – Additional Financial Information of the Notes to the Consolidated Financial Statements for further information.

The purchase obligations reflected in the table above are primarily commitments to purchase spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business. These amounts do not represent our entire anticipated purchases in the future, but represent only those items for which we are contractually committed. Where we are committed to make a minimum payment to the supplier regardless of whether we take delivery, we have included only that minimum payment as a purchase obligation. The acquisition of spectrum licenses is subject to regulatory approval and other customary closing conditions.

Related Party Transactions

SoftBank

On February 20, 2020, T-Mobile, SoftBank and DT entered into a Letter Agreement as described in Note 2 - Business Combination. The Letter Agreement requires T-Mobile to issue to SoftBank 48,751,557 shares of T-Mobile common stock, subject to the terms and conditions set forth in the Letter Agreement, for no additional consideration, if certain conditions are met.

On June 22, 2020, we entered into a Master Framework Agreement and related transactions with SoftBank to facilitate the SoftBank Monetization as described in Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements. As of December 31, 2020, DT and SoftBank held, directly or indirectly, approximately 43.4% and 8.6%, respectively, of our outstanding common stock, with the remaining approximately 48.0% of our outstanding common stock held by other stockholders. As a result of the Proxy Agreements, DT has voting control as of December 31, 2020, over approximately 52.3% of the outstanding T-Mobile common stock. In addition, as provided for in the Master Framework Agreement, DT also holds certain call options over approximately 101.5 million shares of our common stock held by SoftBank Group Capital Ltd., a wholly owned subsidiary of SoftBank.

On July 27, 2020, in connection with the SoftBank Monetization, the Rights Offering exercise period closed, and on August 3, 2020, the Rights Offering closed, resulting in the sale of 19,750,000 shares of our common stock.

For more information regarding our related party transactions with SoftBank, see Note 2 - Business Combination and Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements.

Marcelo Claure

On June 22, 2020, we entered into a Master Framework Agreement which provided for the purchase of shares of our common stock by Marcelo Claure, a member of our board of directors, from us at a specified price.

For more information regarding our related party transactions with Marcelo Claure, see Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements.

Brightstar

We had arrangements with Brightstar, a subsidiary of SoftBank, whereby Brightstar provided supply chain and inventory management services to us in our indirect channels.

For more information regarding our related party transactions with Brightstar, see Note 1 - Summary of Significant Accounting Policies and Note 20 - Additional Financial Information of the Notes to the Consolidated Financial Statements.

Deutsche Telekom

We have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing.

For more information regarding these transactions, see Note 20 - Additional Financial Information of the Notes to the Consolidated Financial Statements.

On April 1, 2020, in connection with the closing of the Merger, we repaid our $4.0 billion Incremental Term Loan Facility with DT and repurchased from DT $4.0 billion of indebtedness to affiliates, consisting of $2.0 billion of 5.300% Senior Notes due

2021 and $2.0 billion of 6.000% Senior Notes due 2024 as well as made an additional payment for requisite consents to DT of $13 million.

On July 4, 2020, we redeemed $1.25 billion aggregate principal amount of our 5.125% Senior Notes to affiliates due 2021.

For more information regarding our related party debt transactions, see Note 8 - Debt of the Notes to the Consolidated Financial Statements.

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act of 1934, as amended ("Exchange Act"). Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the year ended December 31, 2020, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with either DT or SoftBank. We have relied upon DT and SoftBank for information regarding their respective activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: Irancell Telecommunications Services Company, Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, during the year ended December 31, 2020, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services to three customers in Germany identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli, Bank Sepah, and Europäisch-Iranische Handelsbank. These services have been terminated or are in the process of being terminated. For the year ended December 31, 2020, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than $0.1 million, and the estimated net profits were less than $0.1 million.

In addition, DT, through certain of its non-U.S. subsidiaries that operate a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the year ended December 31, 2020 were less than $0.1 million. We understand that DT intends to continue these activities.

Separately, SoftBank, through one of its non-U.S. subsidiaries, provides roaming services in Iran through Irancell Telecommunications Services Company. During the nine months from the acquisition of Sprint on April 1, 2020 through December 31, 2020, SoftBank had no gross revenues from such services and no net profit was generated. We understand that the SoftBank subsidiary intends to continue such services. This subsidiary also provides telecommunications services in the ordinary course of business to accounts affiliated with the Embassy of Iran in Japan. During the nine months from the acquisition of Sprint on April 1, 2020 through December 31, 2020, SoftBank estimates that gross revenues and net profit generated by such services were both under $0.1 million. We understand that the SoftBank subsidiary is obligated under contract and intends to continue such services.

In addition, SoftBank, through one of its non-U.S. indirect subsidiaries, provides office supplies to the Embassy of Iran in Japan. SoftBank estimates that gross revenue and net profit generated by such services during the nine months from the acquisition of Sprint on April 1, 2020 through December 31, 2020, were both under $0.1 million. We understand that the SoftBank subsidiary intends to continue such activities.

Off-Balance Sheet Arrangements

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of December 31, 2020, we derecognized net receivables of $2.5 billion upon sale through these arrangements.

For more information regarding these off-balance sheet arrangements, see Note 4 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for further information.

Three of these policies, discussed below, are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Actual results could differ from those estimates.

Management and the Audit Committee of the Board of Directors have reviewed and approved these critical accounting policies.

Depreciation

Our property and equipment balance represents a significant component of our consolidated assets. We record property and equipment at cost, and we generally depreciate property and equipment on a straight-line basis over the estimated useful life of the assets. If all other factors were to remain unchanged, we expect that a one-year increase in the useful lives of our in-service property and equipment, exclusive of leased devices, would have resulted in a decrease of approximately $2.9 billion in our 2020 depreciation expense and that a one-year decrease in the useful life would have resulted in an increase of approximately $3.5 billion in our 2020 depreciation expense.

See Note 1 – Summary of Significant Accounting Policies and Note 5 – Property and Equipment of the Notes to the Consolidated Financial Statements for information regarding depreciation of assets, including management's underlying estimates of useful lives.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

Goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, are not amortized but tested for potential impairment annually, as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

We test goodwill on a reporting unit basis by comparing the estimated fair value of each reporting unit to its book value. If the fair value exceeds the book value, then no impairment is measured. We have identified two reporting units for which discrete financial information is available and results are regularly reviewed by management: wireless and Layer3. The Layer3 reporting unit consists of the assets and liabilities of Layer3 TV, Inc., which was acquired in January 2018. The services provided by the Layer3 reporting unit are branded TVision™. The wireless reporting unit consists of the remaining assets and liabilities of T-Mobile US, Inc., excluding Layer3 TV, Inc. We separately evaluate these reporting units for impairment.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. We employed a qualitative approach to assess the wireless reporting unit.

The fair value of the wireless reporting unit is determined using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying

aggregate fair value. No events or change in circumstances have occurred that indicate the fair value of the wireless reporting unit may be below its carrying amount at December 31, 2020.

Concurrent with the consummation of the Merger, management also revisited the plans for our TVision™ services offering and the integration of this offering with the Sprint customer base. Additionally, we expect our significantly enhanced spectrum position following the Merger will allow us to accelerate our in-home broadband internet service strategy. The enhanced in-home broadband opportunity, along with the acquisition of certain content rights, created a strategic shift in our TVision™ services offering allowing us the ability to develop a video product which will be complementary to the in-home broadband offering. Based on these events and changes in circumstances, we determined that recoverability of the carrying amount of goodwill for the Layer3 reporting unit should be evaluated for impairment. We employed a quantitative approach to assess the Layer3 reporting unit. The fair value of the Layer3 reporting unit was determined using an income approach, which was based on estimated discounted future cash flows.

We made estimates and assumptions regarding future cash flows, discount rates and long-term growth rates to determine the reporting unit's estimated fair value. The key assumptions used were as follows:

- Expected cash flows underlying the TVision™ business plan for the periods 2020 through 2025, which took into account assumptions for a delayed launch, estimates of subscribers for TVision™ services, average revenue and content cost per subscriber, operating costs and capital expenditures;
- Cash flows beyond 2025 were projected to grow at a long-term growth rate estimated at 3%. Estimating a long-term growth rate requires significant judgment about future business strategies as well as micro- and macro-economic environments that are inherently uncertain; and
- We used a discount rate of 30% to risk adjust the cash flow projections in determining the estimated fair value.

The carrying value of the Layer3 reporting unit exceeded its estimated fair value as of June 30, 2020. Accordingly, during the year ended December 31, 2020, we recorded an impairment loss of $218 million, which is included in Impairment expense in our Consolidated Statements of Comprehensive Income. This impairment reduced the goodwill assigned to the Layer3 reporting unit to zero.

We test spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a
national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative
assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield methodology values the spectrum licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except the asset to be valued (in this case, spectrum licenses) and makes investments required to build an operation comparable to current use. The value of the spectrum licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. We base the assumptions underlying the Greenfield methodology on a combination of market participant data and our historical results, trends and business plans. Future cash flows in the Greenfield methodology are based on estimates and assumptions of market participant revenues, EBITDA margin, network build-out period and a long-term growth rate for a market participant. The cash flows are discounted using a weighted average cost of capital.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and spectrum
licenses require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results or future
expectations are not consistent with the assumptions, this may result in the recording of significant impairment charges on
goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues,

EBITDA margins, capital expenditures and long-term growth rate.

For more information regarding our impairment assessments, see Note 1 - Summary of Significant Accounting Policies and Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Accounting Pronouncements Not Yet Adopted

For information regarding recently issued accounting standards, see Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to economic risks in the normal course of business, primarily from changes in interest rates, including changes in investment yields and changes in spreads due to credit risk and other factors. These risks, along with other business risks, impact our cost of capital. Our policy is to manage exposure related to fluctuations in interest rates in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. We have established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of our debt portfolio. We do not foresee significant changes in the strategies used to manage market risk in the near future.

Certain potential sources of financing available to us, including our senior secured term loan commitment with certain financial institutions and New Revolving Credit Facility, bear interest that is indexed to LIBOR plus a fixed margin. As of December 31, 2020, we did not have outstanding balances under these facilities. See Note 8 - Debt of the Notes to the Consolidated Financial Statements for additional information.

Index for Notes to the Consolidated Financial Statements

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of T-Mobile US, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of T-Mobile US, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenues in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded certain elements of the internal control over financial reporting of Sprint from its assessment of the Company's internal control over financial reporting as of December 31, 2020 because it was acquired by the

Company in a purchase business combination during 2020. Subsequent to the acquisition, the Company integrated certain elements of Sprint's internal control over financial reporting and related processes into the Company's existing systems, internal control over financial reporting and related processes. The Sprint controls that were not integrated have been excluded from management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2020. We have also excluded these elements of the internal

control over financial reporting of Sprint from our audit of the Company's internal control over financial reporting. The excluded elements of Sprint represent controls over approximately 14% of consolidated assets and approximately 30% of the consolidated total revenues as of and for the year ended December 31, 2020.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Acquisition of Sprint Corporation - Accounting and Valuation of the Acquired Spectrum License Portfolio

As described in Notes 1 and 2 to the consolidated financial statements, the Company completed its acquisition of Sprint Corporation for a total consideration of $40.8 billion on April 1, 2020. The Company measured the identifiable assets acquired and liabilities assumed at fair value, which resulted in the recognition of $45.4 billion of Federal Communications Commission ("FCC") spectrum licenses, a portion of which relates to lease agreements (the "Agreements") with various educational and non-profit institutions that provide the Company with the right to use FCC spectrum licenses (Educational Broadband Services or "EBS spectrum") in the 2.5 GHz band. Management applied judgment in determining the Agreements enhance the overall value of the Company's owned spectrum licenses as the collective value is higher than the value of individual bands of spectrum within a specific geography. This enhanced value from combining owned and leased spectrum licenses is referred to as an aggregation premium, which is a component of the overall fair value of FCC spectrum licenses, which are recognized as indefinite-lived intangible assets. Management also applied judgment in estimating the overall value of the Spectrum License portfolio using the income approach, specifically a Greenfield model, which involved the use of key assumptions with respect to the discount rate, market share, estimated capital and operating expenditures, forecasted service revenue and long-term growth rate for a hypothetical market participant that enters the wireless industry and builds a nationwide wireless network.

The principal considerations for our determination that performing procedures relating to the accounting and valuation of the acquired Spectrum License portfolio in the acquisition of Sprint Corporation is a critical audit matter are (i) the significant judgment by management in determining the accounting for the leased EBS spectrum arrangements, as well as estimating the fair value of the acquired Spectrum License portfolio; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's accounting for the leased EBS spectrum portion of the portfolio as well as evaluating management's significant assumptions related to the discount rate, market share, estimated capital and operating expenditures, forecasted service revenue and long-

term growth rate used in estimating the fair value of the acquired Spectrum License portfolio; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the accounting for the leased EBS spectrum arrangements and estimating the fair value of the acquired Spectrum License portfolio. These procedures also included, among others, (i) reading the purchase agreement and Spectrum License lease agreements; (ii) evaluating management's assessment related to the accounting for the leased EBS spectrum arrangements; and (iii) testing

management's process for estimating the fair value of the acquired Spectrum License portfolio. Testing management's process included evaluating the appropriateness of the valuation methodology, and evaluating the reasonableness of management's significant assumptions related to the discount rate, market share, estimated capital and operating expenditures, forecasted service revenue and long-term growth rate. Evaluating the significant assumptions included considering (i) the cost of capital of comparable businesses and consistency with other valuations for the discount rate; (ii) industry factors and historical results for market share; (iii) historical results, and industry data for the estimated capital and operating expenditures and forecasted service revenue assumptions; and (iv) industry and market factors for the long-term growth rate. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the discount rate and long-term growth rate assumptions.

Acquisition of Sprint Corporation - Accounting for the Acquired Lease-out and Leaseback Arrangement with Crown Castle International Corp.

As described in Notes 2 and 9 to the consolidated financial statements, in the acquisition of Sprint Corporation, the Company measured the identifiable assets acquired and liabilities assumed at fair value, which resulted in the recognition of property and equipment with a fair value of $2.8 billion and tower obligations related to amounts owed to Crown Castle International Corp. ("CCI") under the leaseback of $1.1 billion. Additionally, $1.7 billion in other long-term liabilities were recognized associated with contract terms that are unfavorable to current market rates, which includes unfavorable terms associated with the fixed-price purchase option in 2037. Prior to the Merger, Sprint entered into a lease-out and leaseback arrangement with Global Signal Inc., a third party that was subsequently acquired by CCI, that conveyed to CCI the exclusive right to manage and operate approximately 6,400 tower sites via prepaid master lease. These agreements were assumed upon the close of the Merger, at which point the remaining term of the lease-out was approximately 17 years with no renewal options. CCI has a fixed-price purchase option for all (but not less than all) of the leased or subleased sites for approximately $2.3 billion, exercisable one year prior to the expiration of the agreement and ending 120 days prior to the expiration of the agreement. The Company leases back a portion of the space at certain tower sites for an initial term of 10 years, followed by optional renewals at customary terms.

The principal considerations for our determination that performing procedures relating to accounting for the acquired lease-out and leaseback arrangement with CCI in the acquisition of Sprint Corporation is a critical audit matter are (i) the significant judgment by management in determining the accounting to reflect the acquisition of the tower lease arrangement; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's accounting for and presentation of the owned leased asset and related liabilities and identification of each unit of account within the transaction; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the accounting for acquired lease-out and leaseback arrangement with CCI. These procedures also included, among others, (i) reading the purchase agreement and Global Signal Inc. lease agreements; (ii) evaluating management's accounting for and presentation of the owned leased asset and related liabilities; and (iii) evaluating management's identification of each unit of account within the transaction. Professionals with specialized skill and knowledge were used to assist in evaluating management's accounting assessment of the acquired lease-out and leaseback arrangement with CCI.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 23, 2021

We have served as the Company's auditor since 2001.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Balance Sheets

(in millions, except share and per share amounts)	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 10,385	$ 1,528
Accounts receivable, net of allowance for credit losses of $194 and $61	4,254	1,888
Equipment installment plan receivables, net of allowance for credit losses and imputed discount of $478 and $333	3,577	2,600
Accounts receivable from affiliates	22	20
Inventory	2,527	964
Prepaid expenses	624	333
Other current assets	2,496	1,972
Total current assets	23,885	9,305
Property and equipment, net	41,175	21,984
Operating lease right-of-use assets	28,021	10,933
Financing lease right-of-use assets	3,028	2,715
Goodwill	11,117	1,930
Spectrum licenses	82,828	36,465
Other intangible assets, net	5,298	115
Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount of $127 and $66	2,031	1,583
Other assets	2,779	1,891
Total assets	$ 200,162	$ 86,921
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,196	$ 6,746
Payables to affiliates	157	187
Short-term debt	4,579	25
Deferred revenue	1,030	631
Short-term operating lease liabilities	3,868	2,287
Short-term financing lease liabilities	1,063	957
Other current liabilities	810	1,673
Total current liabilities	21,703	12,506
Long-term debt	61,830	10,958
Long-term debt to affiliates	4,716	13,986
Tower obligations	3,028	2,236
Deferred tax liabilities	9,966	5,607
Operating lease liabilities	26,719	10,539
Financing lease liabilities	1,444	1,346
Other long-term liabilities	5,412	954
Total long-term liabilities	113,115	45,626
Commitments and contingencies (Note 18)		
Stockholders' equity		
Common Stock, par value $0.00001 per share, 2,000,000,000 shares authorized; 1,243,345,584 and 858,418,615 shares issued, 1,241,805,706 and 856,905,400 shares outstanding	—	—
Additional paid-in capital	72,772	38,498
Treasury stock, at cost, 1,539,878 and 1,513,215 shares issued	(11)	(8)
Accumulated other comprehensive loss	(1,581)	(868)
Accumulated deficit	(5,836)	(8,833)
Total stockholders' equity	65,344	28,789
Total liabilities and stockholders' equity	$ 200,162	$ 86,921

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statements of Comprehensive Income

(in millions, except share and per share amounts)	Year Ended December 31, 2020	2019	2018
Revenues			
Postpaid revenues	$ 36,306	$ 22,673	$ 20,862
Prepaid revenues	9,421	9,543	9,598
Wholesale revenues	2,590	1,279	1,183
Roaming and other service revenues	2,078	1,005	798
Total service revenues	50,395	34,500	32,441
Equipment revenues	17,312	9,840	10,009
Other revenues	690	658	860
Total revenues	68,397	44,998	43,310
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	11,878	6,622	6,307
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	16,388	11,899	12,047
Selling, general and administrative	18,926	14,139	13,161
Impairment expense	418	—	—
Depreciation and amortization	14,151	6,616	6,486
Total operating expenses	61,761	39,276	38,001
Operating income	6,636	5,722	5,309
Other income (expense)			
Interest expense	(2,483)	(727)	(835)
Interest expense to affiliates	(247)	(408)	(522)
Interest income	29	24	19
Other expense, net	(405)	(8)	(54)
Total other expense, net	(3,106)	(1,119)	(1,392)
Income from continuing operations before income taxes	3,530	4,603	3,917
Income tax expense	(786)	(1,135)	(1,029)
Income from continuing operations	2,744	3,468	2,888
Income from discontinued operations, net of tax	320	—	—
Net income	$ 3,064	$ 3,468	$ 2,888
Net income	$ 3,064	$ 3,468	$ 2,888
Other comprehensive loss, net of tax			
Unrealized loss on cash flow hedges, net of tax effect of $(250), $(187), and $(115)	(723)	(536)	(332)
Unrealized gain on foreign currency translation adjustment, net of tax effect of $1, $0 and $0	4	—	—
Net unrecognized gain (loss) on pension and other postretirement benefits, net of tax effect of $2, $0 and $0	6	—	—
Other comprehensive loss	(713)	(536)	(332)
Total comprehensive income	$ 2,351	$ 2,932	$ 2,556
Earnings per share			
Basic earnings per share:			
Continuing operations	$ 2.40	$ 4.06	$ 3.40
Discontinued operations	0.28	—	—
Basic	$ 2.68	$ 4.06	$ 3.40
Diluted earnings per share:			
Continuing operations	$ 2.37	$ 4.02	$ 3.36
Discontinued operations	0.28	—	—
Diluted	$ 2.65	$ 4.02	$ 3.36
Weighted average shares outstanding			
Basic	1,144,206,326	854,143,751	849,744,152
Diluted	1,154,749,428	863,433,511	858,290,174

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2020	2019	2018
Operating activities			
Net income	$ 3,064	$ 3,468	$ 2,888
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	14,151	6,616	6,486
Stock-based compensation expense	694	495	424
Deferred income tax expense	822	1,091	980
Bad debt expense	602	307	297
Losses from sales of receivables	36	130	157
Deferred rent expense	—	—	26
Losses on redemption of debt	371	19	122
Impairment expense	418	—	—
Changes in operating assets and liabilities			
Accounts receivable	(3,273)	(3,709)	(4,617)
Equipment installment plan receivables	(1,453)	(1,015)	(1,598)
Inventories	(2,222)	(617)	(201)
Operating lease right-of-use assets	3,465	1,896	—
Other current and long-term assets	(402)	(144)	(181)
Accounts payable and accrued liabilities	(2,123)	17	(867)
Short and long-term operating lease liabilities	(3,699)	(2,131)	—
Other current and long-term liabilities	(2,178)	144	(69)
Other, net	367	257	52
Net cash provided by operating activities	8,640	6,824	3,899
Investing activities			
Purchases of property and equipment, including capitalized interest of $440, $473 and $362	(11,034)	(6,391)	(5,541)
Purchases of spectrum licenses and other intangible assets, including deposits	(1,333)	(967)	(127)
Proceeds from sales of tower sites	—	38	—
Proceeds related to beneficial interests in securitization transactions	3,134	3,876	5,406
Net cash related to derivative contracts under collateral exchange arrangements	632	(632)	—
Acquisition of companies, net of cash and restricted cash acquired	(5,000)	(31)	(338)
Proceeds from the divestiture of prepaid business	1,224	—	—
Other, net	(338)	(18)	21
Net cash used in investing activities	(12,715)	(4,125)	(579)
Financing activities			
Proceeds from issuance of long-term debt	35,337	—	2,494
Payments of consent fees related to long-term debt	(109)	—	—
Proceeds from borrowing on revolving credit facility	—	2,340	6,265
Repayments of revolving credit facility	—	(2,340)	(6,265)
Repayments of financing lease obligations	(1,021)	(798)	(700)
Repayments of short-term debt for purchases of inventory, property and equipment and other financial liabilities	(481)	(775)	(300)
Repayments of long-term debt	(20,416)	(600)	(3,349)
Issuance of common stock	19,840	—	—
Repurchases of common stock	(19,536)	—	(1,071)
Proceeds from issuance of short-term debt	18,743	—	—
Repayments of short-term debt	(18,929)	—	—
Tax withholdings on share-based awards	(439)	(156)	(146)
Cash payments for debt prepayment or debt extinguishment costs	(82)	(28)	(212)
Other, net	103	(17)	(52)
Net cash provided by (used in) financing activities	13,010	(2,374)	(3,336)
Change in cash and cash equivalents, including restricted cash	8,935	325	(16)
Cash and cash equivalents, including restricted cash			
Beginning of period	1,528	1,203	1,219
End of period	$ 10,463	$ 1,528	$ 1,203

The accompanying notes are an integral part of these consolidated financial statements.

Index for Notes to the Consolidated Financial Statements

T-Mobile US, Inc.
Consolidated Statement of Stockholders' Equity

(in millions, except shares)	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2017	859,406,651	$ (4)	$ 38,629	$ 8	$ (16,074)	$ 22,559
Net income	—	—	—	—	2,888	2,888
Other comprehensive loss	—	—	—	(332)	—	(332)
Stock-based compensation	—	—	473	—	—	473
Exercise of stock options	187,965	—	3	—	—	3
Stock issued for employee stock purchase plan	2,011,794	—	103	—	—	103
Issuance of vested restricted stock units	7,448,148	—	—	—	—	—
Issuance of restricted stock awards	225,799	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(2,321,827)	—	(146)	—	—	(146)
Repurchases of common stock	(16,738,758)	—	(1,054)	—	—	(1,054)
Transfer RSU to NQDC plan	(39,455)	(2)	2	—	—	—
Prior year Retained Earnings[1]	—	—	—	(8)	232	224
Balance as of December 31, 2018	850,180,317	(6)	38,010	(332)	(12,954)	24,718
Net income	—	—	—	—	3,468	3,468
Other comprehensive loss	—	—	—	(536)	—	(536)
Stock-based compensation	—	—	517	—	—	517
Exercise of stock options	85,083	—	1	—	—	1
Stock issued for employee stock purchase plan	2,091,650	—	124	—	—	124
Issuance of vested restricted stock units	6,685,950	—	—	—	—	—
Issuance of restricted stock awards	(24,682)	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(2,094,555)	—	(156)	—	—	(156)
Transfer RSU from NQDC plan	(18,363)	(2)	2	—	—	—
Prior year Retained Earnings[1]	—	—	—	—	653	653
Balance as of December 31, 2019	856,905,400	(8)	38,498	(868)	(8,833)	28,789
Net income	—	—	—	—	3,064	3,064
Other comprehensive loss	—	—	—	(713)	—	(713)
Executive put option	(342,000)	—	1	—	—	1
Stock-based compensation	—	—	750	—	—	750
Exercise of stock options	906,295	—	48	—	—	48
Stock issued for employee stock purchase plan	2,144,036	—	148	—	—	148
Issuance of vested restricted stock units	13,263,434	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(4,441,107)	—	(439)	—	—	(439)
Transfer RSU from NQDC plan	(26,662)	(3)	3	—	—	—
Shares issued in secondary offering[2]	198,314,426	—	19,766	—	—	19,766
Shares repurchased from SoftBank[3]	(198,314,426)	—	(19,536)	—	—	(19,536)
Merger consideration	373,396,310	—	33,533	—	—	33,533
Prior year Retained Earnings[1]	—	—	—	—	(67)	(67)
Balance as of December 31, 2020	1,241,805,706	$ (11)	$ 72,772	$ (1,581)	$ (5,836)	$ 65,344

(1) Prior year Retained Earnings represents the impact of the adoption of new accounting standards on beginning Accumulated Deficit and Accumulated Other Comprehensive Loss. See Note 1 – Summary of Significant Accounting Policies for further information.

(2) Shares issued includes 5.0 million shares purchased by Marcelo Claure.

(3) In connection with the SoftBank Monetization (as defined below), we received a payment of $304 million from SoftBank (as defined below). This amount, net of tax, was treated as a reduction of the purchase price of the shares acquired from SoftBank and was recorded as Additional paid-in capital.

The accompanying notes are an integral part of these consolidated financial statements

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Business

T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company"), together with its consolidated subsidiaries, is a leading provider of mobile communications services, including voice, messaging and data, under its flagship brands, T-Mobile and Metro™ by T-Mobile ("Metro by T-Mobile"), in the United States, Puerto Rico and the U.S. Virgin Islands. Substantially all of our revenues were earned in, and substantially all of our long-lived assets are located in, the U.S., Puerto Rico and the U.S. Virgin Islands. We provide mobile communications services primarily using our 4G Long-Term Evolution ("LTE") network and our 5G technology network. We also offer a wide selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories for sale, as well as financing through Equipment Installment Plans ("EIP") and leasing through JUMP! On Demand™. Additionally, we provide reinsurance for device insurance policies and extended warranty contracts offered to our mobile communications customers.

Basis of Presentation

The consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities ("VIE") where we are deemed to be the primary beneficiary and VIEs, which cannot be deconsolidated, such as those related to Tower obligations. Intercompany transactions and balances have been eliminated in consolidation. We operate as a single operating segment.

On April 29, 2018, we entered into a Business Combination Agreement (the "Business Combination Agreement") to merge with Sprint Corporation ("Sprint") in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock (the "Merger"). On April 1, 2020, we completed the Merger and acquired Sprint (see Note 2 - Business Combination).

On July 26, 2019, pursuant to the requirement as set forth in the U.S. Department of Justice's (the "DOJ") complaint and proposed final judgement (the "Consent Decree"), T-Mobile entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Sprint and DISH Network Corporation ("DISH"). Pursuant to the Asset Purchase Agreement and upon the terms and subject to the conditions thereof, on July 1, 2020, DISH acquired the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Telecommunications Company and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business") and assumed certain related liabilities (the "Prepaid Transaction"). Upon closing of the Prepaid Transaction, we received $1.4 billion from DISH, subject to a working capital adjustment.

The revenues and expenses of the Prepaid Business are presented as discontinued operations for the year ended December 31, 2020.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances, including but not limited to the valuation of assets acquired and liabilities assumed through the Merger with Sprint and the potential impacts arising from the COVID-19 pandemic (the "Pandemic"). These estimates are inherently subject to judgment and actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Business Combination

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of

future revenues and expenses associated with an asset or liability. See Note 2 – Business Combination for further discussion of the Merger between T-Mobile and Sprint.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid money market funds and U.S. Treasury securities with remaining maturities of three months or less at the date of purchase.

Receivables and Allowance for Credit Losses

Accounts Receivable

Accounts receivable consists primarily of amounts currently due from customers (e.g., for wireless services and monthly device lease payments), device insurance administrators, wholesale partners, other carriers and third-party retail channels. Accounts receivable are presented in our Consolidated Balance Sheets at the amortized cost basis (i.e., the receivables' outstanding principal balance adjusted for any write-offs), net of the allowance for expected credit losses. We have an arrangement to sell certain of our customer service accounts receivable on a revolving basis, which are treated as sales of financial assets.

Equipment Installment Plan Receivables

We offer certain retail customers the option to pay for their devices and other purchases in installments, generally over a period of 24 months using an EIP. EIP receivables are presented in our Consolidated Balance Sheets at the amortized cost basis (i.e., the receivables' unpaid principal balance adjusted for any write-offs and unamortized discounts), net of the allowance for expected credit losses. At the time of an installment sale, we impute a discount for interest if the term exceeds 12 months as there is no stated rate of interest on the receivables. The receivables are recorded at their present value, which is determined by discounting expected future cash payments at the imputed interest rate. This adjustment results in a discount or reduction in transaction price which is allocated to the performance obligations and reduces Service revenues and Equipment revenues in our Consolidated Statements of Comprehensive Income. The imputed discount rate is the current market interest rate and is predominately comprised of the estimated credit risk underlying the EIP receivable, reflecting the estimated credit worthiness of the customer. The imputed discount on receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

The current portion of the EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of the EIP receivables is included in Equipment installment plan receivables due after one year, net in our Consolidated Balance Sheets. We have an arrangement to sell certain EIP receivables on a revolving basis, which are treated as sales of financial assets.

Allowance for Credit Losses

We maintain an allowance for expected credit losses and determine its appropriateness through an established process that assesses the lifetime credit losses that we expect to incur related to our receivable portfolio. Our process involves procedures to appropriately consider the unique risk characteristics of our accounts receivable and EIP receivable portfolio segments. For each portfolio segment, losses are estimated collectively for groups of receivables with similar characteristics. Our allowance levels are influenced by receivable volumes, receivable delinquency status, historical loss experience and other conditions that affect loss expectations, such as changes in credit and collections policies and forecasts of macro-economic conditions. While we attribute portions of the allowance to our respective accounts receivable and EIP portfolio segments, the entire allowance is available to credit losses related to the total receivable portfolio.

We consider a receivable past due and delinquent when a customer has not paid us by the contractually specified payment due date. Account balances are written off against the allowance for credit losses if collection efforts are unsuccessful and the receivable balance is deemed uncollectible (customer default), based on factors such as customer credit ratings as well as the length of time the amounts are past due.

If there is a deterioration of our customers' financial condition or if future actual default rates on receivables in general

differ from those currently anticipated, we will adjust our allowance for credit losses accordingly, which may materially affect our financial results in the period the adjustments are made.

Inventories

Inventories consist primarily of wireless devices and accessories, which are valued at the lower of cost or net realizable value. Cost is determined using standard cost which approximates average cost. Shipping and handling costs paid to wireless device and accessories vendors as well as costs to refurbish used devices are included in the standard cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of disposal and transportation. We record inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including estimated customer default rates and credit worthiness. See Note 4 – Sales of Certain Receivables for further information.

Long-Lived Assets

Long-lived assets include assets that do not have indefinite lives, such as property and equipment and other intangible assets. Substantially all of our long-lived assets are located in the U.S., including Puerto Rico and the U.S. Virgin Islands. We assess potential impairments to our long-lived assets when events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, we test recoverability. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and eventual disposition of the asset or asset group. If the undiscounted cash flows do not exceed the asset or asset group's carrying amount, then an impairment loss is recorded, measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment

Property and equipment consists of buildings and equipment, wireless communications systems, leasehold improvements, capitalized software, leased wireless devices and construction in progress. Buildings and equipment include certain network server equipment. Wireless communications systems include assets to operate our wireless network and IT data centers, including tower assets and leasehold improvements and assets related to the liability for the retirement of long-lived assets. Leasehold improvements include asset improvements other than those related to the wireless network.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any, in Property and equipment, net on our Consolidated Balance Sheets. We generally depreciate property and equipment over the period the property and equipment provide economic benefit using the straight-line method. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate the useful life of an asset is different from the previous assessment, the remaining book value is depreciated prospectively over the adjusted remaining estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

Costs of major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of our wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which include obtaining zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. We capitalize interest associated with the acquisition or construction of certain property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated over the useful life of the related assets.

We record an asset retirement obligation for the estimated fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the

period in which the obligation is incurred. In periods subsequent to initial measurement, we recognize changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. Our obligations relate primarily

to certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

We capitalize certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once the final selection of the specific software solution has been made and management authorizes and commits to funding the software project and ceases once the project is ready for its intended use. Capitalized software costs are included in Property and equipment, net in our Consolidated Balance Sheets and are amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Device Leases

Through the Merger, we acquired device lease contracts in which Sprint is the lessor (the "Sprint Flex Lease Program"), substantially all of which are classified as operating leases, as well as the associated fixed assets (i.e., the leased devices). These leased devices were recorded as fixed assets at their acquisition date fair value and presented within Property and equipment, net on our Consolidated Balance Sheets.

Our leasing programs ("Leasing Programs"), which include JUMP! On Demand and the Sprint Flex Lease Program acquired through the Merger, allow customers to lease a device (handset or tablet) over a period of, generally, 18 months and upgrade it for a new device when eligibility requirements are met. We depreciate leased devices to their estimated residual value, on a group basis, using the straight-line method over the estimated useful life of the device. The estimated useful life reflects the period for which we estimate the group of leased devices will provide utility to us, which may be longer than the initial lease term based on customer options in the Sprint Flex Lease program to renew the lease on a month-to-month basis after the initial lease term concludes. In determining the estimated useful life, we consider the lease term (e.g., 18 months and month-to-month renewal options for the Sprint Flex Lease Program), trade-in activity and write-offs for lost and stolen devices. Lost and stolen devices are incorporated into the estimates of depreciation expense and recognized as an adjustment to accumulated depreciation when the loss event occurs. Our policy of using the group method of depreciation has been applied to acquired leased devices as well as leases originated subsequent to the Merger. Acquired leased devices are grouped based on the age of the device. Revenues associated with the leased wireless devices, net of lease incentives, are generally recognized on a straight-line basis over the lease term.

For arrangements in which we are the lessor of wireless devices, we separate lease and non-lease components.

Upon device upgrade or at lease end, customers in the JUMP! On Demand lease program must return or purchase their device, and customers in the Sprint Flex Lease Program have the option to return or purchase their device or to renew their lease on a month-to-month basis. The purchase price of the device is established at lease commencement and is based on the type of device leased and any down payment made. The Leasing Programs do not contain any residual value guarantees or variable lease payments, and there are no restrictions or covenants imposed by these leases. Returned devices, including those received upon device upgrade, are transferred from Property and equipment, net to Inventory on our Consolidated Balance Sheets and are valued at the lower of cost or net realizable value, with any write-down recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

Other Intangible Assets

Intangible assets that do not have indefinite useful lives are amortized over their estimated useful lives. Customer lists and the Sprint trade name are amortized using the sum-of-the-years digits method over the period in which the asset is expected to contribute to future cash flows. The remaining finite-lived intangible assets are amortized using the straight-line method.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. Goodwill is allocated to our two reporting units, wireless and Layer3.

Spectrum Licenses

Spectrum licenses are carried at costs incurred to acquire the spectrum licenses and the costs to prepare the spectrum licenses for their intended use, such as costs to clear acquired spectrum licenses. The Federal Communications Commission ("FCC") issues spectrum licenses which provide us with the exclusive right to utilize designated radio frequency spectrum within specific geographic service areas to provide wireless communications services. While spectrum licenses are issued for a fixed period of time, typically for up to 15 years, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses held by us expire at various dates. We believe we will be able to meet all requirements necessary to secure renewal of our spectrum licenses at nominal costs. Moreover, we determined there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets.

At times, we enter into agreements to sell or exchange spectrum licenses. Upon entering into the arrangement, if the transaction has been deemed to have commercial substance, spectrum licenses are reviewed for impairment. The licenses are transferred at their carrying value, as adjusted for any impairment recognized, to assets held for sale, which is included in Other current assets in our Consolidated Balance Sheets until approval and completion of the exchange or sale. Upon closing of the transaction, spectrum licenses acquired as part of an exchange of nonmonetary assets are recorded at fair value and the difference between the fair value of the spectrum licenses obtained, carrying value of the spectrum licenses transferred and cash paid, if any, is recognized as a Gain (loss) on disposal of spectrum licenses included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. Our fair value estimates of spectrum licenses are based on information for which there is little or no observable market data. If the transaction lacks commercial substance or the fair value is not measurable, the acquired spectrum licenses are recorded at our carrying value of the spectrum assets transferred or exchanged.

Spectrum Leases

Through the Merger, the Company acquired lease agreements (the "Agreements") with various educational and non-profit institutions that provide us with the right to use FCC spectrum licenses (Educational Broadband Services or "EBS spectrum") in the 2.5 GHz band. In addition to the Agreements with educational institutions and private owners who hold the licenses, the Company also acquired direct ownership of spectrum licenses previously acquired by Sprint through government auctions or other acquisitions.

The Agreements with educational and certain non-profit institutions are typically for five to 10 years with automatic renewal provisions, bringing the total term of the agreement up to 30 years. A majority of the Agreements include a right of first refusal to acquire, lease or otherwise use the license at the end of the automatic renewal periods.

Leased FCC spectrum licenses are recorded as executory contracts whereby, as a result of business combination accounting, an intangible asset or liability is recorded reflecting the extent to which contractual terms are favorable or unfavorable to current market rates. These intangible assets or liabilities are amortized over the estimated remaining useful life of the lease agreements. Contractual lease payments are recognized on a straight-line basis over the remaining term of the arrangement, including renewals, and are presented in Costs of services within our Consolidated Statements of Comprehensive Income.

The Agreements enhance the overall value of the Company's owned spectrum licenses as the collective value is higher than the value of individual bands of spectrum within a specific geography. This value is derived from the ability to provide wireless service to customers across large geographic areas and maintain the same or similar wireless connectivity quality. This enhanced value from combining owned and leased spectrum licenses is referred to as an aggregation premium.
The aggregation premium is a component of the overall fair value of our owned FCC spectrum licenses, which are recorded as indefinite-lived intangible assets.

Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment, we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the two reporting units, wireless and Layer3, is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying

amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach based on discounted cash flows associated with the intangible asset, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

Restricted Cash

Certain provisions of our debt agreements require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash and are included within Other assets in our Consolidated Balance Sheets.

Guarantee Liabilities

We offer a device trade-in program, Just Upgrade My Phone ("JUMP!"), which provides eligible customers a specified-price trade-in right to upgrade their device. Upon enrollment, participating customers must finance the purchase of a device on an EIP and have a qualifying T-Mobile monthly wireless service plan. Upon a qualifying JUMP! program upgrade, the customer's remaining EIP balance is settled provided they trade-in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee. The guarantee liability is valued based on various economic and customer behavioral assumptions, which requires judgment, including estimating the customer's remaining EIP balance at trade-in, the expected fair value of the used device at trade-in, and the probability and timing of trade-in. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. All assumptions are reviewed periodically.

Fair Value Measurements

We carry certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities;
Level 2 Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3 Unobservable inputs for which there is little or no market data, which require us to develop assumptions of what market participants would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the placement of assets and liabilities being measured within the fair value hierarchy.

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates, Accounts payable and accrued liabilities and borrowings under our vendor financing arrangements approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value using an imputed interest rate. With the exception of certain long-term fixed-rate debt, there were no financial instruments with a carrying value materially different from their fair value. See Note 7 - Fair Value Measurements for a comparison of the carrying values and fair values of our short-term and long-term debt.

Derivative Financial Instruments

Derivative financial instruments are recognized as either assets or liabilities and are measured at fair value. We do not use derivatives for trading or speculative purposes.

For derivative instruments designated as cash flow hedges associated with forecasted debt issuances, changes in fair value are reported as a component of Accumulated other comprehensive loss until reclassified into Interest expense in the same period the hedged transaction affects earnings, generally over the life of the related debt. Unrealized gains on derivatives designated in qualifying cash flow hedge relationships are recorded at fair value as assets, and unrealized losses are recorded at fair value as liabilities.

Revenue Recognition (Effective January 1, 2018)

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed or terminated and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent as well as certain contract terms such as down payments that reduce our exposure to credit risk. Customer credit behavior is inherently uncertain. See “Receivables and Allowance for Credit Losses” above, for additional discussion on how we assess credit risk.
- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Determining whether contingent EIP bill credits result in a substantive termination penalty may require significant judgment.
- The identification of distinct performance obligations within our service plans may require significant judgment.
- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither control a right to the content provider’s service nor control the underlying service itself are presented net because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.
- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.
- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer, the dealer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.
- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

Wireless Services Revenue

We generate our wireless services revenues from providing access to, and usage of, our wireless communications network. Service revenues also include revenues earned for providing premium services to customers, such as device insurance services. Service contracts are billed monthly either in advance or arrears, or are prepaid. Generally, service revenue is recognized as we

satisfy our performance obligation to transfer service to our customers. We typically satisfy our stand-ready performance obligations, including unlimited wireless services, evenly over the contract term. For usage-based and prepaid wireless services, we satisfy our performance obligations when services are rendered.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers, in which case the payment is treated as a purchase of that distinct good or service.

Federal Universal Service Fund ("USF") and other fees are assessed by various governmental authorities in connection with the services we provide to our customers and are included in Cost of services. When we separately bill and collect these regulatory fees from customers, they are recorded gross in Total service revenues in our Consolidated Statements of Comprehensive Income. For the years ended December 31, 2020, 2019 and 2018, we recorded approximately $267 million, $93 million and $161 million, respectively, of USF fees on a gross basis.

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (e.g., sales, use, value added, and some excise taxes).

Wireline Revenue

Performance obligations related to our Wireline customers include the provision of domestic and international data communications services, generally to complement business wireless customers. Wireline revenues are included within Roaming and other service revenues in our Consolidated Statements of Comprehensive Income.

Equipment Revenues

We generate equipment revenues from the sale or lease of mobile communication devices and accessories. For performance obligations related to equipment contracts, we typically transfer control at a point in time when the device or accessory is delivered to, and accepted by, the customer or dealer. We have elected to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We estimate variable consideration (e.g., device returns or certain payments to indirect dealers) primarily based on historical experience. Equipment sales not probable of collection are generally recorded as payments are received. Our assessment of collectibility considers contract terms such as down payments that reduce our exposure to credit risk.

We offer certain customers the option to pay for devices and accessories in installments using an EIP. Generally, we recognize as a reduction of the total transaction price the effects of a financing component in contracts where customers purchase their devices and accessories on an EIP with a term of more than one year, including those financing components that are not considered to be significant to the contract. However, we have elected the practical expedient to not recognize the effects of a significant financing component for contracts where we expect, at contract inception, that the period between the transfer of a performance obligation to a customer and the customer's payment for that performance obligation will be one year or less.

In addition, for customers who enroll in our JUMP! program, we recognize a liability based on the estimated fair value of the specified-price trade-in right guarantee. The fair value of the guarantee is deducted from the transaction price and the remaining transaction price is allocated to other elements of the contract, including service and equipment performance obligations. See "Guarantee Liabilities" above for further information.

JUMP! On Demand allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, substantially all of our leased wireless devices are accounted for as operating leases and estimated contract consideration is allocated between lease and non-lease elements (such as service and equipment performance obligations) based on the relative standalone selling price of each performance obligation in the contract. Lease revenues are recorded as equipment revenues and recognized as earned on a straight-line basis over the lease term. Lease revenues on contracts not probable of collection are limited to the amount of payments received. See "Property and Equipment" above for further information.

Advertising and Search Revenues

Effective April 1, 2020, certain of our advertising and search revenues are now presented within Roaming and other service revenues, resulting in a reclassification of $506 million and $449 million for the years ended December 31, 2019 and 2018,

respectively. These revenues were previously presented within Other revenues in our Consolidated Statements of Comprehensive Income. Prior periods have been reclassified to conform to current period presentation.

Imputed Interest on EIP Receivables

We record the effects of financing on all EIP loans regardless of whether or not the financing is considered to be significant. The imputation of interest results in a discount of the EIP receivable, thereby adjusting the transaction price of the contract with the customer, which is then allocated to the performance obligations of the arrangement.

For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See "Receivables and Allowance for Credit Losses" above, for additional discussion on how we assess credit risk.

For indirect channel loans to the end service customer in which the sale of the device was to the dealer (sell-in basis), the effect of imputing interest is recognized as a reduction to service revenue, the only performance obligation with the service customer as the device sale was recognized when transferred to the dealer, over the service contract period.

Our policies for imputed interest on EIP receivables are applied to loans originated for Sprint and Boost (up to the sale of the Prepaid Business to DISH on July 1, 2020) customers subsequent to Merger close.

Contract Balances

Generally, our devices and service plans are available at standard prices, which are maintained on price lists and published on our website and/or within our retail stores.

For contracts that involve more than one product or service that are identified as separate performance obligations, the transaction price is allocated to the performance obligations based on their relative standalone selling prices. The standalone selling price is the price at which we would sell the good or service separately to a customer and is most commonly evidenced by the price at which we sell that good or service separately in similar circumstances and to similar customers.

A contract asset is recorded when revenue is recognized in advance of our right to receive consideration (i.e., we must perform additional services in order to receive consideration). Amounts are recorded as receivables when our right to consideration is unconditional. When consideration is received, or we have an unconditional right to consideration in advance of delivery of goods or services, a contract liability is recorded. The transaction price can include non-refundable upfront fees, which are allocated to the identifiable performance obligations.

Contract assets are included in Other current assets and Other assets and contract liabilities are included in Deferred revenue in our Consolidated Balance Sheets.

Contract Modifications

Our service contracts allow customers to frequently modify their contracts without incurring penalties, in many cases. Each time a contract is modified, we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, as if there is a termination of the existing contract and creation of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Contract Costs

We incur certain incremental costs to obtain a contract that we expect to recover, such as sales commissions. We record an asset when these incremental costs to obtain a contract are incurred and amortize them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

We capitalize postpaid sales commissions for service activation as costs to acquire a contract and amortize them over the estimated period of benefit, currently 24 months. For capitalized contract costs, determining the amortization

period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment. Prepaid commissions are expensed as incurred as their estimated period of benefit does not extend beyond 12 months. Commissions

paid upon device upgrade are not capitalized if the remaining customer contract is less than one year. Commissions paid when the customer has a lease are treated as initial direct costs and recognized over the lease term.

Our policies for the capitalization and amortization of costs to acquire a contract are applied to the Sprint, Boost (up to the sale of the Prepaid Business to Dish on July 1, 2020) and Assurance Wireless brands subsequent to the Merger close.

Incremental costs to obtain equipment contracts (e.g., commissions paid on device and accessory sales) are recognized when the equipment is transferred to the customer.

Brightstar Distribution

We had arrangements with Brightstar US, Inc. ("Brightstar"), a subsidiary of SoftBank, whereby Brightstar provided supply chain and inventory management services to us in our indirect channels. T-Mobile sold devices through Brightstar to T-Mobile indirect channels who then sold the device to an end customer.

The supply chain and inventory management arrangement included, among other things, that Brightstar may purchase inventory from the original equipment manufacturers to sell through to our indirect channels. As compensation for these services, we remitted per unit fees to Brightstar for each device sold to these indirect dealers.

Devices sold from T-Mobile to Brightstar do not meet the criteria for a sale. Devices transferred from T-Mobile to Brightstar remain in inventory until control is transferred upon the sale of the device to the end customer, and in some circumstances to the indirect dealer.

For customers who choose to lease a device previously sold to the indirect dealer, T-Mobile will repurchase the device from the indirect dealer and originate a lease directly with the end customer. Repurchase activity from the indirect dealer is estimated and treated as a right of return, reducing equipment revenue at the time of sale to the indirect dealer. Upon lease to the end customer, T-Mobile recognizes lease revenue over the associated lease term within Equipment revenues in our Consolidated Statements of Comprehensive Income.

By December 31, 2020, we had terminated or restructured most of our arrangements with Brightstar, except for reverse logistics and trade-in services.

Leases (effective January 1, 2019)

Cell Site, Retail Store and Office Facility Leases

We are a lessee for non-cancelable operating and financing leases for cell sites, switch sites, retail stores, network equipment and office facilities with contractual terms that generally extend through 2035. Additionally, we lease dark fiber through non-cancelable operating leases with contractual terms that generally extend through 2041. The majority of cell site leases have a non-cancelable term of five to 15 years with several renewal options that can extend the lease term from five to 35 years. Some of these leases have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize a right-of-use asset and lease liability for operating leases based on the net present value of future minimum lease payments. The right-of-use asset for an operating lease is based on the lease liability. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and renewal periods that are considered reasonably certain.

In addition, we have financing leases for certain network equipment that generally have a non-cancelable lease term of two to five years. The financing leases do not have renewal options and contain a bargain purchase option at the end of the lease. We recognize a right-of-use asset and lease liability for financing leases based on the net present value of future minimum lease payments. The right-of-use asset for a finance lease is based on the lease liability. Lease expense for our financing leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

We consider several factors in assessing whether renewal periods are reasonably certain of being exercised, including the continued maturation of our nationwide network, technological advances within the telecommunications industry and the availability of alternative sites. We have concluded it is not reasonably certain that we would exercise the options to extend or terminate our leases. Therefore, as of the lease commencement date, our lease terms generally do

not include these options. We include options to extend or terminate a lease when it is reasonably certain that we will exercise that option.

In determining the discount rate used to measure the right-of-use asset and lease liability, we use rates implicit in the lease, or if not readily available, we use our incremental borrowing rate. Our incremental borrowing rate is based on an estimated secured

rate comprised of a risk-free LIBOR rate plus a credit spread as secured by our assets. Determining a credit spread as secured by our assets may require significant judgment.

Certain of our lease agreements include rental payments based on changes in the consumer price index ("CPI"). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation is incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Generally, we elected the practical expedient to not separate lease and non-lease components in arrangements where we are the lessee. For arrangements in which we are the lessor of wireless devices, we did not elect this practical expedient. We did not elect the short-term lease recognition exemption; as such, leases with terms shorter than 12-months are included as a right-of-use asset and lease liability.

Rental revenues and expenses associated with co-location tower sites are presented on a net basis under Topic 842. These revenues and expenses were presented on a gross basis under Topic 840. See Note 17 - Leases for further information.

See Note 1 - Summary of Significant Accounting Policies included in our Annual Report on Form 10-K for the year ended December 31, 2018, for additional discussion regarding the accounting policies that governed leases prior to January 1, 2019.

Cell Tower Monetization Transactions

In 2012, we entered into a prepaid master lease in which we as the lessor provided the rights to utilize tower sites and we leased back space on certain of those towers. Prior to the Merger, Sprint entered into a similar lease-out and leaseback arrangement which we assumed in the Merger.

These arrangements are treated as failed sale leasebacks in which the proceeds received are reported as a financing obligation. The principal payments on the tower obligations are included in Other, net within Net cash provided by (used in) financing activities in our Consolidated Statements of Cash Flows. Our historical tower site asset costs are reported in Property and equipment, net in our Consolidated Balance Sheets and are depreciated. See Note 9 - Tower Obligations for further information.

Sprint Retirement Pension Plan

Through the Merger, we acquired the assets and assumed the liabilities associated with the Sprint Retirement Pension Plan (the "Pension Plan"), which is a defined benefit pension plan providing postretirement benefits to certain employees. As of December 31, 2005, the Pension Plan was amended to freeze benefit plan accruals for participants.

The investments in the Pension Plan are measured at fair value on a recurring basis each quarter using quoted market prices or the net asset value per share as a practical expedient. The projected benefit obligations associated with the Pension Plan are determined based on actuarial models utilizing mortality tables and discount rates applied to the expected benefit term. See Note 11 - Employee Compensation and Benefit Plans for further information on the Pension Plan.

Advertising Expense

We expense the cost of advertising and other promotional expenditures to market our services and products as incurred. For the years ended December 31, 2020, 2019 and 2018, advertising expenses included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income were $1.8 billion, $1.6 billion and $1.7 billion, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized.

A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We

assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of adjustments, net of tax, related to unrealized gains (losses) on cash flow hedges, available-for-sale securities, foreign currency translation and pension and other postretirement benefits. This is reported in Accumulated other comprehensive loss as a separate component of stockholders' equity until realized in earnings.

Stock-Based Compensation

Stock-based compensation cost for stock awards, which include restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs"), is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, over the related service period. The fair value of stock awards is based on the closing price of our common stock on the date of grant. RSUs are recognized as expense using the straight-line method. PRSUs are recognized as expense following a graded vesting schedule with their performance re-assessed and updated on a quarterly basis, or more frequently as changes in facts and circumstances warrant.

Earnings Per Share

Basic earnings per share is computed by dividing Net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of outstanding stock options, RSUs and PRSUs, calculated using the treasury stock method. See Note 16 - Earnings Per Share for further information.

Variable Interest Entities

VIEs are entities that lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive the residual returns of the entity. The most common type of VIE is a special purpose entity ("SPE"). SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are generally structured to insulate investors from claims on the SPEs' assets by creditors of other entities, including the creditors of the seller of the assets, these SPEs are commonly referred to as being bankruptcy remote.

The primary beneficiary is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party which has both the power to direct the activities of an entity that most significantly impact the VIE's economic performance, and through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE which could potentially be significant to the VIE. We consolidate VIEs when we are deemed to be the primary beneficiary or when the VIE cannot be deconsolidated. See Note 4 - Sales of Certain Receivables and Note 9 - Tower Obligations for further information.

In assessing which party is the primary beneficiary, all the facts and circumstances are considered, including each party's role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance; and second, identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (such as asset managers and servicers) or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

Device Purchases Cash Flow Presentation

We classify all device purchases, whether acquired for sale or lease, as operating cash outflows as our predominant strategy is to sell devices to customers rather than lease them. See Note 20 – Additional Financial Information for

disclosures of Leased devices transferred from inventory to property and equipment and Returned leased devices transferred from property and equipment to inventory.

Accounting Pronouncements Adopted During the Current Year

Receivables and Expected Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," and has since modified the standard with several ASUs (collectively, the "new credit loss standard"). The new credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The new credit loss standard became effective for us, and we adopted the standard, on January 1, 2020. The new credit loss standard required a cumulative-effect adjustment to Accumulated deficit at the date of initial application, and as a result, we did not restate prior periods presented in the consolidated financial statements.

Under the new credit loss standard, we recognize lifetime expected credit losses at the inception of our credit risk exposures, whereas we previously recognized credit losses only when it was probable that they had been incurred. We also recognize expected credit losses on our EIP receivables, which are inclusive of all installment receivables acquired in the Merger or issued thereafter, separately from, and in addition to, any unamortized discount on those receivables. Prior to the adoption of the new credit loss standard, we had offset our estimate of probable losses on our EIP receivables by the amount of the related unamortized discounts on those receivables. We have developed an expected credit loss model incorporating forward-looking loss indicators. The cumulative effect of initially applying the new credit loss standard on our receivables portfolio on January 1, 2020 was an increase to our allowance for credit losses of $91 million, a decrease to our net deferred tax liabilities of $24 million and an increase to our Accumulated deficit of $67 million.

For EIP receivables acquired in the Merger, we also recognize expected credit losses separately from, and in addition to, the acquisition date fair value of the acquired EIP receivables.

Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract." The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard also requires the presentation of the amortization of the capitalized implementation costs in the same line item in the Consolidated Statements of Comprehensive Income as the fees associated with the hosting arrangement. The standard became effective for us, and we adopted the standard, on January 1, 2020. We adopted the standard on a prospective basis applying it to implementation costs incurred subsequent to January 1, 2020 and, as a result, did not restate the prior periods presented in the consolidated financial statements. The adoption of the standard did not have a material impact on our consolidated financial statements for the year ended December 31, 2020.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The standard removes certain exceptions to the general principles in Topic 740. We early adopted the standard on January 1, 2020 and have applied the standard retrospectively to all periods presented. The adoption of this standard did not have a material impact on our consolidated financial statements for the year ended December 31, 2020.

Guarantor Financial Information

On March 2, 2020, the Securities and Exchange Commission (the "SEC") adopted amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities, as well as for affiliates whose securities collateralize a registrant's securities. The amendments revise Rules 3-10 and 3-16 of Regulation S-X, and relocate part of Rule 3-10 and all of Rule 3-16 to the new Article 13 in Regulation S-X, which is comprised of new Rules 13-01 and 13-02. We early adopted the requirements of the amendments on January 1, 2020, which included

replacing guarantor condensed consolidating financial information with summarized financial information for the consolidated obligor group (Parent, Issuer, and Guarantor Subsidiaries) and no longer requiring guarantor cash flow information, financial information for non-guarantor subsidiaries, or a reconciliation to the consolidated results.

Regulation S-K Modernization Amendments

On August 26, 2020, the SEC adopted amendments to modernize the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The amendments are intended to elicit improved disclosures for investors and add efficiencies to the compliance efforts of registrants. The amendments are also intended to improve the readability of disclosure documents, as well as discourage repetition and reduce the disclosure of unnecessary information. The amendments became effective for us, and we adopted the amendments on November 9, 2020, which included making certain updates to our description of business and risk factor disclosures within our Form 10-K for the year ended December 31, 2020.

Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The standard provides temporary optional expedients and allows for certain exceptions to applying existing GAAP for contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued as a result of reference rate reform. The standard is available for adoption for a limited time through December 31, 2022. We are currently evaluating the impact this standard will have, including optional expedients, on our consolidated financial statements.

Management's Discussion and Analysis, Selected Financial Data and Supplementary Information Amendments

On January 11, 2021, the SEC adopted amendments to eliminate the requirement for Selected Financial Data, streamline the requirement to disclose Supplementary Financial Information and amend Management's Discussion & Analysis of Financial Condition and Results of Operations ("MD&A"). These amendments are intended to eliminate duplicative disclosures and modernize and enhance MD&A for the benefit of investors, while simplifying compliance efforts for registrants. The amendments became effective on February 10, 2021. We are currently evaluating the impact these amendments will have on our consolidated financial statements. We will apply the amendments, as applicable, to relevant filings made with the SEC subsequent to this Form 10-K.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC did not have, or are not expected to have, a significant impact on our present or future consolidated financial statements.

Note 2 – Business Combination

Business Combination Agreement and Amendments

On April 29, 2018, we entered into a Business Combination Agreement for the Merger. The Business Combination Agreement was subsequently amended to provide that, following the closing of the Merger and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), SoftBank Group Corp. ("SoftBank") would indemnify us against certain specified matters and the loss of value arising out of, or resulting from, cessation of access to spectrum under certain circumstances and subject to certain limitations and qualifications.

On February 20, 2020, T-Mobile, SoftBank and Deutsche Telekom AG ("DT") entered into a letter agreement (the "Letter Agreement"). Pursuant to the Letter Agreement, SoftBank agreed to cause its applicable affiliates to surrender to T-Mobile, for no additional consideration, an aggregate of 48,751,557 shares of T-Mobile common stock (such number of shares, the "SoftBank Specified Shares Amount"), effective immediately following the Effective Time (as defined in the Business Combination Agreement), making SoftBank's exchange ratio 11.31 shares of Sprint common stock for each share of T-Mobile common stock. This resulted in an effective exchange ratio of approximately 11.00 shares of Sprint common stock for each share of T-Mobile common stock immediately following the closing of the Merger, an increase from the originally agreed 9.75 shares. Sprint stockholders other than SoftBank received the original fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or the equivalent of approximately 9.75 shares of Sprint common stock for each share of T-Mobile common stock.

The Letter Agreement requires T-Mobile to issue to SoftBank 48,751,557 shares of T-Mobile common stock, subject to the terms and conditions set forth in the Letter Agreement, for no additional consideration, if certain conditions are met. The

issuance of these shares is contingent on the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market being equal to or greater than $150.00, at any time during the period commencing on April 1, 2022 and ending on December 31, 2025. If the threshold price is not met, then none of the SoftBank Specified Shares Amount will be issued.

Closing of Sprint Merger

On April 1, 2020, we completed the Merger, and as a result, Sprint and its subsidiaries became wholly owned consolidated subsidiaries of T-Mobile. Sprint was the fourth-largest telecommunications company in the U.S. offering a comprehensive range of wireless and wireline communication products and services. As a combined company, we expect to be able to rapidly launch a broad and deep nationwide 5G network, accelerate innovation, increase competition in the U.S. wireless, video and broadband industries and achieve significant synergies and cost reductions by eliminating redundancies within the combined network as well as other business processes and operations. We combined the Sprint and T-Mobile operations under the T-Mobile brand nationwide on August 2, 2020.

Upon completion of the Merger, each share of Sprint common stock was exchanged for 0.10256 shares of T-Mobile common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. After adjustments, including the holdback of the SoftBank Specified Shares Amount and fractional shares, we issued 373,396,310 shares of T-Mobile common stock to Sprint stockholders. The fair value of the T-Mobile common stock provided in exchange for Sprint common stock was approximately $31.3 billion.

Additional components of consideration included the repayment of certain of Sprint's debt, replacement equity awards attributable to pre-combination services, contingent consideration and a cash payment received for certain reimbursed Merger expenses.

Immediately following the closing of the Merger and the surrender of the SoftBank Specified Shares Amount, pursuant to the Letter Agreement described above, DT and SoftBank held, directly or indirectly, approximately 43.6% and 24.7%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 31.7% of the outstanding T-Mobile common stock held by other stockholders.

Consideration Transferred

The acquisition-date fair value of consideration transferred in the Merger totaled $40.8 billion, comprised of the following:

(in millions)	**April 1, 2020**
Fair value of T-Mobile common stock issued to Sprint stockholders [1]	$ 31,328
Fair value of T-Mobile replacement equity awards attributable to pre-combination service [2]	323
Repayment of Sprint's debt (including accrued interest and prepayment penalties) [3]	7,396
Value of contingent consideration [4]	1,882
Payment received from selling stockholder [5]	(102)
Total consideration exchanged	$ 40,827

(1) Represents the fair value of T-Mobile common stock issued to Sprint stockholders pursuant to the Business Combination Agreement, less shares surrendered by SoftBank pursuant to the Letter Agreement. The fair value is based on 373,396,310 shares of Sprint common stock issued and outstanding as of March 31, 2020, an exchange ratio of 0.10256 shares of T-Mobile common stock per share of Sprint common stock, less 48,751,557 T-Mobile shares surrendered by SoftBank which are treated as contingent consideration, and the closing price per share of T-Mobile common stock on NASDAQ on March 31, 2020, of $83.90, as shares were transferred to Sprint stockholders prior to the opening of markets on April 1, 2020.
(2) Equity-based awards held by Sprint employees prior to the acquisition date have been replaced with T-Mobile equity-based awards. The portion of the equity-based awards that relates to services performed by the employee prior to the acquisition date is included within consideration transferred, and includes stock options, restricted stock units and performance-based restricted stock units.
(3) Represents the cash consideration paid concurrent with the close of the Merger to retire certain Sprint debt, as required by change in control provisions of the debt, plus interest and prepayment penalties.
(4) Represents the fair value of the SoftBank Specified Shares Amount contingent consideration that may be issued as set forth in the Letter Agreement.

(5) Represents receipt of a cash payment from SoftBank for certain expenses associated with the Merger and is presented in Cash paid for acquisition of companies, net of cash acquired within our Consolidated Statements of Cash Flows.

The SoftBank Specified Shares Amount was determined to be contingent consideration with an acquisition-date fair value of $1.9 billion. We estimated the fair value using the income approach, a probability-weighted discounted cash flow model, whereby a Monte Carlo simulation method estimated the probability of different outcomes as the likelihood of achieving the 45-day volume-weighted average price threshold is not easily predicted. This fair value measurement is based on significant inputs not observable in the market and, therefore, represents a Level 3 measurement as defined in ASC 820. The key

assumptions in applying the income approach include estimated future share-price volatility, which was based on historical market trends and estimated future performance of T-Mobile.

The maximum amount of contingent consideration that could be issued to SoftBank has an estimated value of $7.3 billion, based on SoftBank Specified Shares Amount of 48,751,557 multiplied by the defined volume-weighted average price per share of $150.00. The contingent consideration that could be delivered to SoftBank is classified within equity and is not subject to remeasurement.

Fair Value of Assets Acquired and Liabilities Assumed

We accounted for the Merger as a business combination. The identifiable assets acquired and liabilities assumed of Sprint were recorded at their estimated fair values as of the acquisition date and consolidated with those of T-Mobile. Assigning fair market values to the assets acquired and liabilities assumed at the date of an acquisition requires the use of significant judgment regarding estimates and assumptions. For the estimated fair values of the assets acquired and liabilities assumed, we used the cost, income and market approaches, including market participant assumptions.

The following table summarizes the estimated fair values for each major class of assets acquired and liabilities assumed at the acquisition date. We retained the services of certified valuation specialists to assist with assigning estimated values to certain acquired assets and assumed liabilities. As of December 31, 2020, the valuation of assets acquired and liabilities assumed is substantially complete except for the finalization of certain aspects of spectrum valuation, the valuation of certain income tax matters and loss contingencies.

(in millions)	April 1, 2020
Cash and cash equivalents	$ 2,084
Accounts receivable	1,781
Equipment installment plan receivables	1,088
Inventory	658
Prepaid expenses	140
Assets held for sale	1,908
Other current assets	631
Property and equipment	18,435
Operating lease right-of-use assets	6,583
Financing lease right-of-use assets	291
Goodwill	9,401
Spectrum licenses	45,400
Other intangible assets	6,325
Equipment installment plan receivables due after one year, net	247
Other assets [1]	540
Total assets acquired	95,512
Accounts payable and accrued liabilities	4,944
Short-term debt	2,760
Deferred revenue	508
Short-term operating lease liabilities	1,818
Short-term financing lease liabilities	8
Liabilities held for sale	475
Other current liabilities	671
Long-term debt	29,037
Tower obligations	950
Deferred tax liabilities	3,513
Operating lease liabilities	5,615
Financing lease liabilities	12
Other long-term liabilities	4,374
Total liabilities assumed	54,685
Total consideration transferred	$ 40,827

(1) Included in Other assets acquired is $80 million in restricted cash.

Amounts previously disclosed for the estimated values of certain acquired assets and liabilities assumed have been revised based on additional information arising subsequent to the initial valuation.

Significant Measurement Period Adjustments

During the year ended December 31, 2020, we recognized measurement period adjustments to reflect facts and circumstances in existence as of the date of the Merger. These adjustments included:

- An increase of $1.2 billion in Property and equipment related to the finalization of valuations related to certain tower assets and an increase of $1.7 billion in Other long-term liabilities associated with contract terms that are unfavorable to market terms. See Note 9 – Tower Obligations for further information; and
- A decrease of $690 million in Deferred tax liabilities resulting from a $357 million reclassification from deferred tax liabilities to current liabilities and the continued assessment of valuation allowance necessary as of the date of the Merger along with tax effecting measurement period adjustments. See Note 13 - Income Taxes for further information.

The measurement period adjustments did not have a significant impact on our Consolidated Statement of Comprehensive Income for the year ended December 31, 2020. The net impact of the measurement period adjustments resulted in a net increase to goodwill.

Intangible Assets and Liabilities

Goodwill with a provisionally assigned value of $9.4 billion represents the excess of the consideration transferred over the estimated fair values of assets acquired and liabilities assumed. The preliminary goodwill recognized includes synergies expected to be achieved from the operations of the combined company, the assembled workforce of Sprint and intangible assets that do not qualify for separate recognition. Expected synergies include the cost savings from the planned integration of network infrastructure, facilities, personnel and systems. None of the goodwill resulting from the Merger is deductible for tax purposes. All of the goodwill acquired is allocated to the wireless reporting unit.

Other intangible assets include $4.9 billion of customer relationships with a weighted-average useful life of eight years and tradenames of $207 million with a useful life of two years. Leased spectrum arrangements that have favorable (asset) and unfavorable (liability) terms compared to current market rates were assigned preliminary fair values of $790 million and $197 million, respectively, with 18 year and 19 year weighted average useful lives, respectively.

The preliminary fair value of Spectrum licenses of $45.4 billion was estimated using the income approach, specifically a Greenfield model. This fair value measurement is based on significant inputs not observable in the market and, therefore, represents a Level 3 measurement as defined in ASC 820. The key assumptions in applying the income approach include the discount rate, market share, estimated capital and operating expenditures, forecasted service revenue and long-term growth rate for a hypothetical market participant that enters the wireless industry and builds a nationwide wireless network.

Acquired Receivables

The fair value of the assets acquired include Accounts receivable of $1.8 billion and EIP receivables of $1.3 billion. The unpaid principal balance under these contracts as of the Merger date was $1.8 billion and $1.6 billion, respectively. The difference between the fair value and the unpaid principal balance primarily represents amounts expected to be uncollectible.

Indemnification Assets and Contingent Liabilities

Pursuant to Amendment No 2. to the Business Combination Agreement, SoftBank agreed to indemnify us against certain specified matters and losses. As of December 31, 2020, we have recorded a contingent liability and an offsetting indemnification asset for the expected reimbursement by SoftBank for certain Lifeline matters that have not been resolved. The liability is presented in Accounts payable and accrued liabilities, and the indemnification asset is presented in Other current assets within our Consolidated Balance Sheets. In November 2020, we entered into a

consent decree with the FCC to resolve certain Lifeline matters, which resulted in a payment of $200 million by SoftBank. We expect that any additional liabilities related to these indemnified matters would be indemnified and reimbursed by SoftBank.

Transaction Costs

We recognized transaction costs of $201 million, $106 million and $71 million for the years ended December 31, 2020, 2019 and 2018, respectively. These costs were associated with legal and professional services and were recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income.

Pro Forma Information

The following unaudited pro forma financial information gives effect to the Transactions as if they had been completed on January 1, 2019. The unaudited pro forma information was prepared in accordance with the requirements of ASC 805, which is a different basis than pro forma information prepared under Article 11 of Regulation S-X ("Article 11"). As such, they are not directly comparable with historical results for stand-alone T-Mobile prior to April 1, 2020, historical results for T-Mobile from April 1, 2020 that reflect the Transactions and are inclusive of the results and operations of Sprint, nor our previously provided pro forma financials prepared in accordance with Article 11. The pro forma results for the years ended December 31, 2020 and 2019 include the impact of several adjustments to previously reported operating results. The pro forma adjustments are based on historically reported transactions by the respective companies. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisition.

	Year Ended December 31,	
(in millions, except per share amounts)	**2020**	**2019**
Total revenues	$ 74,681	$ 70,607
Income from continuing operations	3,302	185
Income from discontinued operations, net of tax	677	1,594
Net income	3,979	1,792

Significant nonrecurring pro forma adjustments include:

- Transaction costs of $559 million are assumed to have occurred on January 1, 2019, and are recognized as if incurred in the first quarter of 2019;
- The Prepaid Business divested on July 1, 2020, is assumed to have been classified as discontinued operations as of January 1, 2019, and the related activities are presented in Income from discontinued operations, net of tax;
- Permanent financing issued and debt redemptions occurring in connection with the closing of the Merger are assumed to have occurred on January 1, 2019, and historical interest expense associated with repaid borrowings is removed;
- Tangible and intangible assets are assumed to be recorded at their estimated fair values as of the pro forma close date of January 1, 2019 and are depreciated or amortized over their estimated useful lives; and
- Accounting policies of Sprint are conformed to those of T-Mobile including depreciation for leased devices, Brightstar distribution, amortization of costs to acquire a contract and certain tower lease transactions as described in Note 1 - Summary of Significant Accounting Policies and Note 9 - Tower Obligations.

The selected unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the Transactions actually occurred on January 1, 2019, nor do they purport to project the future consolidated results of operations.

For the periods subsequent to the Merger close date, the acquired Sprint subsidiaries contributed total revenues and operating income of $20.5 billion and $1.3 billion, respectively, for the year ended December 31, 2020, that were included in our Consolidated Statements of Comprehensive Income.

Financing

In connection with the entry into the Business Combination Agreement, T-Mobile USA, Inc. ("T-Mobile USA") entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018 and on September 6, 2019, the "Commitment Letter"). On April 1, 2020, in connection with the closing of the Merger, we drew down on our $19.0 billion New Secured Bridge Loan Facility and our $4.0 billion New Secured Term Loan Facility (each as defined below). We used the net proceeds from the drawdown of the secured facilities to refinance certain existing debt of us, Sprint and our and Sprint's respective subsidiaries and for post-closing general corporate purposes of the combined company. See Note 8 – Debt for further information.

In connection with the financing provided for in the Commitment Letter, we incurred certain fees payable to the financial institutions. On April 1, 2020, in connection with the closing of the Merger, we paid $355 million in Commitment Letter fees to certain financial institutions. See Note 8 – Debt for further information.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a Financing Matters Agreement, dated as of April 29, 2018 (the "Financing Matters Agreement"), pursuant to which DT agreed, among other things, to consent to, subject to certain conditions, amendments to certain existing debt owed to DT, in connection with the Merger. On April 1, 2020, in connection with the closing of the Merger, we made a payment for requisite consents to DT of $13 million. See Note 8 – Debt for further information.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018 (the "Consent Solicitation Statement"), we obtained consents necessary to effect amendments to certain existing debt of us and our subsidiaries. On April 1, 2020, in connection with the closing of the Merger, we made payments for requisite consents to third-party note holders of $95 million. See Note 8 – Debt for further information.

Regulatory Matters

The Transactions were the subject of various legal and regulatory proceedings involving a number of state and federal agencies. In connection with those proceedings and the approval of the Transactions, we have certain commitments and other obligations to various state and federal agencies and certain nongovernmental organizations. See Note 18 - Commitments and Contingencies for further information.

Prepaid Transaction

On July 26, 2019, we entered into the Asset Purchase Agreement with Sprint and DISH, pursuant to which, following the consummation of the Merger, DISH would acquire the Prepaid Business.

On June 17, 2020, T-Mobile, Sprint and DISH entered into the First Amendment to the Asset Purchase Agreement. Pursuant to the First Amendment of the Asset Purchase Agreement, T-Mobile, Sprint and DISH agreed to proceed with the closing of the Prepaid Transaction in accordance with the Asset Purchase Agreement on July 1, 2020, subject to the terms and conditions of the Asset Purchase Agreement and the terms and conditions of the Consent Decree.

On July 1, 2020, pursuant to the Asset Purchase Agreement, we completed the Prepaid Transaction. Upon closing of the Prepaid Transaction, we received $1.4 billion from DISH for the Prepaid Business, subject to working capital adjustments. See Note 12 - Discontinued Operations for further information.

Shenandoah Personal Communications Company Affiliate Relationship

Sprint PCS (specifically Sprint Spectrum L.P.) is party to a variety of publicly filed agreements with Shenandoah Personal Communications Company LLC ("Shentel"), pursuant to which Shentel is the exclusive provider of Sprint PCS's wireless mobility communications network products in certain parts of Maryland, North Carolina, Virginia, West Virginia, Kentucky, Ohio and Pennsylvania. Pursuant to one such agreement, the Sprint PCS Management Agreement, dated November 5, 1999 (as amended, supplemented and modified from time to time, the "Management Agreement"), Sprint PCS was granted an option to purchase Shentel's wireless telecommunications assets used to provide services pursuant to the Management Agreement. On August 26, 2020, Sprint, now our direct subsidiary, on behalf of and as the direct or indirect owner of Sprint PCS, exercised its option by delivering a binding notice of exercise to Shentel. The exercise of this option triggered a requirement for the parties to engage three independent valuation providers (the "Valuation Providers") to calculate the "entire business value" (the "Entire Business Value") of such wireless telecommunications assets, pursuant to a formula and valuation process prescribed in the Management Agreement.

Subsequent to December 31, 2020, on February 1, 2021, in accordance with the Management Agreement and other agreed-upon terms, the Valuation Providers determined and calculated the Entire Business Value of Shentel's wireless telecommunication assets used to provide services pursuant to the Management Agreement to be $2.1 billion, and correspondingly, the base purchase price for such wireless telecommunication assets shall be ninety percent (90%) of that Entire Business Value amount ($1.9 billion), subject to certain other purchase price adjustments prescribed by the Management Agreement and such additional purchase price adjustments agreed by the parties. The

parties are negotiating the remaining outstanding terms of a definitive agreement to govern the purchase of Shentel's wireless telecommunication assets and expect the transaction to close in the second quarter of 2021 after satisfying customary conditions to closing.

Note 3 – Receivables and Expected Credit Losses

Our portfolio of receivables is comprised of two portfolio segments: accounts receivable and EIP receivables.

Accounts Receivable Portfolio Segment

Our accounts receivable segment primarily consists of amounts currently due from customers, including service and leased device receivables, device insurance administrators, wholesale partners, third-party retail channels and other carriers.

We estimate expected credit losses associated with our accounts receivable portfolio using an aging schedule methodology that utilizes historical information and current conditions to develop expected credit losses by aging bucket, including for receivables that are not past due.

To determine the appropriate credit loss percentages by aging bucket, we consider a number of factors, including our overall historical credit losses, net of recoveries and timely payment experience as well as current collection trends such as write-off frequency and severity, credit quality of the customer base, and other qualitative factors such as macro-economic conditions, including the expected economic impacts of the Pandemic.

We consider the need to adjust our estimate of expected credit losses for reasonable and supportable forecasts of future economic conditions. To do so, we monitor professional forecasts of changes in real U.S. gross domestic product and forecasts of consumer credit behavior for comparable credit exposures. We also periodically evaluate other economic indicators such as unemployment rates to assess their level of correlation with our historical credit loss statistics.

EIP Receivables Portfolio Segment

Based upon customer credit profiles at the time of customer origination, we classify the EIP receivables segment into two customer classes of “Prime” and “Subprime.” Prime customer receivables are those with lower credit risk and Subprime customer receivables are those with higher credit risk. Customers may be required to make a down payment on their equipment purchases. In addition, certain customers within the Subprime category are required to pay an advance deposit.

To determine a customer’s credit profile, we use a proprietary credit scoring model that measures the credit quality of a customer using several factors, such as credit bureau information, consumer credit risk scores and service and device plan characteristics.

Installment loans acquired in the Merger are included in EIP receivables. We applied our proprietary credit scoring model to the customers acquired in the Merger with an outstanding EIP receivable balance. Based on tenure, consumer credit risk score and credit profile, these acquired customers were classified into our customer classes of Prime or Subprime. Our proprietary credit scoring model is applied to all EIP arrangements originated after the Merger close date.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

(in millions)	December 31, 2020	December 31, 2019
EIP receivables, gross [1]	$ 6,213	$ 4,582
Unamortized imputed discount	(325)	(299)
EIP receivables, net of unamortized imputed discount	5,888	4,283
Allowance for credit losses [2]	(280)	(100)
EIP receivables, net of allowance for credit losses and imputed discount	$ 5,608	$ 4,183
Classified on the balance sheet as:		
Equipment installment plan receivables, net of allowance for credit losses and imputed discount	$ 3,577	$ 2,600
Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount	2,031	1,583
EIP receivables, net of allowance for credit losses and imputed discount	$ 5,608	$ 4,183

(1) Through the Merger, we acquired EIP receivables with a fair value of $1.3 billion as of April 1, 2020. As they were recorded at fair value, an imputed discount was not recognized on the acquired receivables.
(2) Allowance for credit losses as of December 31, 2020 was impacted by the cumulative effect of initially applying the new credit loss standard on our receivables portfolio on January 1, 2020, which resulted in an increase to our allowance for credit losses of $91 million.

We manage our EIP receivables portfolio using delinquency and customer credit class as key credit quality indicators. As a part of the adoption of the new credit loss standard, we now disclose our EIP receivables portfolio disaggregated by origination year. EIP receivables acquired through the Merger are also presented by origination year. The following table presents the

amortized cost of our EIP receivables by delinquency status, customer credit class, and year of origination as of December 31, 2020.

	Originated in 2020		Originated in 2019		Originated prior to 2019		Total EIP Receivables, net of unamortized imputed discounts		
(in millions)	**Prime**	**Subprime**	**Prime**	**Subprime**	**Prime**	**Subprime**	**Prime**	**Subprime**	**Grand total**
Current - 30 days past due	$ 2,654	$ 2,035	$ 528	$ 407	$ 124	$ 26	$ 3,306	$ 2,468	$ 5,774
31 - 60 days past due	16	30	6	12	1	—	23	42	65
61 - 90 days past due	4	13	2	5	—	—	6	18	24
More than 90 days past due	3	11	2	6	1	2	6	19	25
EIP receivables, net of unamortized imputed discount	$ 2,677	$ 2,089	$ 538	$ 430	$ 126	$ 28	$ 3,341	$ 2,547	$ 5,888

We estimate expected credit losses on our EIP receivables by using historical data adjusted for current conditions to calculate default probabilities for our outstanding EIP loans. We consider various risk characteristics when calculating default probabilities, such as how long such loans have been outstanding, customer credit ratings, customer tenure, delinquency status and other correlated variables identified through statistical analyses. We multiply these estimated default probabilities by our estimated loss given default, which considers recoveries.

As we do for our accounts receivable portfolio segment, we consider the need to adjust our estimate of expected losses on EIP receivables for reasonable and supportable forecasts of economic conditions through monitoring of external professional forecasts and periodic internal statistical analyses, including the expected economic impacts of the Pandemic.

For EIP receivables acquired in the Merger, the difference between the fair value and unpaid principal balance of the loan at the
acquisition date is accreted to interest income over the contractual life of the loan using the effective interest method. EIP receivables had a combined weighted average effective interest rate of 6.7% and 8.8% as of December 31, 2020 and 2019, respectively.

Activity for the years ended December 31, 2020, 2019 and 2018 in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

(in millions)	December 31, 2020			December 31, 2019			December 31, 2018		
	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 61	$ 399	$ 460	$ 67	$ 449	$ 516	$ 86	$ 396	$ 482
Beginning balance adjustment due to implementation of the new credit loss standard	—	91	91	—	—	—	—	—	—
Bad debt expense	338	264	602	77	230	307	69	228	297
Write-offs, net of recoveries	(205)	(175)	(380)	(83)	(249)	(332)	(88)	(240)	(328)
Change in imputed discount on short-term and long-term EIP receivables	N/A	171	171	N/A	136	136	N/A	250	250
Impact on the imputed discount from sales of EIP receivables	N/A	(145)	(145)	N/A	(167)	(167)	N/A	(185)	(185)
Allowance for credit losses and imputed discount, end of period	$ 194	$ 605	$ 799	$ 61	$ 399	$ 460	$ 67	$ 449	$ 516

Off-Balance-Sheet Credit Exposures

We do not have material, unmitigated off-balance-sheet credit exposures as of December 31, 2020. In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets

included in our Consolidated Balance Sheets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates and credit worthiness, dilutions and recoveries. See Note 4 – Sales of Certain Receivables for further information.

Note 4 – Sales of Certain Receivables

We have entered into transactions to sell certain service accounts receivable and EIP receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our consolidated financial statements, are described below.

In conjunction with the Merger, the total principal amount outstanding under Sprint's accounts receivable facility of $2.3 billion was repaid on April 1, 2020, and the facility was terminated.

Sales of Service Accounts Receivable

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis (the "service receivable sale arrangement"). The maximum funding commitment of the service receivable sale arrangement is $950 million, and the facility expires in March 2021. As of December 31, 2020 and 2019, the service receivable sale arrangement provided funding of $772 million and $924 million, respectively. Sales of receivables occur daily and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the "Service BRE"). The Service BRE does not qualify as a VIE, and due to the significant level of control we exercise over the entity, it is consolidated. Pursuant to the service receivable sale arrangement, certain of our wholly owned subsidiaries transfer selected receivables to the Service BRE. The Service BRE then sells the receivables to an unaffiliated entity (the "Service VIE"), which was established to facilitate the sale of beneficial ownership interests in the receivables to certain third parties.

Variable Interest Entity

We determined that the Service VIE qualifies as a VIE as it lacks sufficient equity to finance its activities. We have a variable interest in the Service VIE but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Service VIE's economic performance. Those activities include committing the Service VIE to legal agreements to purchase or sell assets, selecting which receivables are purchased in the service receivable sale arrangement, determining whether the Service VIE will sell interests in the purchased service receivables to other parties, funding of the entity and servicing of receivables. We do not hold the power to direct the key decisions underlying these activities. For example, while we act as the servicer of the sold receivables, which is considered a significant activity of the Service VIE, we are acting as an agent in our capacity as the servicer, and the counterparty to the service receivable sale arrangement has the ability to remove us as the servicing agent of the receivables at will with no recourse available to us. As we have determined we are not the primary beneficiary, the balances and results of the Service VIE are not included in our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, and liabilities included in our Consolidated Balance Sheets that relate to our variable interest in the Service VIE:

(in millions)	December 31, 2020	December 31, 2019
Other current assets	$ 378	$ 350
Accounts payable and accrued liabilities	—	25
Other current liabilities	357	342

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP accounts receivable on a revolving basis (the "EIP sale arrangement"). The maximum funding commitment of the sale arrangement is $1.3 billion. In February 2020, we amended the

sale arrangement to provide for an alternative advance rate methodology for the EIP accounts receivable sold in the sale arrangement and to make certain other administrative changes. On November 2, 2020, we extended the scheduled expiration date of the EIP sale arrangement to November 18, 2021.

On April 30, 2020, we agreed with the purchaser banks to update our collection policies to temporarily allow for flexibility for modifications to the accounts receivable sold that are impacted by COVID-19 and exclusion of such accounts receivable from all pool performance triggers.

As of both December 31, 2020 and 2019, the EIP sale arrangement provided funding of $1.3 billion. Sales of EIP receivables occur daily and are settled on a monthly basis.

In connection with this EIP sale arrangement, we formed a wholly owned subsidiary, which qualifies as a bankruptcy remote entity (the "EIP BRE"). Pursuant to the EIP sale arrangement, our wholly owned subsidiary transfers selected receivables to the EIP BRE. The EIP BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity over which we do not exercise any level of control, nor does the third-party entity qualify as a VIE.

Variable Interest Entity

We determined that the EIP BRE is a VIE as its equity investment at risk lacks the obligation to absorb a certain portion of its expected losses. We have a variable interest in the EIP BRE and have determined that we are the primary beneficiary based on our ability to direct the activities which most significantly impact the EIP BRE's economic performance. Those activities include selecting which receivables are transferred into the EIP BRE and sold in the EIP sale arrangement and funding of the EIP BRE. Additionally, our equity interest in the EIP BRE obligates us to absorb losses and gives us the right to receive benefits from the EIP BRE that could potentially be significant to the EIP BRE. Accordingly, we include the balances and results of operations of the EIP BRE in our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, and liabilities included in our Consolidated Balance Sheets of the EIP BRE:

(in millions)	December 31, 2020	December 31, 2019
Other current assets	$ 388	$ 344
Other assets	120	89
Other long-term liabilities	4	18

In addition, the EIP BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the EIP BRE, to be satisfied prior to any value in the EIP BRE becoming available to us. Accordingly, the assets of the EIP BRE may not be used to settle our general obligations and creditors of the EIP BRE have limited recourse to our general credit.

Sales of Receivables

The transfers of service receivables and EIP receivables to the non-consolidated entities are accounted for as sales of financial assets. Once identified for sale, the receivable is recorded at the lower of cost or fair value. Upon sale, we derecognize the net carrying amount of the receivables.

We recognize the cash proceeds received upon sale in Net cash provided by operating activities in our Consolidated Statements of Cash Flows. We recognize proceeds net of the deferred purchase price, consisting of a receivable from the purchasers that entitles us to certain collections on the receivables. We recognize the collection of the deferred purchase price in Net cash used in investing activities in our Consolidated Statements of Cash Flows as Proceeds related to beneficial interests in securitization transactions.

The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. At inception, we elected to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense in our

Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily unobservable inputs (Level 3 inputs), including customer default rates. As of December 31, 2020 and 2019, our

deferred purchase price related to the sales of service receivables and EIP receivables was $884 million and $781 million, respectively.

The following table summarizes the impact of the sale of certain service receivables and EIP receivables in our Consolidated Balance Sheets:

(in millions)	December 31, 2020	December 31, 2019
Derecognized net service receivables and EIP receivables	$ 2,528	$ 2,584
Other current assets	766	694
of which, deferred purchase price	*764*	*692*
Other long-term assets	120	89
of which, deferred purchase price	*120*	*89*
Accounts payable and accrued liabilities	—	25
Other current liabilities	357	342
Other long-term liabilities	4	18
Net cash proceeds since inception	1,715	1,944
Of which:		
Change in net cash proceeds during the year-to-date period	(229)	65
Net cash proceeds funded by reinvested collections	1,944	1,879

We recognized losses from sales of receivables, including adjustments to the receivables' fair values and changes in fair value of the deferred purchase price, of $36 million, $130 million and $157 million for the years ended December 31, 2020, 2019 and 2018, respectively, in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables and are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. At the direction of the purchasers of the sold receivables, we apply the same policies and procedures while servicing the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers. Pursuant to the EIP sale arrangement, under certain circumstances, we are required to deposit cash or replacement EIP receivables primarily for contracts terminated by customers under our JUMP! On Demand program.

In addition, we have continuing involvement with the sold receivables as we may be responsible for absorbing additional credit losses pursuant to the sale arrangements. Our maximum exposure to loss related to the involvement with the service receivables and EIP receivables sold under the sale arrangements was $1.2 billion as of December 31, 2020. The maximum exposure to loss, which is a required disclosure under U.S. GAAP, represents an estimated loss that would be incurred under severe, hypothetical circumstances whereby we would not receive the deferred purchase price portion of the contractual proceeds withheld by the purchasers and would also be required to repurchase the maximum amount of receivables pursuant to the sale arrangements without consideration for any recovery. We believe the probability of these circumstances occurring is remote and the maximum exposure to loss is not an indication of our expected loss.

Index for Notes to the Consolidated Financial Statements

Note 5 – Property and Equipment

The components of property and equipment were as follows:

(in millions)	Useful Lives	December 31, 2020	December 31, 2019
Land		$ 236	$ —
Buildings and equipment	Up to 30 years	4,006	2,587
Wireless communications systems	Up to 20 years	49,453	34,353
Leasehold improvements	Up to 12 years	1,879	1,345
Capitalized software	Up to 10 years	16,412	12,705
Leased wireless devices	Up to 19 months	6,989	1,139
Construction in progress		4,595	2,973
Accumulated depreciation and amortization		(42,395)	(33,118)
Property and equipment, net		$ 41,175	$ 21,984

Total depreciation expense relating to property and equipment and financing lease right-of-use assets was $13.1 billion, $6.5 billion and $6.4 billion for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts include depreciation expense related to leased wireless devices of $3.1 billion, $543 million and $940 million for the years ended December 31, 2020, 2019 and 2018, respectively.

We capitalize interest associated with the acquisition or construction of certain property and equipment and spectrum intangible assets. We recognized capitalized interest of $440 million, $473 million and $362 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Asset retirement obligations are primarily for certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.
Activity in our asset retirement obligations was as follows:

(in millions)	Year Ended December 31, 2020	Year Ended December 31, 2019
Asset retirement obligations, beginning of year	$ 659	$ 609
Fair value of liabilities acquired through Merger	1,110	—
Liabilities incurred	16	35
Liabilities settled	(40)	(2)
Accretion expense	55	32
Changes in estimated cash flows	17	(15)
Asset retirement obligations, end of period	$ 1,817	$ 659
Classified on the balance sheet as:		
Other current liabilities	$ 14	$ —
Other long-term liabilities	1,803	659

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $912 million and $159 million as of December 31, 2020 and 2019, respectively.

Postpaid Billing System Impairment

In connection with the continuing integration of the businesses following the Merger, we evaluated the long-term billing system architecture strategy for our postpaid customers. In order to facilitate customer migration from the Sprint legacy billing platform, our postpaid billing system replacement plan and associated development will no longer serve our future needs. As a result, we recorded a non-cash impairment of $200 million related to capitalized software development costs for the year ended December 31, 2020, all of which relates to the impairment recognized during the three months ended June 30, 2020. The expense is included within Impairment expense in our

Consolidated Statements of Comprehensive Income. There were no impairments recognized for the years ended December 31, 2019 and 2018.

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Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2020 and 2019, are as follows:

(in millions)	Goodwill
Historical goodwill, net of accumulated impairment losses of $10,766	$ 1,901
Goodwill from acquisition in 2019	29
Balance as of December 31, 2019	1,930
Goodwill from acquisitions in 2020	9,405
Layer3 goodwill impairment	(218)
Balance as of December 31, 2020	$ 11,117
Accumulated impairment losses at December 31, 2020	$ (10,984)

On April 1, 2020, we completed our Merger with Sprint, which was accounted for as a business combination resulting in $9.4 billion in goodwill. The acquired goodwill was allocated to the wireless reporting unit and will be tested for impairment at this level. See Note 2 - Business Combination for further information.

Goodwill Impairment Assessment

Certain non-financial assets, including goodwill and indefinite-lived intangible assets such as Spectrum licenses, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, these assets are required to be assessed for impairment when events or circumstances indicate that carrying value may not be recoverable, and at least annually for goodwill and indefinite-lived intangible assets. The nonrecurring measurements of the fair value of these assets, for which observable market information may be limited, are classified within Level 3 of the fair value hierarchy. In the event an impairment is required, the asset is adjusted to its estimated fair value using market-based assumptions, to the extent they are available, as well as other assumptions that may require significant judgement.

For our assessment of the wireless reporting unit we employed a qualitative approach. The fair value of the wireless reporting unit is estimated using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value. No events or change in circumstances have occurred that indicate the fair value of the wireless reporting unit may be below its carrying amount at December 31, 2020.

Our enhanced in-home broadband opportunity following the Merger, along with the acquisition of certain content rights, has created a strategic shift in our TVision™ services offering, allowing us the ability to develop a video product that will be complementary to the in-home broadband offering. As a result of the change in the stand-alone product offering plans and timing, we completed an interim goodwill impairment analysis for the Layer3 reporting unit and recognized a goodwill impairment of $218 million for the year ended December 31, 2020, all of which relates to the impairment recognized during the three months ended June 30, 2020. This impairment reduced the goodwill assigned to the Layer3 reporting unit to zero. The expense is included within Impairment expense in our Consolidated Statements of Comprehensive Income. There were no goodwill impairments recognized for the years ended December 31, 2019 and 2018.

Application of the goodwill impairment test requires judgment including the determination of the fair value of the reporting unit. We employed an income approach to assess the fair value of the Layer3 reporting unit based on the present value of estimated future cash flows. Inherent in our preparation of cash flow projections are assumptions and estimates derived from a review of our business plans, expected growth rates, cost of capital and tax rates. We also made certain forecasts about future business strategies and economic conditions, market data, and other assumptions, such as estimates of subscribers for TVision™ services, average revenue and content cost per

subscriber. The discount rate used was based on the weighted average cost of capital adjusted for the risk associated with business-specific characteristics and the uncertainty related to the business's ability to execute on the projected cash flows. As of December 31, 2020, Goodwill was only assigned to the wireless reporting unit as the Goodwill assigned to the Layer3 reporting unit was written-off to a zero balance during the year ended December 31, 2020.

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Intangible Assets

Identifiable Intangible Assets Acquired

The following table summarizes the fair value of the intangible assets acquired in the Merger:

	Weighted Average Useful Life (in years)	Fair Value as of April 1, 2020 (in millions)
Spectrum licenses	Indefinite-lived	$ 45,400
Tradenames [1]	2 years	207
Customer relationships	8 years	4,900
Favorable spectrum leases	18 years	790
Other intangible assets	7 years	428
Total intangible assets acquired		$ 51,725

(1) Tradenames include the Sprint brand

Spectrum licenses are issued for a fixed period of time, typically up to 15 years; however, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses acquired expire at various dates and we believe we will be able to meet all requirements necessary to secure renewal of our spectrum licenses at a nominal cost. Moreover, we determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets. The fair value of spectrum licenses includes the value associated with aggregating a nationwide portfolio of owned and leased spectrum.

Favorable spectrum leases represent a lease contract where the market rate is higher than the future contractual lease payments. We lease this spectrum from third parties who hold the spectrum licenses. As these contracts pertain to intangible assets, they are excluded from the lease accounting guidance (ASC 842) and are accounted for as service contracts in which the expense is recognized on a straight-line basis over the lease team. Favorable spectrum leases of $790 million were recorded as an intangible asset as a result of purchase accounting and will be amortized on a straight-line basis over the associated remaining lease term. Additionally, we recognized unfavorable spectrum lease liabilities of $197 million, which are also amortized over their respective remaining lease terms and are included in Other liabilities in our Consolidated Balance Sheets.
The customer relationship intangible assets represent the value associated with the acquired Sprint customers. The customer relationship intangible assets are amortized using the sum-of-the-years digits method over periods of up to eight years.

Other intangible assets are amortized over the remaining period that the asset is expected to provide benefit to us.

Spectrum Licenses

The following table summarizes our spectrum license activity for the years ended December 31, 2020 and 2019:

(in millions)	2020	2019
Spectrum licenses, beginning of year	$ 36,465	$ 35,559
Spectrum license acquisitions	1,023	857
Spectrum licenses acquired in Merger	45,400	—
Spectrum licenses transferred to held for sale	(83)	—
Costs to clear spectrum	23	49
Spectrum licenses, end of year	$ 82,828	$ 36,465

Spectrum Transactions

In March 2020, the FCC announced that we were the winning bidder of 2,384 licenses in Auction 103 (37/39 GHz and 47 GHz spectrum bands) for an aggregate price of $873 million, net of an incentive payment of $59 million. At

the inception of Auction 103 in October 2019, we deposited $82 million with the FCC. Upon conclusion of Auction 103 in March 2020, we made a down payment of $93 million for the purchase price of the licenses won in the auction. On April 8, 2020, we paid the FCC the remaining $698 million of the purchase price for the licenses won in the auction. Prior to the Merger, the FCC announced that Sprint was the winning bidder of 127 licenses in Auction 103 (37/39 GHz and 47 GHz spectrum bands). All payments related to the licenses won were made by Sprint prior to the Merger.

In November 2020, we executed an agreement with a third party for the exchange of certain AWS spectrum licenses. Upon the execution of the agreement, the spectrum licenses were classified as assets held for sale, included within Other current assets, and measured at the lower of their carrying amount or fair value less cost to sell, which resulted in the recognition of a non-cash impairment loss of $35 million, included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. We received approval for the transaction from the FCC and the transaction closed in the first quarter of 2021.

The licenses are included in Spectrum licenses in our Consolidated Balance Sheets as of December 31, 2020. Cash payments to acquire spectrum licenses and payments for costs to clear spectrum are included in Purchases of spectrum licenses and other intangible assets, including deposits, in our Consolidated Statements of Cash Flows for the year ended December 31, 2020.

In April 2020, we acquired FCC licenses in the 800 MHz, 1900 MHz, and 2.5 GHz bands as part of the Merger with Sprint at an estimated fair value of approximately $45.4 billion. See Note 2 - Business Combination for further information.

Impairment assessment

For our assessment of Spectrum license impairment, we employed a qualitative approach. No events or change in circumstances have occurred that indicate the fair value of the Spectrum licenses may be below its carrying amount at December 31, 2020.

Other Intangible Assets

The components of Other intangible assets were as follows:

		December 31, 2020			December 31, 2019		
(in millions)	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	Up to 8 years	$ 4,900	$ (865)	$ 4,035	$ 1,104	$ (1,104)	$ —
Tradenames and patents	Up to 19 years	598	(412)	186	323	(258)	65
Favorable spectrum leases	Up to 27 years	790	(35)	755	—	—	—
Other	Up to 10 years	377	(55)	322	100	(50)	50
Other intangible assets		$ 6,665	$ (1,367)	$ 5,298	$ 1,527	$ (1,412)	$ 115

Amortization expense for intangible assets subject to amortization was $1.2 billion, $82 million and $124 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization are summarized below:

(in millions)	Estimated Future Amortization
Twelve Months Ending December 31,	
2021	$ 1,246
2022	982
2023	827
2024	669
2025	511
Thereafter	1,063
Total	$ 5,298

Substantially all of the estimated future amortization expense is associated with intangible assets acquired in the Merger.

Note 7 – Fair Value Measurements

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates, Accounts payable and accrued liabilities and borrowings under vendor financing arrangements with our primary network equipment suppliers approximate fair value due to the short-term maturities of these instruments.

Derivative Financial Instruments

Periodically, we use derivatives to manage exposure to market risk, such as interest rate risk. We designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship (cash flow hedge) to help minimize significant, unplanned fluctuations in cash flows caused by interest rate volatility. We do not use derivatives for trading or speculative purposes.

Interest Rate Lock Derivatives

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. In November 2019, we extended the mandatory termination date on our interest rate lock derivatives to June 3, 2020. For the three months ended March 31, 2020, we made net collateral transfers to certain of our derivative counterparties totaling $580 million, which included variation margin transfers to (or from) such derivative counterparties based on daily market movements. No amounts were transferred to the derivative counterparties subsequent to March 31, 2020. These collateral transfers are included in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities in our Consolidated Statements of Cash Flows. The net collateral transfers to certain of our derivative counterparties totaled $632 million for the three months ended December 31, 2019, and was presented in Other current assets in our Consolidated Balance Sheets. There was no collateral receivable balance as of December 31, 2020.

We record interest rate lock derivatives on our Consolidated Balance Sheets at fair value that is derived primarily from observable market data, including yield curves. Interest rate lock derivatives were classified as Level 2 in the fair value hierarchy. Cash flows associated with qualifying hedge derivative instruments are presented in the same category on the Consolidated Statements of Cash Flows as the item being hedged.

The fair value of interest rate lock derivatives was a liability of $1.2 billion as of December 31, 2019, and was included in Other current liabilities in our Consolidated Balance Sheets. Aggregate changes in fair value, net of tax, of $1.6 billion and $868 million are presented in Accumulated other comprehensive loss as of December 31, 2020 and 2019, respectively.

Between April 2 to April 6, 2020, in connection with the issuance of an aggregate of $19.0 billion in Senior Secured Notes bearing interest rates ranging from 3.500% to 4.500% and maturing in 2025 through 2050, we terminated our interest rate lock derivatives. See Note 8 - Debt for further information regarding the issuance of Senior Secured Notes. At the time of termination, the interest rate lock derivatives were a liability of $2.3 billion, of which $1.2 billion was cash-collateralized. The cash flows associated with the settlement of interest rate lock derivatives are presented on a gross basis in our Consolidated Statements of Cash Flows, with the total cash payments to settle the swaps of $2.3 billion presented in changes in Other current and long-term liabilities within Net cash provided by operating activities and the return of cash collateral of $1.2 billion presented as an inflow in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities.

Upon the issuance of debt to which the hedged interest rate risk related, we began amortizing the Accumulated other comprehensive loss with the derivatives into Interest expense in a manner consistent with how the hedged interest payments affect earnings. For the year ended December 31, 2020, $128 million was amortized from Accumulated other comprehensive loss into Interest expense in the Consolidated Statements of Comprehensive Income. No amounts were amortized into Interest expense for the years ended December 31, 2019 and 2018. We expect to amortize $189 million of the Accumulated other comprehensive loss associated with the derivatives into Interest expense over the next 12 months.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 4 – Sales of Certain Receivables for further information.

The carrying amounts of our deferred purchase price assets, which are measured at fair value on a recurring basis and are included in our Consolidated Balance Sheets, were $884 million and $781 million at December 31, 2020 and 2019, respectively. Fair value was equal to carrying amount at December 31, 2020 and 2019.

Debt

The fair value of our Senior Unsecured Notes, Senior Secured Notes, and Secured Term Loan Facility to third parties was determined based on quoted market prices in active markets, and therefore were classified as Level 1 within the fair value hierarchy. The fair values of our Senior Notes to affiliates and Incremental Term Loan Facility to affiliates were determined

based on a discounted cash flow approach using market interest rates of instruments with similar terms and maturities and an estimate for our standalone credit risk. Accordingly, our Senior Notes to affiliates and Incremental Term Loan Facility to affiliates were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates and Incremental Term Loan Facility to affiliates. The fair value estimates were based on information available as of December 31, 2020 and 2019. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

The carrying amounts and fair values of our short-term and long-term debt included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2020		December 31, 2019	
		Carrying Amount [1]	Fair Value [1]	Carrying Amount [1]	Fair Value [1]
Liabilities:					
Senior Unsecured Notes to third parties	1	$ 29,966	$ 32,450	$ 10,958	$ 11,479
Senior Notes to affiliates	2	4,716	4,991	9,986	10,366
Senior Secured Notes to third parties	1	36,204	40,519	—	—
Incremental Term Loan Facility to affiliates	2	—	—	4,000	4,000

(1) Excludes $240 million and $25 million as of December 31, 2020 and 2019, respectively, in vendor financing arrangements and other debt as the carrying values approximate fair value primarily due to the short-term maturities of these instruments.

Guarantee Liabilities

We offer device trade-in programs that provide eligible customers a specified-price trade-in right to upgrade their device. For customers who enroll in these programs, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee, incorporating the expected probability and timing of handset upgrade and the estimated fair value of the handset which is returned. Accordingly, our guarantee liabilities were classified as Level 3 within the fair value hierarchy. When customers upgrade their devices, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. Guarantee liabilities are included in Other current liabilities in our Consolidated Balance Sheets.

The carrying amounts of our guarantee liabilities measured at fair value on a non-recurring basis included in our Consolidated Balance Sheets were $50 million and $62 million as of December 31, 2020 and 2019, respectively.

The total estimated remaining gross EIP receivable balances of all enrolled handset upgrade program customers, which are the remaining EIP amounts underlying the trade-in right guarantee, including EIP receivables that have been sold, was $3.4 billion as of December 31, 2020. This is not an indication of our expected loss exposure as it does not consider the expected fair value of the used handset or the probability and timing of the trade-in.

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Note 8 – Debt

Debt was as follows:

(in millions)	December 31, 2020	December 31, 2019
3.360% Series 2016-1 A-1 Notes due 2021	$ 656	$ —
5.300% Senior Notes to affiliates due 2021	—	2,000
7.250% Senior Notes due 2021	2,250	—
11.500% Senior Notes due 2021	1,000	—
4.000% Senior Notes to affiliates due 2022	1,000	1,000
4.000% Senior Notes due 2022	500	500
6.000% Senior Notes due 2022	2,280	—
Incremental term loan facility to affiliates due 2022	—	2,000
6.000% Senior Notes due 2023	1,300	1,300
7.875% Senior Notes due 2023	4,250	—
6.000% Senior Notes due 2024	1,000	1,000
6.000% Senior Notes to affiliates due 2024	—	1,350
6.000% Senior Notes to affiliates due 2024	—	650
6.500% Senior Notes due 2024	—	1,000
7.125% Senior Notes due 2024	2,500	—
Incremental term loan facility to affiliates due 2024	—	2,000
3.500% Senior Secured Notes due 2025	3,000	—
4.738% Series 2018-1 A-1 Notes due 2025	2,100	—
5.125% Senior Notes to affiliates due 2025 [(1)]	—	1,250
5.125% Senior Notes due 2025	500	500
6.375% Senior Notes due 2025	—	1,700
7.625% Senior Notes due 2025	1,500	—
1.500% Senior Secured Notes due 2026	1,000	—
6.500% Senior Notes due 2026	2,000	2,000
4.500% Senior Notes due 2026	1,000	1,000
4.500% Senior Notes to affiliates due 2026	1,000	1,000
7.625% Senior Notes due 2026	1,500	—
3.750% Senior Secured Notes due 2027	4,000	—
5.375% Senior Notes due 2027	500	500
5.375% Senior Notes to affiliates due 2027 [(1)]	1,250	1,250
2.050% Senior Secured Notes due 2028	1,750	—
4.750% Senior Notes due 2028	1,500	1,500
4.750% Senior Notes to affiliates due 2028	1,500	1,500
5.152% Series 2018-1 A-2 Notes due 2028	1,838	—
6.875% Senior Notes due 2028	2,475	—
3.875% Senior Secured Notes due 2030	7,000	—
2.250% Senior Secured Notes due 2031	1,000	—
2.550% Senior Secured Notes due 2031	2,500	—
8.750% Senior Notes due 2032	2,000	—
4.375% Senior Secured Notes due 2040	2,000	—
3.000% Senior Secured Notes due 2041	2,500	—
4.500% Senior Secured Notes due 2050	3,000	—
3.300% Senior Secured Notes due 2051	3,000	—
3.600% Senior Secured Notes due 2060	1,000	—
Other debt	240	25
Unamortized premium on debt to affiliates	—	43
Unamortized premium on debt to third parties	2,197	—
Unamortized discount on debt to affiliates	(20)	(53)
Unamortized discount on debt to third parties	(197)	—
Debt issuance costs and consent fees	(244)	(46)
Total debt	71,125	24,969
Less: Current portion of Senior Notes and other debt to third parties	4,579	25
Total long-term debt	$ 66,546	$ 24,944

Classified on the balance sheet as:

(1) On April 1, 2020, in connection with the closing of the Merger, we amended the $1.25 billion of 5.125% Senior Notes to affiliates due 2025 and $1.25 billion of 5.375% Senior Notes to affiliates due 2027, to change the maturity date thereof to April 15, 2021 and April 15, 2022, respectively. See "Financing Matters Agreement" section below for further information.

Our effective interest rate, excluding the impact of derivatives and capitalized interest, was approximately 4.6% and 5.2% for the years ended December 31, 2020 and 2019, respectively, on weighted average debt outstanding of $58.4 billion and $25.5 billion for the years ended December 31, 2020 and 2019, respectively. The weighted average debt outstanding was calculated by applying an average of the monthly ending balances of total short-term and long-term debt and short-term and long-term debt to affiliates, net of unamortized premiums, discounts, debt issuance costs and consent fees.

Issuances and Borrowings

During the year ended December 31, 2020, we issued the following Senior Secured Notes and entered into the following Secured loan facilities:

(in millions)	Principal Issuances	Premiums, Discounts and Issuance Costs	Net Proceeds from Issuance of Long-Term Debt	Issue Date
3.500% Senior Secured Notes due 2025	$ 3,000	$ 12	$ 2,988	April 9, 2020
3.750% Senior Secured Notes due 2027	4,000	17	3,983	April 9, 2020
3.875% Senior Secured Notes due 2030	7,000	78	6,922	April 9, 2020
4.375% Senior Secured Notes due 2040	2,000	47	1,953	April 9, 2020
4.500% Senior Secured Notes due 2050	3,000	24	2,976	April 9, 2020
1.500% Senior Secured Notes due 2026	1,000	5	995	June 24, 2020
2.050% Senior Secured Notes due 2028	1,250	8	1,242	June 24, 2020
2.550% Senior Secured Notes due 2031	1,750	12	1,738	June 24, 2020
2.050% Senior Secured Notes due 2028	500	(11)	511	October 6, 2020
2.550% Senior Secured Notes due 2031	750	(29)	779	October 6, 2020
3.000% Senior Secured Notes due 2041	1,250	15	1,235	October 6, 2020
3.300% Senior Secured Notes due 2051	1,500	16	1,484	October 6, 2020
2.250% Senior Secured Notes due 2031	1,000	5	995	October 28, 2020
3.000% Senior Secured Notes due 2041	1,250	38	1,212	October 28, 2020
3.300% Senior Secured Notes due 2051	1,500	58	1,442	October 28, 2020
3.600% Senior Secured Notes due 2060	1,000	11	989	October 28, 2020
Total of Senior Secured Notes issued	31,750	306	31,444	
Secured bridge loan facility due 2021	19,000	257	18,743	April 1, 2020
Secured term loan facility due 2027	4,000	107	3,893	April 1, 2020
Total of Secured loan facilities issued	23,000	364	22,636	
Total Issuances and Borrowings	$ 54,750	$ 670	$ 54,080	

Credit Facilities

In connection with the entry into the Business Combination Agreement, T-Mobile USA entered into the Commitment Letter, with certain financial institutions named therein that committed to provide up to $27.0 billion in secured debt financing through May 1, 2020, including a $4.0 billion secured revolving credit facility, a $4.0 billion secured term loan facility, and a $19.0 billion secured bridge loan facility. The funding of the debt facilities provided for in the Commitment Letter was subject to the satisfaction of the conditions set forth therein, including consummation of the Merger.

On April 1, 2020, in connection with the closing of the Merger, T-Mobile USA and certain of its affiliates, as guarantors, entered into a Bridge Loan Credit Agreement with certain financial institutions named therein, providing

for a $19.0 billion secured bridge loan facility (“New Secured Bridge Loan Facility”). The New Secured Bridge Loan Facility had an interest rate equal to a per annum rate of LIBOR plus a margin of 1.25% and had a maturity date of March 31, 2021.

On April 1, 2020, in connection with the closing of the Merger, T-Mobile USA and certain of its affiliates, as guarantors, entered into a Credit Agreement (the “New Credit Agreement”) with certain financial institutions named therein, providing for a $4.0 billion secured term loan facility (“New Secured Term Loan Facility”) and a $4.0 billion revolving credit facility (“New Revolving Credit Facility”). On September 16, 2020, we increased the aggregate commitment under the New Revolving Credit Facility to $5.5 billion through an amendment (the “Incremental Amendment”) to the New Credit Agreement. The New Secured Term Loan Facility had an interest rate equal to a per annum rate of LIBOR plus a margin of 3.00% and had a maturity

date of April 1, 2027. The New Revolving Credit Facility bears interest at a rate equal to a per annum rate of LIBOR plus a margin of 1.25% with the margin subject to a reduction to 1.00% if T-Mobile's Total First Lien Net Leverage Ratio (as defined in the New Credit Agreement) is less than or equal to 0.75 to 1.00. The commitments under the New Revolving Credit Facility mature on April 1, 2025. The New Credit Agreement contains customary representations, warranties and covenants, including a financial maintenance covenant of 3.3x with respect to T-Mobile's Total First Lien Net Leverage Ratio commencing with the period ending September 30, 2020.

On April 1, 2020, in connection with the closing of the Merger, we drew down on our $19.0 billion New Secured Bridge Loan Facility and our $4.0 billion New Secured Term Loan Facility. We used the net proceeds of $22.6 billion from the drawdown of the secured facilities to repay our $4.0 billion Incremental Term Loan Facility with DT and to repurchase from DT $4.0 billion of indebtedness to affiliates, consisting of $2.0 billion of 5.300% Senior Notes due 2021 and $2.0 billion of 6.000% Senior Notes due 2024, as well as to redeem certain debt of Sprint and Sprint's subsidiaries, including the secured term loans due 2024 with a total principal amount outstanding of $5.9 billion, accounts receivable facility with a total amount outstanding of $2.3 billion, and Sprint's 7.250% Guaranteed Notes due 2028 with a total principal amount outstanding of $1.0 billion, and for post-closing general corporate purposes of the combined company.

In connection with the financing provided for in the Commitment Letter, we incurred certain fees payable to the financial institutions, including certain financing fees on the secured term loan commitment and fees for structuring, funding, and providing the commitments. On April 1, 2020, in connection with the closing of the Merger, we paid $355 million in Commitment Letter fees to certain financial institutions.

On October 30, 2020, we entered into a $5.0 billion senior secured term loan commitment with certain financial institutions. Subsequent to December 31, 2020, on January 14, 2021, we issued an aggregate of $3.0 billion in Senior Notes. A portion of the senior secured term loan commitment was reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. Up to $2.0 billion of loans under the commitment may be drawn at any time (subject to customary conditions precedent) through June 30, 2021. If drawn, the facility matures in 364 days with one six-month extension exercisable at our discretion. Proceeds may be used for general corporate purposes and will accrue interest at a rate of LIBOR plus a margin of 1.25% per annum.

Senior Notes

On April 9, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $19.0 billion in Senior Secured Notes bearing interest rates ranging from 3.500% to 4.500% and maturing in 2025 through 2050, and used the net proceeds of $18.8 billion together with cash on hand to repay all of the outstanding amounts under, and terminate, our $19.0 billion New Secured Bridge Loan Facility, as described above.

On June 24, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $4.0 billion in Senior Secured Notes bearing interest rates ranging from 1.500% to 2.550% and maturing in 2026 through 2031. The Senior Secured Notes were issued for refinancing callable Senior Notes and, subsequent to the issuance, we redeemed certain Senior Notes as set forth below under "Senior Secured Notes – Redemptions and Repayments" and "Senior Notes to Affiliates."

On October 6, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $4.0 billion in Senior Secured Notes bearing interest rates ranging from 2.050% to 3.300% and maturing in 2028 through 2051. On October 9, 2020, we used the net proceeds of $4.0 billion to repay at par all of the outstanding amounts under, and terminate, our New Secured Term Loan Facility.

On October 28, 2020, T-Mobile USA and certain of its affiliates, as guarantors, issued an aggregate of $4.75 billion in Senior Secured Notes bearing interest rates ranging from 2.250% to 3.600% and maturing in 2031 through 2060. We intend to use the net proceeds of $4.6 billion for general corporate purposes, which may include among other things, acquisitions of additional spectrum and refinancing existing indebtedness on an ongoing basis.

The Senior Secured Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Senior Secured Notes were offered and sold only (1) to persons reasonably believed to be "qualified institutional buyers"

under Rule 144A under the Securities Act and (2) outside the United States to non-U.S. persons in reliance upon Regulation S under the Securities Act.

The Senior Secured Notes are secured by a first priority security interest, subject to permitted liens, in substantially all of our present and future assets, other than certain excluded assets. They are redeemable at our discretion, in whole or in part, at any

time. If redeemed prior to their contractually specified Par Call Date, the redemption price is subject to a make-whole premium calculated by reference to then-current U.S. Treasury rates plus a fixed spread; if redeemed on or after their respective Par Call Date, the make-whole premium does not apply. The amount of time by which the Par Call Date precedes the maturity date of the respective note varies from one to six months.

We have entered into a Registration Rights Agreement that is in effect through the maturity of the applicable Senior Secured Notes. This agreement calls for us to use commercially reasonable efforts to file a registration statement and have it declared effective within a particular time period and to maintain the effectiveness of the registration statement for a certain period of time. If a default occurs, we will pay additional interest up to a maximum increase of 0.50% per annum. We have not accrued any obligations associated with the Registration Rights Agreement as compliance with the agreements is considered probable.

Subsequent to December 31, 2020, on January 14, 2021, T-Mobile USA issued $1.0 billion of 2.250% Senior Notes due 2026, $1.0 billion of 2.625% Senior Notes due 2029, and $1.0 billion of 2.875% Senior Notes due 2031. We intend to use the net proceeds of $3.0 billion for general corporate purposes, which may include among other things, financing acquisitions of additional spectrum and refinancing existing indebtedness on an ongoing basis.

Debt Assumed

In connection with the Merger, we assumed the following indebtedness of Sprint:

(in millions)	Fair value as of April 1, 2020	Principal Outstanding as of December 31, 2020	Carrying Value as of December 31, 2020
7.250% Senior Notes due 2021	$ 2,324	$ 2,250	$ 2,287
7.875% Senior Notes due 2023	4,682	4,250	4,594
7.125% Senior Notes due 2024	2,746	2,500	2,706
7.625% Senior Notes due 2025	1,677	1,500	1,652
7.625% Senior Notes due 2026	1,701	1,500	1,679
3.360% Senior Secured Series 2016-1 A-1 Notes due 2021 (1)	1,310	656	656
4.738% Senior Secured Series 2018-1 A-1 Notes due 2025 (1)	2,153	2,100	2,145
5.152% Senior Secured Series 2018-1 A-2 Notes due 2028 (1)	1,960	1,838	1,950
7.000% Senior Notes due 2020	1,510	—	—
11.500% Senior Notes due 2021	1,105	1,000	1,057
6.000% Senior Notes due 2022	2,372	2,280	2,346
6.875% Senior Notes due 2028	2,834	2,475	2,808
8.750% Senior Notes due 2032	2,649	2,000	2,620
Accounts receivable facility	2,310	—	—
Other debt	464	256	240
Total Debt Assumed	$ 31,797	$ 24,605	$ 26,740

(1) In connection with the closing of the Merger, we assumed Sprint's spectrum-backed notes, which are collateralized by the acquired directly held and third-party leased Spectrum licenses. See "Spectrum Financing" section below for further information.

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Redemptions and Repayments

During the year ended December 31, 2020, we repaid the following loan facilities and redeemed the following Senior Notes held by third parties and Senior Notes held by affiliates:

(in millions)	Principal Amount	Write-off of Premiums, Discounts and Issuance Costs [1]	Other [2]	Redemption or Repayment Date	Redemption Price
6.500% Senior Notes due 2024	$ 1,000	$ 12	$ 22	July 4, 2020	102.167 %
7.000% Senior Notes due 2020	1,500	—	—	August 15, 2020	N/A
6.375% Senior Notes due 2025	1,700	24	36	September 1, 2020	102.125 %
Total Senior Notes to third parties redeemed	4,200	36	58		
5.300% Senior Notes to affiliates due 2021 [3]	2,000	—	—	April 1, 2020	100.000 %
6.000% Senior Notes to affiliates due 2024 [3]	1,350	(26)	—	April 1, 2020	100.000 %
6.000% Senior Notes to affiliates due 2024 [3]	650	(15)	—	April 1, 2020	100.000 %
5.125% Senior Secured Notes to affiliates due 2025	1,250	15	—	July 4, 2020	100.000 %
Total Senior Notes to affiliates redeemed	5,250	(26)	—		
Total Redemptions	$ 9,450	$ 10	$ 58		
Incremental term loan facility to affiliates due 2022	$ 2,000	$ —	$ —	April 1, 2020	100.000 %
Incremental term loan facility to affiliates due 2024	2,000	—	—	April 1, 2020	100.000 %
Accounts receivable facility	2,310	—	—	April 1, 2020	100.000 %
Secured bridge loan facility due 2021	19,000	251	(47)	April 9, 2020	100.128 %
3.360% Senior Secured Series 2016-1 A-1 Notes due 2021	656	—	—	Various	N/A
Secured term loan facility due 2027	4,000	100	—	October 9, 2020	100.000 %
Other debt	481	—	—	Various	N/A
Total Repayments	$ 30,447	$ 351	$ (47)		

(1) Write-off of premiums, discounts and issuance costs are included in Other expense, net in our Consolidated Statements of Comprehensive Income. Write-off of issuance costs are included in Loss on redemption of debt within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) Primarily represents a reimbursement of a portion of the commitment letter fees that were paid to financial institutions when we drew down on the Secured Bridge Loan Facility on April 1, 2020 and is included in Other expense, net in our Consolidated Statements of Comprehensive Income.

(3) Pursuant to the Financing Matters Agreement, the Senior Notes were effectively redeemed through a repurchase and were cancelled and retired in full on April 1, 2020.

On April 9, 2020, we repaid all of the outstanding amounts under, and terminated, our $19.0 billion New Secured Bridge Loan Facility. Additionally, in connection with the repayment of our New Secured Bridge Loan Facility, we received a reimbursement of $71 million, which represents a portion of the Commitment Letter fees that were paid to certain financial institutions when we drew down on the New Secured Bridge Loan Facility on April 1, 2020. The reimbursement is presented in Other expense, net in our Consolidated Statements of Comprehensive Income.

On July 4, 2020, we redeemed $1.0 billion aggregate principal amount of our 6.500% Senior Notes due 2024. The notes were redeemed at a redemption price equal to 102.167% of the principal amount of the notes (plus accrued and unpaid interest thereon), and were paid on July 6, 2020. The redemption premium was approximately $22 million and the write off of issuance costs and consent fees was approximately $12 million, which were included in Other expense, net in our Consolidated Statements of Comprehensive Income and Losses on redemption of debt in our Consolidated Statements of Cash Flows.

On July 4, 2020, we also redeemed $1.25 billion aggregate principal amount of our 5.125% Senior Notes to affiliates due 2021, as further described below under “Senior Notes to Affiliates.”

On August 15, 2020, we redeemed at maturity $1.5 billion aggregate principal amount of our 7.000% Senior Notes due 2020 (plus accrued and unpaid interest thereon).

On September 1, 2020, we redeemed $1.7 billion aggregate principal amount of our 6.375% Senior Notes due 2025. The notes were redeemed at a redemption price equal to 102.125% of the principal amount of the notes (plus accrued and unpaid interest thereon), and were paid on September 1, 2020. The redemption premium was approximately $36 million and the write off of

issuance costs and consent fees was approximately $24 million, which were included in Other expense, net in our Consolidated Statements of Comprehensive Income.

On October 9, 2020, we repaid at par all of the outstanding amounts under, and terminated, our New Secured Term Loan Facility. The write off of discounts and issuance costs was approximately $100 million, which were included in Other expense, net in our Consolidated Statements of Comprehensive Income.

Financing Matters Agreement

Pursuant to the Financing Matters Agreement, DT agreed, among other things, to consent to the incurrence by T-Mobile USA of secured debt in connection with and after the consummation of the Merger, and to provide a lock up on sales thereby as to certain Senior Notes of T-Mobile USA held thereby. In connection with receiving the requisite consents, we made upfront payments to DT of $7 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt to affiliates in our Consolidated Balance Sheets. On April 1, 2020, in connection with the closing of the Merger, we:

- Repaid our $4.0 billion Incremental Term Loan Facility with DT, consisting of a $2.0 billion Incremental Term Loan Facility due 2022 and a $2.0 billion Incremental Term Loan Facility due 2024;
- Terminated our revolving credit facility;
- Repurchased from DT $4.0 billion of indebtedness to affiliates, consisting of $2.0 billion of 5.300% Senior Notes due 2021 and $2.0 billion of 6.000% Senior Notes due 2024;
- Amended the $1.25 billion of 5.125% Senior Notes due 2025 and $1.25 billion of 5.375% Senior Notes due 2027, which represent indebtedness to affiliates, to change the maturity dates thereof to April 15, 2021 and April 15, 2022, respectively (the “2025 and 2027 Amendments”); and
- Made an additional payment for requisite consents to DT of $13 million. These payments were recognized as a reduction to Long-term debt to affiliates in our Consolidated Balance Sheets.

In accordance with the consents received from DT, on December 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 38th supplemental indenture to the Indenture, pursuant to which, with respect to certain T-Mobile USA Senior Notes held by DT, the Debt Amendments (as defined below under “Consents on Debt to Third Parties”) and the 2025 and 2027 Amendments became effective immediately prior to the consummation of the Merger.

Senior Notes to Affiliates

On July 4, 2020, we redeemed $1.25 billion aggregate principal amount of our 5.125% Senior Notes to affiliates due 2021. The notes were redeemed at a redemption price equal to 100.00% of the principal amount of the notes (plus accrued and unpaid interest thereon), and were paid on July 6, 2020. The write off of discounts was approximately $15 million and was included in Other expense, net in our Consolidated Statements of Comprehensive Income and Losses on redemption of debt in our Consolidated Statements of Cash Flows.

Consents on Debt to Third Parties

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement, we obtained consents necessary to effect certain amendments to our Senior Notes to third parties in connection with the Business Combination Agreement. Pursuant to the Consent Solicitation Statement, third-party note holders agreed, among other things, to consent to increasing the amount of Secured Indebtedness under credit facilities that can be incurred from the greater of $9.0 billion and 150% of Consolidated Cash Flow to the greater of $9.0 billion and an amount that would not cause the Secured Debt to Cash Flow Ratio (calculated net of cash and cash equivalents) to exceed 2.00x (the “Ratio Secured Debt Amendments”) and in each case as such capitalized term is defined in the Indenture. In connection with receiving the requisite consents for the Ratio Secured Debt Amendments, we made upfront payments to third-party note holders of $17 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In addition, note holders agreed, among other things, to allow certain entities related to Sprint's existing spectrum securitization notes program ("Existing Sprint Spectrum Program") to be non-guarantor Restricted Subsidiaries, provided that the principal amount of the spectrum notes issued and outstanding under the Existing Sprint Spectrum Program does not exceed $7.0 billion and that the principal amount of such spectrum notes reduces the amount available under the credit facilities ratio basket, and to

revise the definition of GAAP to mean generally accepted accounting principles in effect from time to time, unless the Company elects to "freeze" GAAP as of any date, and to exclude the effect of the changes in the accounting treatment of lease obligations (the "Existing Sprint Spectrum and GAAP Amendments," and together with the Ratio Secured Debt Amendments, the "Debt Amendments"). In connection with receiving the requisite consents for the Existing Sprint Spectrum and GAAP Amendments, we made upfront payments to third-party note holders of $14 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In connection with obtaining the requisite consents, on May 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 37th supplemental indenture to the Indenture, pursuant to which, with respect to each of our Senior Notes to third parties, all the amendments mentioned above (collectively, the "Debt Amendments") would become effective immediately prior to the consummation of the Merger.

We paid third-party bank fees associated with obtaining the requisite consents related to the Debt Amendments of $6 million during the second quarter of 2018, which we recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. On April 1, 2020, in connection with the closing of the Merger, we made additional payments to third-party note holders for requisite consents related to the Ratio Secured Debt Amendments of $54 million and related to the Existing Sprint Spectrum and GAAP Amendments of $41 million. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These payments increased the effective interest rate of the related debt.

Spectrum Financing

On April 1, 2020, in connection with the closing of the Merger, we assumed Sprint's spectrum-backed notes, which are collateralized by the acquired directly held and third-party leased Spectrum licenses (collectively, the "Spectrum Portfolio") transferred to wholly owned bankruptcy-remote special purpose entities (collectively, the "Spectrum Financing SPEs"). As of December 31, 2020, the total outstanding obligations under these Notes was $4.6 billion.

In October 2016, certain subsidiaries of Sprint Communications, Inc. transferred the Spectrum Portfolio to the Spectrum Financing SPEs, which was used as collateral to raise an initial $3.5 billion in senior secured notes (the "2016 Spectrum-Backed Notes") bearing interest at 3.360% per annum under a $7.0 billion securitization program. The 2016 Spectrum-Backed Notes are repayable over a five-year term, with interest-only payments over the first four quarters and amortizing quarterly principal payments thereafter commencing December 2017 through September 2021. During the year ended December 31, 2020, we made scheduled principal repayments of $656 million, resulting in a total principal amount outstanding related to the 2016 Spectrum-Backed Notes of $656 million as of December 31, 2020, which was classified as Short-term debt in the Consolidated Balance Sheets.

In March 2018, Sprint issued approximately $3.9 billion in aggregate principal amount of senior secured notes (the "2018 Spectrum-Backed Notes" and together with the 2016 Spectrum-Backed Notes, the "Spectrum-Backed Notes") under the existing $7.0 billion securitization program, consisting of two series of senior secured notes. The first series of notes totaled $2.1 billion in aggregate principal amount, bears interest at 4.738% per annum, and has quarterly interest-only payments until June 2021, and amortizing quarterly principal amounts thereafter commencing in June 2021 through March 2025. As of December 31, 2020, $394 million of the aggregate principal amount was classified as Short-term debt in the Consolidated Balance Sheets. The second series of notes totaled approximately $1.8 billion in aggregate principal amount, bears interest at 5.152% per annum, and has quarterly interest-only payments until June 2023, and amortizing quarterly principal amounts thereafter commencing in June 2023 through March 2028. The Spectrum Portfolio, which also serves as collateral for the Spectrum-Backed Notes, remains substantially identical to the original portfolio from October 2016.

Simultaneously with the October 2016 offering, Sprint Communications, Inc. entered a long-term lease with the Spectrum Financing SPEs for the ongoing use of the Spectrum Portfolio. Sprint Communications, Inc. is required to make monthly lease payments to the Spectrum Financing SPEs in an aggregate amount that is market-based relative to the spectrum usage rights as of the closing date and equal to $165 million per month. The lease payments, which are guaranteed by T-Mobile subsidiaries, are sufficient to service all outstanding series of the 2016 Spectrum Backed Notes and the lease also constitutes collateral for the senior secured notes. Because the Spectrum Financing SPEs are

wholly owned T-Mobile subsidiaries, these entities are consolidated and all intercompany activity has been eliminated.

Each Spectrum Financing SPE is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the respective Spectrum Financing SPE, to be satisfied out of the Spectrum Financing SPE's assets prior to any assets of such Spectrum Financing SPE becoming available to T-Mobile. Accordingly, the assets of each Spectrum

Financing SPE are not available to satisfy the debts and other obligations owed to other creditors of T-Mobile until the obligations of such Spectrum Financing SPE under the spectrum-backed senior secured notes are paid in full. Certain provisions of the Spectrum Financing facility require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash.

Restricted Cash

Certain provisions of our debt agreements require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash.

Standby Letters of Credit

For the purposes of securing our obligations to provide device insurance services and for purposes of securing our general purpose obligations, we maintain standby letters of credit with certain financial institutions. We assumed certain of Sprint's standby letters of credit in the Merger. Our outstanding standby letters of credit were $555 million and $113 million as of December 31, 2020 and 2019, respectively.

Note 9 – Tower Obligations

Existing CCI Tower Lease Arrangements

In 2012, we conveyed to Crown Castle International Corp. ("CCI") the exclusive right to manage and operate approximately 7,100 tower sites ("CCI Lease Sites") via a master prepaid lease with site lease terms ranging from 23 to 37 years (the "2012 Tower Transaction"). CCI has fixed-price purchase options for the CCI Lease Sites totaling approximately $2.0 billion, exercisable at the end of the lease term. We lease back a portion of the space at certain tower sites for an initial term of 10 years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of the tower sites were transferred to special purpose entities ("SPEs"). Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants that lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs.

We determined the SPEs containing the CCI Lease Sites ("Lease Site SPEs") are VIEs as they lack sufficient equity to finance their activities. We have a variable interest in the Lease Site VIE but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Lease Site VIE's economic performance. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not have a controlling financial interest in the Lease Site SPEs, the Lease Site SPEs are not included in our consolidated financial statements.

However, we also considered if this arrangement resulted in the sale of the CCI Lease Sites for which we would de-recognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the CCI Lease Sites tower assets remained on our balance sheet. We recorded long-term financial obligations in the amount of the net proceeds received and recognize interest on the tower obligations at a rate of approximately 8% using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI and through net cash flows generated and retained by CCI from operation of the tower sites.

Acquired CCI Tower Lease Arrangements

Prior to the Merger, Sprint entered into a lease-out and leaseback arrangement with Global Signal Inc., a third party that was subsequently acquired by CCI, that conveyed to CCI the exclusive right to manage and operate approximately 6,400 tower sites ("Master Lease Sites") via a master prepaid lease. These agreements were assumed upon the close of the Merger, at which point the remaining term of the lease-out was approximately 17 years with no renewal options. CCI has a fixed price purchase option for all (but not less than all) of the leased or subleased sites for approximately $2.3 billion, exercisable one year prior to the

expiration of the agreement and ending 120 days prior to the expiration of the agreement. We lease back a portion of the space at certain tower sites for an initial term of 10 years, followed by optional renewals at customary terms.

We considered if this arrangement resulted in the sale of the Master Lease Sites for which we would de-recognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the Master Lease Sites tower assets remained on our balance sheet.

As of the Merger date, we recognized Property and equipment with a fair value of $2.8 billion and tower obligations related to amounts owed to CCI under the leaseback of $1.1 billion. Additionally, we recognized $1.7 billion in Other long-term liabilities associated with contract terms that are unfavorable to current market rates, which includes unfavorable terms associated with the fixed-price purchase option in 2037.

We recognize interest expense on the tower obligations at a rate of approximately 6% using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI. The tower assets are reported in Property and equipment, net in our Consolidated Balance Sheets and are depreciated to their estimated residual values over the expected useful life of the tower, which is 20 years.

The following table summarizes the balances associated with both of the tower arrangements in the Consolidated Balance Sheets:

(in millions)	December 31, 2020	December 31, 2019
Property and equipment, net	$ 2,838	$ 198
Tower obligations	3,028	2,236
Other long-term liabilities	1,712	—

Future minimum payments related to the tower obligations are approximately $397 million for the year ending December 31, 2021, $716 million in total for the years ending December 31, 2022 and 2023, $598 million in total for years ending December 31, 2024 and 2025, and $624 million in total for years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites and the Master Lease Sites. These contingent obligations are not included in Operating lease liabilities as any amount due is contractually owed by CCI based on the subleasing arrangement. Under the arrangement, we remain primarily liable for ground lease payments on approximately 900 sites and have included lease liabilities of $282 million in our Operating lease liabilities as of December 31, 2020.

Note 10 – Revenue from Contracts with Customers

Disaggregation of Revenue

We provide wireless communications services to three primary categories of customers:

- Postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, wearables, DIGITS, or other connected devices which includes tablets and SyncUP products. Our postpaid customers include customers of T-Mobile;
- Prepaid customers generally include customers who pay for wireless communications services in advance. Our prepaid customers include customers of T-Mobile and Metro by T-Mobile; and
- Wholesale customers include Machine-to-Machine and Mobile Virtual Network Operator customers that operate on our network but are managed by wholesale partners.

Postpaid service revenues, including postpaid phone revenues and postpaid other revenues, were as follows:

(in millions)	Year Ended December 31, 2020	2019	2018
Postpaid service revenues			
Postpaid phone revenues	$ 33,939	$ 21,329	$ 19,745
Postpaid other revenues	2,367	1,344	1,117
Total postpaid service revenues	$ 36,306	$ 22,673	$ 20,862

We operate as a single operating segment. The balances presented within each revenue line item in our Consolidated Statements of Comprehensive Income represent categories of revenue from contracts with customers disaggregated by type of product and service. Service revenues also include revenues earned for providing value added services to customers, such as device insurance services. Revenue generated from the lease of mobile communication devices is included within Equipment revenues in our Consolidated Statements of Comprehensive Income.

We provide wireline communication services to domestic and international customers. Wireline service revenues of $626 million for the year ended December 31, 2020, relate to the wireline operations acquired in the Merger and are presented in Roaming and other service revenues in our Consolidated Statements of Comprehensive Income.

Equipment revenues from the lease of mobile communication devices were as follows:

	Year Ended Decem	
(in millions)	**2020**	**2019**
Equipment revenues from the lease of mobile communication devices	$ 4,181	$ 5

Contract Balances

The opening and closing balances of our contract asset and contract liability balances from contracts with customers as of December 31, 2019 and December 31, 2020, were as follows:

(in millions)	**Contract Assets**	**Contract Liabilities**
Balance as of December 31, 2019	$ 63	$ 560
Balance as of December 31, 2020	278	824
Change	$ 215	$ 264

Contract assets primarily represent revenue recognized for equipment sales with promotional bill credits offered to customers that are paid over time and are contingent on the customer maintaining a service contract. Through the Merger, we acquired contracts assets associated with promotional bill credits and subsidized devices with a value of $154 million as of April 1, 2020.

The change in the existing and acquired contract asset balance includes customer activity related to new promotions, offset by billings on existing contracts and impairment which is recognized as bad debt expense. The current portion of our Contract assets of approximately $204 million and $50 million as of December 31, 2020 and 2019, respectively, was included in Other current assets in our Consolidated Balance Sheets.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. Through the Merger, we assumed contract liabilities with a value of $336 million as of April 1, 2020. Additional changes in contract liabilities are primarily related to the volume and rate plans of active prepaid customers. Contract liabilities are primarily included in Deferred revenue in our Consolidated Balance Sheets.

Revenues for the years ended December 31, 2020 and 2019, include the following:

	Year Ended December 31,	
(in millions)	**2020**	**2019**
Amounts included in the beginning of year contract liability balance	$ 545	$ 643

Remaining Performance Obligations

As of December 31, 2020, the aggregate amount of transaction price allocated to remaining service performance obligations for postpaid contracts with subsidized devices and promotional bill credits that result in an extended service contract is $1.5 billion. We expect to recognize revenue as service is provided on these postpaid contracts over an extended contract term of 24 months. Transaction price allocated to remaining service performance

obligations associated with subsidized devices and promotional bill credits acquired through the Merger at April 1, 2020, was $1.0 billion.

Through the Merger, on April 1, 2020, we acquired contracts associated with lease promotional credits with aggregate amount of transaction price allocated to remaining service and lease performance obligations of $4.8 billion and $2.6 billion, respectively. As of December 31, 2020, the aggregate amount of transaction price allocated to remaining service and lease

performance obligations associated with operating leases was $2.1 billion and $1.2 billion, respectively. We expect to recognize this revenue as service is provided over the lease contract term of 18 months.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less have been excluded from the above, which primarily consists of monthly service contracts.

Certain of our wholesale, roaming and other service contracts include variable consideration based on usage. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of December 31, 2020, the aggregate amount of the contractual minimum consideration for wholesale, roaming and other service contracts is $1.3 billion, $1.1 billion and $317 million for 2021, 2022, and 2023 and beyond, respectively. These contracts have a remaining duration ranging from less than one year to nine years.

Contract Costs

The total balance of deferred incremental costs to obtain contracts was $1.1 billion and $906 million as of December 31, 2020 and 2019, respectively, and is included in Other assets in our Consolidated Balance Sheets. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs is included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income and was $865 million and $604 million for the years ended December 31, 2020 and 2019, respectively.

Immediately preceding the close of the Merger, Sprint had deferred costs to obtain postpaid contracts of approximately $1.7 billion. This balance was adjusted to zero as part of our purchase price allocation. Contract costs capitalized for new postpaid contracts will accumulate in Other assets in our Consolidated Balance Sheets from the Merger close date. As a result, there was a net benefit to Operating income in our Consolidated Statements of Comprehensive Income during the year ended December 31, 2020, as capitalization of costs exceed amortization. As capitalized costs amortize into expense over time, the accretive benefit to Operating income is expected to moderate in 2021 and normalize in 2022.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the years ended December 31, 2020 and 2019.

Note 11 – Employee Compensation and Benefit Plans

Under our 2013 Omnibus Incentive Plan and the Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan that T-Mobile assumed in connection with the closing of the Merger, as described below (the “Incentive Plans”), we are authorized to issue up to 101 million shares of our common stock. Under our Incentive Plans, we can grant stock options, stock appreciation rights, restricted stock, restricted stock units (“RSUs”), and performance awards to eligible employees, consultants, advisors and non-employee directors. As of December 31, 2020, there were approximately 25 million shares of common stock available for future grants under our Incentive Plans.

We grant RSUs to eligible employees, key executives and certain non-employee directors and performance-based restricted stock units (“PRSUs”) to eligible key executives. RSUs entitle the grantee to receive shares of our common stock upon vesting (with vesting generally occurring annually over a three-year period), subject to continued service through the applicable vesting date. PRSUs entitle the holder to receive shares of our common stock at the end of a performance period of generally up to three years if the applicable performance goals are achieved and generally subject to continued service through the applicable performance period. The number of shares ultimately received by the holder of PRSUs is dependent on our business performance against the specified performance goal(s) over a pre-established performance period. We also maintain an employee stock purchase plan (“ESPP”), under which eligible employees can purchase our common stock at a discounted price.

Stock-based compensation expense and related income tax benefits were as follows:

(in millions, except shares, per share and contractual life amounts)	As of and for the Year Ended December 31, 2020	2019	2018
Stock-based compensation expense	$ 694	$ 495	$ 424
Income tax benefit related to stock-based compensation	$ 132	$ 92	$ 81
Weighted average fair value per stock award granted	$ 96.27	$ 73.25	$ 61.52
Unrecognized compensation expense	$ 592	$ 515	$ 547
Weighted average period to be recognized (years)	1.9	1.6	1.8
Fair value of stock awards vested	$ 1,315	$ 512	$ 471

Stock Awards

On April 1, 2020, we closed the Merger to combine T-Mobile and Sprint pursuant to the Business Combination Agreement. Pursuant to the Business Combination Agreement, upon the completion of the Merger, T-Mobile assumed Sprint's stock compensation plans. In addition, pursuant to the Business Combination Agreement, at the Effective Time, each outstanding option to purchase Sprint common stock (other than under Sprint's Employee Stock Purchase Plan), each award of time-based RSUs in respect of shares of Sprint common stock and each award of performance-based RSUs in respect of shares of Sprint common stock, in each case, that was outstanding as of immediately prior to the Effective Time was automatically adjusted by the Exchange Ratio (as defined in the Business Combination Agreement) and converted into an equity award of the same type covering shares of T-Mobile common stock, on the same terms and conditions, (including, if applicable, any continuing vesting requirements (but excluding any performance-based vesting conditions)) under the applicable Sprint plan and award agreement in effect immediately prior to the Effective Time (the "Assumed Awards"). The applicable amount of performance-based RSUs eligible for conversion was based on formulas and approximated 100% of target. Any accrued but unpaid dividend equivalents with respect to any such award of time-based RSUs or performance-based RSUs were assumed by T-Mobile at the Effective Time and became an obligation with respect to the applicable award of RSUs in respect of shares of T-Mobile common stock.

On April 22, 2020, we filed a Form S-8 to register a total of 25,304,224 shares of common stock, representing those covered by the Sprint Corporation 1997 Long-Term Stock Incentive Program, the Sprint Corporation 2007 Omnibus Incentive Plan and the Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan (the "2015 Plan") that T-Mobile assumed in connection with the closing of the Merger. This included 7,043,843 shares of T-Mobile common stock issuable upon exercise or settlement of the Assumed Awards held by current directors, officers, employees and consultants of T-Mobile or its subsidiaries who were directors, officers, employees and consultants of Sprint or its subsidiaries immediately prior to the Effective Time, as well as (i) 12,420,945 shares of T-Mobile common stock that remain available for issuance under the 2015 Plan and (ii) 5,839,436 additional shares of T-Mobile common stock subject to awards granted under the 2015 Plan that may become available for issuance under the 2015 Plan if any awards under the 2015 Plan are forfeited, lapse unexercised or are settled in cash.

Time-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2019	10,503,211	$ 67.31	0.9	$ 824
Assumed through acquisition	1,852,527	83.90		
Granted	5,891,303	97.18		
Vested	(7,112,552)	69.32		
Forfeited	(1,033,267)	84.52		
Nonvested, December 31, 2020	10,101,222	84.61	0.9	1,362

Performance-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2019	3,803,539	$ 69.78	1.0	$ 300
Assumed through acquisition	3,535,384	83.90		
Granted	1,212,522	110.38		
Performance award achievement adjustments [(1)]	887,528	70.96		
Vested	(6,127,838)	77.11		
Forfeited	(138,034)	83.90		
Nonvested, December 31, 2020	3,173,101	86.58	1.0	428

PRSUs included in the table above are shown at target. Share payout can range from 0% to 200% based on different performance outcomes. Weighted average grant date fair value of RSU and PRSU assumed through acquisition is based on the fair value on the date assumed.

(1) Represents PRSUs granted prior to 2020 for which the performance achievement period was completed in 2020, resulting in incremental unit awards. These PRSU awards are also included in the amount vested in 2020.

Payment of the underlying shares in connection with the vesting of RSU and PRSU awards generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. We have agreed to withhold shares of common stock otherwise issuable under the RSU and PRSU awards to cover certain of these tax obligations, with the net shares issued to the employee accounted for as outstanding common stock. We withheld 4,441,107 and 2,094,555 shares of common stock to cover tax obligations associated with the payment of shares upon vesting of stock awards and remitted cash of $439 million and $156 million to the appropriate tax authorities for the years ended December 31, 2020 and 2019, respectively.

Employee Stock Purchase Plan

Our ESPP allows eligible employees to contribute up to 15% of their eligible earnings toward the semi-annual purchase of our shares of common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the closing stock price on the first or last day of the six-month offering period, whichever price is lower. The number of shares issued under our ESPP was 2,144,036 and 2,091,650 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, the number of securities remaining available for future sale and issuance under the ESPP was 4,253,858. Sprint's ESPP was terminated prior to the Merger close and legacy Sprint employees were eligible to enroll in our ESPP on August 15, 2020.

Our ESPP provides for an annual increase in the aggregate number of shares of our common stock reserved for sale and authorized for issuance thereunder as of the first day of each fiscal year (beginning with fiscal year 2016) equal to the lesser of (i) 5,000,000 shares of our common stock, and (ii) the number of shares of T-Mobile common stock

determined by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"). For fiscal years 2016 through 2019, the Compensation Committee determined that no such increase in shares of our common stock was necessary. However, an additional 5,000,000 shares of our common stock were automatically added to the ESPP share reserve as of January 1, 2020 and 2021, respectively.

Stock Options

Stock options outstanding relate to the Metro Communications, Inc. 2010 Equity Incentive Compensation Plan, the Amended and Restated Metro Communications, Inc. 2004 Equity Incentive Compensation Plan, the Layer3 TV, Inc. 2013 Stock Plan, and the Sprint 2015 Plan (collectively, the "Stock Option Plans"). No new awards may be granted under the Stock Option Plans, and no awards were granted during the year ended December 31, 2020.

The following activity occurred under the Stock Option Plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding at December 31, 2019	194,942	$ 13.80	2.9
Assumed through acquisition	1,635,518	33.37	
Exercised	(906,295)	53.02	
Expired/canceled	(5,470)	49.75	
Outstanding at December 31, 2020	918,695	51.77	4.0
Exercisable at December 31, 2020	917,955	51.79	4.0

Weighted average grant date fair value of stock options assumed through acquisition is based on the fair value on the date assumed.

Stock options exercised under the Stock Option Plans generated proceeds of approximately $48 million and $1 million for the years ended December 31, 2020 and 2019, respectively.

The grant-date fair value of share-based incentive compensation awards attributable to post-combination services, including restricted stock units and stock options, from our Merger with Sprint was approximately $163 million.

Pension and Other Post Retirement Benefits Plans

Upon the completion of our Merger with Sprint, we acquired the assets and assumed the liabilities associated with the Sprint Retirement Pension Plan (the "Pension Plan") as well as other postretirement employee benefit plans. As of December 31, 2005, the Pension Plan was amended to freeze benefit plan accruals for the participants. The plan assets acquired and obligations assumed were recognized at fair value on the Merger close date.

The objective for the investment portfolio of the Pension Plan is to achieve a long-term nominal rate of return, net of fees, that exceeds the Pension Plan's long-term expected rate of return on investments for funding purposes. To meet this objective, our investment strategy is governed by an asset allocation policy, whereby a targeted allocation percentage is assigned to each asset class as follows: 24% to U.S. equities; 17% to international equities; 44% to fixed income investments; 11% to real estate investments; and 4% to other investments including hedge funds. Actual allocations are allowed to deviate from target allocation percentages within a range for each asset class as defined in the investment policy. The long-term expected rate of return on plan assets was 5% for the year ended December 31, 2020, while the actual rate of return on plan assets was 21% during that period. The long-term expected rate of return on investments for funding purposes is 4% for the year ended December 31, 2021.

The components of net expense recognized for the Pension Plan were as follows:

(in millions)	Year Ended December 31, 2020
Interest on projected benefit obligations	$ 52
Expected return on pension plan assets	(45)
Net pension expense	$ 7

The net expense associated with the Pension Plan is included in Other expense, net of our Consolidated Statements of Comprehensive Income.

Investments of the Pension Plan are measured at fair value on a recurring basis, which is determined using quoted market prices or estimated fair values. As of December 31, 2020, 12% of the investment portfolio was valued at quoted prices in active markets for identical assets, 85% was valued using quoted prices for similar assets in active or inactive markets, or other observable inputs, and 3% was valued using unobservable inputs that are supported by little or no market activity, the majority of which used the net asset value per share (or its equivalent) as a practical expedient to measure the fair value.

The fair values of our Pension Plan assets and certain other postretirement benefit plan assets in aggregate were $1.2 billion and $1.4 billion and our accumulated benefit obligations in aggregate were $2.1 billion and $2.3 billion as of April 1, 2020 and December 31, 2020, respectively. As a result, the plans were underfunded by approximately $892 million and $828 million as of April 1, 2020 and December 31, 2020, respectively, and were recorded in Other long-term liabilities in our Consolidated Balance Sheets. In determining our pension obligation for the year ended December 31, 2020, we used a weighted-average discount rate of 3%.

During the year ended December 31, 2020, we made contributions of $58 million to the benefit plans. No contributions were made by T-Mobile in fiscal periods prior to 2020. We expect to make contributions to the Plan of $89 million through the year ending December 31, 2021.

Future benefits expected to be paid are approximately $97 million for the year ending December 31, 2021, $198 million in total for the years ending December 31, 2022 and 2023, $206 million in total for the years ending December 31, 2024 and 2025, and $548 million in total for the years ending December 31, 2026, through December 31, 2030.

Employee Retirement Savings Plan

We sponsor retirement savings plans for the majority of our employees under Section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pretax and post-tax income in accordance with specified guidelines. The plans provide that we match a percentage of employee contributions up to certain limits. Employer matching contributions were $179 million, $119 million and $102 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 12 – Discontinued Operations

On July 26, 2019, we entered into an Asset Purchase Agreement with Sprint and DISH. On June 17, 2020, T-Mobile, Sprint and DISH entered into the First Amendment. Pursuant to the First Amendment to the Asset Purchase Agreement, T-Mobile, Sprint and DISH agreed to proceed with the closing of the Prepaid Transaction in accordance with the Asset Purchase Agreement on July 1, 2020, subject to the terms and conditions of the Asset Purchase Agreement and the terms and conditions of the Consent Decree.

On July 1, 2020, pursuant to the Asset Purchase Agreement, upon the terms and subject to the conditions thereof, we completed the Prepaid Transaction. Upon closing of the Prepaid Transaction, we received $1.4 billion from DISH for the Prepaid Business, subject to a working capital adjustment. The close of the Prepaid Transaction did not have a significant impact on our Consolidated Statements of Comprehensive Income.

The assets of the Prepaid Business included EIP receivables originated pursuant to financed equipment purchases by customers of the Prepaid Business. At the time of the Prepaid Transaction, DISH did not hold certain licenses required to purchase or originate such contracts. In order to transfer the economics of the contracts to DISH without transferring ownership of them, the parties entered into a Participation Agreement under which we agreed to transfer a 100% participation interest in the contracts to DISH. Under the terms of the agreement, DISH retains all cash flows collected on these assets, and there is no recourse against us for any credit losses on such loans. The proceeds received from DISH in exchange for this participation interest was a component of total consideration received for the Prepaid Transaction. We will temporarily continue to originate equipment installment contracts on DISH's behalf under the same terms in exchange for an amount equal to the initial outstanding principal balance of the originated contracts, again without recourse against us for any credit losses.

Of the total $1.4 billion of proceeds received under the Prepaid Transaction, approximately $162 million was allocated to the EIP receivables to which we transferred DISH a 100% participation interest. We accounted for this portion of the proceeds as a secured borrowing and present it in Other, net, within Net cash provided by (used in) financing activities in our Consolidated Statements of Cash Flows accordingly. The remaining $1.2 billion was allocated to the divested net assets of the Prepaid

Business. The net cash received for the Prepaid Business is presented in Proceeds from the divestiture of prepaid business within Net cash used in investing activities in our Consolidated Statements of Cash Flows.

The results of the Prepaid Business include revenues and expenses directly attributable to the operations disposed. Corporate and administrative expenses, including Interest expense, not directly attributable to the operations were not allocated to the Prepaid Business. The results of the Prepaid Business from April 1, 2020, through December 31, 2020, are presented in Income from discontinued operations, net of tax in our Consolidated Statements of Comprehensive Income.

The components of discontinued operations from the Merger close date of April 1, 2020, through December 31, 2020, were as follows:

(in millions)	Year Ended December 31, 2020
Major classes of line items constituting pretax income from discontinued operations	
Prepaid revenues	$ 973
Roaming and other service revenues	27
Total service revenues	1,000
Equipment revenues	270
Total revenues	1,270
Cost of services	25
Cost of equipment sales	499
Selling, general and administrative	314
Total operating expenses	838
Pretax income from discontinued operations	432
Income tax expense	(112)
Income from discontinued operations	$ 320

Net cash provided by operating activities from the Prepaid Business included in the Consolidated Statements of Cash Flows for the year ended December 31, 2020, were $611 million, all of which relates to the operations of the Prepaid Business during the three months ended June 30, 2020. There were no cash flows from investing or financing activities related to the Prepaid Business for the year ended December 31, 2020.

Continuing Involvement

Upon the closing of the Prepaid Transaction, we and DISH entered into (i) a License Purchase Agreement pursuant to which (a) DISH has the option to purchase certain 800 MHz spectrum licenses for a total of approximately $3.6 billion in a transaction to be completed, subject to certain additional closing conditions, following an application for FCC approval to be filed three years following the closing of the Merger and (b) we will have the option to lease back from DISH, as needed, a portion of the spectrum sold for an additional two years following the closing of the spectrum sale transaction, (ii) a Transition Services Agreement providing for our provisioning of transition services to DISH in connection with the Prepaid Business for a period of up to three years following the closing of the Prepaid Transaction, (iii) a Master Network Services Agreement providing for the provisioning of network services to customers of the Prepaid Business for a period of up to seven years following the closing of the Prepaid Transaction, and (iv) an Option to Acquire Tower and Retail Assets, offering DISH the option to acquire certain decommissioned towers and retail locations from us, subject to obtaining all necessary third-party consents, for a period of up to five years following the closing of the Prepaid Transaction.

In the event DISH breaches the License Purchase Agreement or fails to deliver the purchase price following the satisfaction or waiver of all closing conditions, DISH's sole liability is to pay us a fee of approximately $72 million. Additionally, if DISH does not exercise the option to purchase the 800 MHz spectrum licenses, we have an obligation to offer the licenses for sale through an auction. If the specified minimum price of $3.6 billion was not met in the auction, we would retain the licenses. As the sale of 800 MHz spectrum licenses is not expected to close within one year, the criteria for presentation as an asset held for sale is not met.

Cash flows associated with the Master Network Services Agreement and Transition Services Agreement are included within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

Note 13 – Income Taxes

Our sources of Income before income taxes were as follows:

(in millions)	Year Ended December 3	
	2020	2019
U.S.	$ 3,493	$ 4,557
Foreign	37	46
Income from continuing operations before income taxes	$ 3,530	$ 4,603

Income tax expense is summarized as follows:

(in millions)	Year Ended December 31,		
	2020	2019	2018
Current tax benefit (expense)			
Federal	$ 17	$ 24	$ 39
State	(84)	(70)	(63)
Foreign	(10)	2	(25)
Total current tax expense	(77)	(44)	(49)
Deferred tax benefit (expense)			
Federal	(676)	(954)	(750)
State	(34)	(125)	(160)
Foreign	1	(12)	(70)
Total deferred tax expense	(709)	(1,091)	(980)
Total income tax expense	$ (786)	$ (1,135)	$ (1,029)

The reconciliation between the U.S. federal statutory income tax rate and our effective income tax rate is as follows:

	Year Ended December 31,		
	2020	2019	2018
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Effect of law and rate changes	(0.8)	0.4	1.9
Change in valuation allowance	(2.6)	(1.8)	(1.6)
State taxes, net of federal benefit	4.8	5.1	4.8
Foreign taxes, net of federal benefit	0.3	0.3	2.4
Permanent differences	0.4	0.6	0.7
Federal tax credits, net of reserves	(0.9)	(0.8)	(2.9)
Equity-based compensation	(2.5)	(0.6)	(0.8)
Non-deductible compensation	2.3	0.6	0.8
Other, net	0.3	(0.1)	—
Effective income tax rate	22.3 %	24.7 %	26.3 %

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Significant components of deferred income tax assets and liabilities, tax effected, are as follows:

(in millions)	December 31, 2020	December 31, 2019
Deferred tax assets		
Loss carryforwards	$ 4,540	$ 823
Lease liabilities	8,031	3,403
Property and equipment	90	—
Reserves and accruals	1,348	659
Federal and state tax credits	411	331
Other	2,665	903
Deferred tax assets, gross	17,085	6,119
Valuation allowance	(878)	(129)
Deferred tax assets, net	16,207	5,990
Deferred tax liabilities		
Spectrum licenses	17,518	5,902
Property and equipment	—	2,506
Lease right-of-use assets	7,239	2,881
Other intangible assets	912	19
Other	504	289
Total deferred tax liabilities	26,173	11,597
Net deferred tax liabilities	$ 9,966	$ 5,607
Classified on the balance sheet as:		
Deferred tax liabilities	$ 9,966	$ 5,607

As of December 31, 2020, we have tax effected federal net operating loss ("NOL") carryforwards of $3.5 billion, state NOL carryforwards of $1.5 billion and foreign NOL carryforwards of $67 million, expiring through 2040. Federal and certain state NOLs generated in and after 2018 do not expire. As of December 31, 2020, our tax effected federal, state and foreign NOL carryforwards for financial reporting purposes were approximately $176 million, $455 million and $26 million, respectively, less than our NOL carryforwards for federal, state and foreign income tax purposes, due to unrecognized tax benefits of the same amount. The unrecognized tax benefit amounts exclude offsetting tax effects of $144 million in other jurisdictions.

As of December 31, 2020, we have research and development, foreign tax and other general business credit carryforwards with a combined value of $569 million for federal income tax purposes, an immaterial amount of which begins to expire in 2021.

As a result of the Merger, we acquired additional deferred tax assets for which a valuation allowance reserve is deemed to be necessary, as well as additional uncertain tax benefit reserves. Due to the size and complexity of the Merger, our estimate of these amounts is preliminary and is subject to finalization and adjustment, which could be material, during the measurement period of up to one year from the Merger close date. During the measurement period, we will adjust these amounts if new information is obtained about facts or circumstances that existed as of the acquisition date that, if known, would have changed these amounts. See Note 2 - Business Combination for further information.

As of December 31, 2020, 2019 and 2018, our valuation allowance was $878 million, $129 million and $210 million, respectively. The change from December 31, 2019, to December 31, 2020, primarily related to $848 million of deferred tax assets acquired via the Merger for which a valuation allowance is deemed necessary, partially offset by a reduction in the valuation allowance against deferred tax assets in federal and certain other jurisdictions associated with additional tax attribute utilization and expiration. The change from December 31, 2018, to December 31, 2019, primarily related to a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions resulting from legal entity reorganizations. We will continue to monitor positive and negative evidence related to the

utilization of the remaining deferred tax assets for which a valuation allowance continues to be provided. It is possible that our valuation allowance may change within the next 12 months.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. We are currently under examination by various states. Management does not believe the resolution of any of the audits will result in a material change to our financial condition, results of operations or cash flows. The IRS has concluded its audits of our federal tax returns through the 2009 tax year; however, NOL and other carryforwards for certain audited periods remain open for examination. U.S. federal, state and foreign examination for years prior to 2001 are generally closed.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

(in millions)	Year Ended December 31, 2020	2019	2018
Unrecognized tax benefits, beginning of year	$ 514	$ 462	$ 412
Gross increases to tax positions in prior periods	6	—	16
Gross decreases to tax positions in prior periods	(28)	—	(11)
Gross increases to current period tax positions	45	64	39
Gross increases due to current period business acquisitions	624	—	10
Gross decreases due to settlements with taxing authorities	(2)	(12)	(4)
Unrecognized tax benefits, end of year	$ 1,159	$ 514	$ 462

As of December 31, 2020, 2019 and 2018, we had $857 million, $310 million and $263 million, respectively, in unrecognized tax benefits that, if recognized, would affect our annual effective tax rate. The balance as of December 31, 2020 includes measurement period adjustments associated with the Merger to reflect facts and circumstances in existence as of the effective time of the Merger. Our estimate of these unrecognized tax benefits is preliminary and is subject to finalization and adjustment, which could be material, during the measurement period of up to one year from the Merger close date. Penalties and interest on income tax assessments are included in Selling, general and administrative expenses and Interest expense, respectively, in our Consolidated Statements of Comprehensive Income. The accrued interest and penalties associated with unrecognized tax benefits are insignificant.

Note 14 – SoftBank Equity Transaction

On June 22, 2020, we entered into a Master Framework Agreement (the "Master Framework Agreement") by and among the Company, SoftBank, SoftBank Group Capital Ltd, a wholly owned subsidiary of SoftBank ("SBGC"), Delaware Project 4 L.L.C., a wholly owned subsidiary of SoftBank, Delaware Project 6 L.L.C., a wholly owned subsidiary of SoftBank, Claure Mobile LLC ("CM LLC"), DT, and T-Mobile Agent LLC, a wholly owned subsidiary of the Company.

The Master Framework Agreement and related transactions were entered into to facilitate SoftBank's monetization of a portion of our common stock held by SoftBank (the "SoftBank Monetization"). In connection with the Master Framework Agreement, DT waived the restriction on the transfer under its Proxy, Lock-Up and ROFR Agreement, dated April 1, 2020, with SoftBank (the "SoftBank Proxy Agreement") with respect to approximately 198 million shares of our common stock held by SoftBank (the "Released Shares"). Upon the close of the Public Equity Offering (as defined below), we received a payment from SoftBank for $304 million for our role in facilitating the SoftBank Monetization. The payment received from SoftBank, net of tax, of $230 million was recorded as Additional paid-in capital in our Consolidated Balance Sheets and is presented as a reduction of Repurchases of common stock within Net cash provided by (used in) financing activities within our Consolidated Statements of Cash Flows.

Under the terms of the Master Framework Agreement and the agreements contemplated thereby, SBGC sold the Released Shares to us, and we participated in the following transactions:

Public Equity Offering

On June 26, 2020, we completed a registered public offering of approximately 154.1 million shares of our common stock (the "Public Equity Offering") at a price of $103.00 per share. The net proceeds of the Public Equity Offering were used to repurchase an equal number of issued and outstanding shares of our common stock from SBGC, pursuant to a Share Repurchase Agreement, dated as of June 22, 2020 (the "Share Repurchase Agreement"), between us and SBGC.

Mandatory Exchangeable Offering

Concurrent with the Public Equity Offering, we sold approximately 19.4 million shares of our common stock to a third-party trust. The net proceeds from the sale of shares to the trust were used to repurchase an equal number of issued and outstanding shares of our common stock from SBGC.

The trust issued mandatory exchangeable trust securities, which entitle holders to receive quarterly distributions from the trust and a final mandatory exchange price to be settled on June 1, 2023 (“Mandatory Exchangeable Offering”).

The trust was required to use a portion of the net proceeds from the Mandatory Exchangeable Offering to purchase U.S. Treasury securities, to fund quarterly distributions on the mandatory exchangeable trust securities, and the holders of the mandatory exchangeable trust securities will be entitled to a final mandatory exchange amount on June 1, 2023 that will depend on the daily volume-weighted average price of shares of our common stock.

The sale of shares through the Public Equity Offering and to the trust occurred simultaneously with the purchase of shares from SBGC. These simultaneous transactions did not result in a net change to our treasury shares or shares of common stock outstanding.

As these transactions occurred with separate counterparties, the exchange of shares and cash are presented on a gross basis in our Consolidated Statement of Stockholders' Equity and Consolidated Statements of Cash Flows, respectively. The shares sold are presented in Shares issued in secondary offering and the shares purchased from SBGC are presented in Shares repurchased from SoftBank within our Consolidated Statement of Stockholders' Equity. The cash received from the sale of shares is presented in Issuance of common stock and the cash paid to purchase shares from SoftBank are presented in Repurchases of common stock within Net cash provided by (used in) financing activities within our Consolidated Statements of Cash Flows.

The Company is not affiliated with the trust, will not retain any proceeds from the offering of the trust securities, and will have no ongoing interest, economic or otherwise, in the trust securities.

Rights Offering

The Master Framework Agreement provides for the issuance of registered, transferable subscription rights (the "Rights Offering") resulting in the sale of 19,750,000 shares of our common stock to our stockholders (other than SoftBank, DT and Marcelo Claure and their respective affiliates, who agreed to waive their ability to exercise or transfer such rights). The subscription rights provided the stockholders the option to purchase one share of common stock for every 20 shares of common stock owned, at the same price per share as the common stock sold in the Public Equity Offering of $103.00 per share.

The Rights Offering exercise period expired on July 27, 2020. On August 3, 2020, the Rights Offering closed, resulting in the sale of 19,750,000 shares of our common stock. The net proceeds from the Rights Offering were used to purchase an equal number of shares from SBGC pursuant to the Share Repurchase Agreement.

Marcelo Claure

The Master Framework Agreement provided for the purchase of 5.0 million shares of our common stock by Marcelo Claure, a member of our board of directors, from us at the same price per share as the common stock sold in the Public Equity Offering of $103.00 per share.

Following receipt of the necessary regulatory approvals on July 16, 2020, the sale of shares to Marcelo Claure occurred simultaneously with our purchase of an equivalent number of shares from SBGC at the same price per share pursuant to the Share Repurchase Agreement.

Ownership Following the SoftBank Monetization

As of December 31, 2020, DT and SoftBank held, directly or indirectly, approximately 43.4% and 8.6%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 48.0% of the outstanding T-Mobile common stock held by other stockholders.

The SoftBank Proxy Agreement remains in effect with respect to the remaining shares of our common stock held by SoftBank. In addition, on June 22, 2020, DT, CM LLC, and Marcelo Claure entered into a Proxy, Lock-Up and ROFR Agreement (the "Claure Proxy Agreement," together with the SoftBank Proxy Agreement, the "Proxy Agreements"), pursuant to which any shares of our common stock acquired after June 22, 2020 by Mr. Claure or CM LLC, an entity controlled by Mr. Claure, other than shares acquired as a result of Mr. Claure's role as a director or officer of the Company, will be voted in the manner as directed by DT.

Accordingly, as a result of the Proxy Agreements, DT has voting control as of December 31, 2020 over approximately 52.3% of the outstanding T-Mobile common stock.

DT Call Option

In exchange for DT consenting to the transfer of the Released Shares and as provided for in the Master Framework Agreement, DT received direct and indirect call options over up to approximately 101.5 million shares of our common stock held by SBGC. The arrangement provided DT with a fixed-price call option to purchase up to approximately 44.9 million shares at a price of $101.46 per share indirectly from SBGC through a back-to-back arrangement where (i) DT could purchase such shares from us (the "DT Fixed-Price Call Option") and (ii) we would fulfill our obligations under the DT Fixed-Price Call Option by simultaneously purchasing the same number of shares on the same economic terms from SBGC (the "T-Mobile Fixed-Price Call Option"). In addition, DT has a floating-price call option to purchase up to approximately 56.6 million shares from SBGC directly.

The DT Fixed-Price Call Option and the T-Mobile Fixed-Price Call Option represented free-standing derivatives and were recorded at fair value and marked-to-market each period. As the mark-to-market valuations of the T-Mobile Fixed-Price Call Option and the DT Fixed-Price Call Option moved in equal and offsetting directions, there was no net impact on our Consolidated Statements of Comprehensive Income.

On October 6, 2020, we assigned our rights under the T-Mobile Fixed-Price Call Option to DT and DT terminated its right to purchase shares from us under the DT Fixed-Price Call Option, resulting in derecognition of the related derivative asset and liability in equal and offsetting amounts of $1.0 billion such that there was no net impact to our Consolidated Statements of Comprehensive Income.

Note 15 – Repurchases of Common Stock

2017 Stock Repurchase Program

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the "2017 Stock Repurchase Program"). Repurchased shares are retired. The 2017 Stock Repurchase Program completed on April 29, 2018.

The following table summarizes information regarding repurchases of our common stock under the 2017 Stock Repurchase Program:

(In millions, except shares and per share price)

Year ended December 31,	Number of Shares Repurchased	Average Price Paid Per Share	Total Purchase Price
2018	16,738,758	$ 62.96	$ 1,054

Stock Purchases by Affiliate

In the first quarter of 2018, DT, our majority stockholder and an affiliated purchaser, purchased 3.3 million additional shares of our common stock at an aggregate market value of $200 million in the public market or from other parties, in accordance with the rules of the SEC and other applicable legal requirements. There were no purchases in 2019 and 2020. We did not receive proceeds from these purchases.

Index for Notes to the Consolidated Financial Statements

Note 16 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

(in millions, except shares and per share amounts)	Year Ended December 31, 2020	2019	2018
Income from continuing operations	$ 2,744	$ 3,468	$ 2,888
Income from discontinued operations, net of tax	320	—	—
Net income	$ 3,064	$ 3,468	$ 2,888
Weighted average shares outstanding - basic	1,144,206,326	854,143,751	849,744,152
Effect of dilutive securities:			
Outstanding stock options and unvested stock awards	10,543,102	9,289,760	8,546,022
Weighted average shares outstanding - diluted	1,154,749,428	863,433,511	858,290,174
Basic earnings per share:			
Continuing operations	$ 2.40	$ 4.06	$ 3.40
Discontinued operations	0.28	—	—
Earnings per share - basic	$ 2.68	$ 4.06	$ 3.40
Diluted earnings per share:			
Continuing operations	$ 2.37	$ 4.02	$ 3.36
Discontinued operations	0.28	—	—
Earnings per share - diluted	$ 2.65	$ 4.02	$ 3.36
Potentially dilutive securities:			
Outstanding stock options and unvested stock awards	80,180	16,359	148,422
SoftBank contingent consideration [(1)]	36,630,268	—	—

(1) Represents the weighted average SoftBank Specified Shares outstanding from April 1, 2020, through December 31, 2020.

On April 1, 2020, in connection with the closing of the Merger, we amended and restated the Company's certificate of incorporation in the form of the Fifth Amended and Restated Certificate of Incorporation (the "Restated Certificate"). Pursuant to the Restated Certificate, the authorized capital stock of T-Mobile consists of 2,000,000,000 shares of T-Mobile common stock and 100,000,000 shares of preferred stock, par value $0.00001 per share.

As of December 31, 2020, we had authorized 100 million shares of preferred stock, with a par value of $0.00001 per share. There was no preferred stock outstanding as of December 31, 2020 and 2019. Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive or if there was a loss from continuing operations for the period.

The SoftBank Specified Shares Amount of 48,751,557 was determined to be contingent consideration for the Merger and is not dilutive until the defined volume-weighted average price per share is reached.

Note 17 – Leases

Lessee

Through the Merger, we acquired leases of real property, including cell sites, switch sites, dark fiber, retail stores and office facilities and recorded lease liabilities and associated right-of-use assets based on the discounted lease payments. Lease terms that are favorable or unfavorable to market terms were recorded as an adjustment to lease right-of-use assets on our Consolidated Balance Sheets. Favorable and unfavorable leases are amortized on a straight-line basis over the associated remaining lease term.

On September 14, 2020, T-Mobile and American Tower Corporation (“American Tower”) entered into a lease agreement (the “American Tower Lease Agreement”) that will enable us to lease American Tower towers through April 2035. The American Tower Lease Agreement extended the term and modified the rental payments for approximately 20,729 American Tower towers currently leased by us. As a result of this modification, we remeasured the associated right-of-use assets and lease liabilities resulting in an increase of $11.0 billion to each on the effective date of the modification.

Index for Notes to the Consolidated Financial Statements

The components of lease expense were as follows:

(in millions)	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating lease expense	$ 4,438	$ 2,558
Financing lease expense:		
Amortization of right-of-use assets	681	523
Interest on lease liabilities	81	82
Total financing lease expense	762	605
Variable lease expense	328	243
Total lease expense	$ 5,528	$ 3,406

Information relating to the lease term and discount rate is as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Weighted Average Remaining Lease Term (Years)		
Operating leases	10	6
Financing leases	3	3
Weighted Average Discount Rate		
Operating leases	3.9 %	4.8 %
Financing leases	3.3 %	4.0 %

Maturities of lease liabilities as of December 31, 2020, were as follows:

(in millions)	Operating Leases	Finance Leases
Twelve Months Ending December 31,		
2021	$ 4,903	$ 1,121
2022	4,354	795
2023	3,759	422
2024	3,339	137
2025	2,807	92
Thereafter	18,940	61
Total lease payments	38,102	2,628
Less: imputed interest	7,515	121
Total	$ 30,587	$ 2,507

Interest payments for financing leases were $79 million and $82 million for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, we have additional operating leases for cell sites and commercial properties that have not yet commenced with future lease payments of approximately $227 million.

As of December 31, 2020, we were contingently liable for future ground lease payments related to certain tower obligations. These contingent obligations are not included in the above table as the amounts owed are contractually owed by Crown Castle International Corp. based on the subleasing arrangement. See Note 9 - Tower Obligations for further information.

Index for Notes to the Consolidated Financial Statements

Lessor

Through the Merger, we acquired leased wireless devices with a fair value of $5.8 billion as of April 1, 2020.

The components of leased wireless devices under our Leasing Programs were as follows:

(in millions)	Average Remaining Useful Life	December 31, 2020	December 31, 2019
Leased wireless devices, gross	8 months	$ 6,989	$ 1,139
Accumulated depreciation		(2,170)	(407)
Leased wireless devices, net		$ 4,819	$ 732

For equipment revenues from the lease of mobile communication devices, see Note 10 - Revenue from Contracts with Customers.

Future minimum payments expected to be received over the lease term related to leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Expected Payments
Twelve Months Ending December 31,	
2021	$ 1,687
2022	92
Total	$ 1,779

Note 18 – Commitments and Contingencies

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms that generally extend through 2029. In addition, we have commitments to purchase wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043.

Our purchase commitments, including purchase commitments assumed through the Merger, are approximately $5.0 billion for the year ending December 31, 2021, $4.5 billion in total for the years ending December 31, 2022 and 2023, $2.4 billion in total for the years ending December 31, 2024 and 2025 and $1.7 billion in total for the years thereafter. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

Spectrum Leases

In connection with the Merger, we assumed certain spectrum lease contracts from Sprint that include service obligations to the lessors. Certain of the spectrum leases provide for minimum lease payments, additional charges, renewal options and escalation clauses. Leased spectrum agreements have varying expiration terms that generally extend through 2050. We expect that all renewal periods in our spectrum leases will be exercised by us.

Our spectrum lease and service credit commitments, including renewal periods, are approximately $338 million for the year ending December 31, 2021, $675 million in total for the years ending December 31, 2022 and 2023, $594 million in total for the years ending December 31, 2024 and 2025 and $5.1 billion in total for the years thereafter.

We accrue a monthly obligation for the services and equipment based on the total estimated available service credits divided by the term of the lease. The obligation is reduced by services provided and as actual invoices are presented and paid to the lessors. The maximum remaining service commitment on December 31, 2020 was $92 million and is expected to be incurred over the term of the related lease agreements, which generally range from 15 to 30 years.

Merger Commitments

In connection with the regulatory proceedings and approvals of the Transactions, we have commitments and other obligations to various state and federal agencies and certain nongovernmental organizations, including pursuant to the Consent Decree agreed to by us, DT, Sprint, SoftBank and DISH and entered by the U.S. District Court for the District of Columbia, and the

FCC's memorandum opinion and order approving our applications for approval of the Merger. These commitments and obligations include, among other things, extensive 5G network build-out commitments, obligations to deliver high-speed wireless services to the vast majority of Americans, including Americans residing in rural areas, and the marketing of an in-home broadband product where spectrum capacity is available. Other commitments relate to national security, pricing, service, employment and support of diversity initiatives. Many of the commitments specify time frames for compliance. Failure to fulfill our obligations and commitments in a timely manner could result in substantial fines, penalties, or other legal and administrative actions.

We expect that our monetary commitments associated with these matters are approximately $23 million for the year ended December 31, 2021, $37 million in total for the years ended December 31, 2022 and 2023 and $13 million in total for the years ended December 31, 2024 and 2025. These amounts do not represent our entire anticipated costs to achieve specified network coverage and performance requirements, employment targets or commitments to provide access to affordable rate plans, but represent only those amounts for which we are required to make a specified payment in connection with our commitments or settlements.

Contingencies and Litigation

Litigation Matters

We are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. Those Litigation Matters are at various stages, and some of them may proceed to trial, arbitration, hearing, or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate, which is reflected in the consolidated financial statements but that is not considered to be, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including, but not limited to, uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. We do not expect that the ultimate resolution of these Litigation Matters, individually or in the aggregate, will have a material adverse effect on our financial position, but we note that an unfavorable outcome of some or all of the specific matters identified below could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating section 222 of the Communications Act and the FCC's regulations governing the privacy of customer information. We recorded an accrual for an estimated payment amount as of December 31, 2020, which was included in Accounts payable and accrued liabilities in our Consolidated Balance Sheets.

On April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint.
Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions, and other proceedings. These matters include, among other things, certain ongoing FCC and state government agency investigations into Sprint's Lifeline program. In September 2019, Sprint notified the FCC that it had claimed monthly subsidies for serving subscribers even though these subscribers may not have met usage requirements under Sprint's usage policy for the Lifeline program, due to an inadvertent coding issue in the system used to identify qualifying subscriber usage that occurred in July 2017 while the system was being updated. Sprint has made a number of payments to reimburse the federal government and certain states for excess subsidy payments. Resolution of these matters could require making additional reimbursements and paying additional fines and penalties.

In November 2020, we entered into a consent decree with the FCC to resolve certain of these Lifeline matters, which resulted in a payment of $200 million by SoftBank. We note that pursuant to Amendment No. 2 to the Business

Combination Agreement, SoftBank agreed to indemnify us against certain specified matters and losses, including those relating to these Lifeline matters. As of December 31, 2020, we have recorded a contingent liability and an offsetting indemnification asset for the expected reimbursement by SoftBank for certain Lifeline matters which have not been resolved. We expect that any additional liabilities related to these indemnified matters would be indemnified and reimbursed by SoftBank. See Note 2 - Business Combination for further information.

Note 19 – Restructuring Costs

Upon close of the Merger, we began implementing restructuring initiatives to realize cost efficiencies and reduce redundancies. The major activities associated with the restructuring initiatives to date include contract termination costs associated with the rationalization of retail stores, distribution channels, duplicative backhaul services and other agreements, severance costs associated with the integration of redundant processes and functions and the decommissioning of network infrastructure including cell sites and equipment to achieve synergies in network costs.

The following table summarizes the expenses incurred in connection with our restructuring initiatives:

(in millions)	Year Ended December 31, 2020
Contract termination costs	$ 178
Severance costs	385
Network decommissioning	497
Total restructuring plan expenses	$ 1,060

The expenses associated with the restructuring initiatives are included in Costs of services and Selling, general and administrative in our Consolidated Statements of Comprehensive Income. No expenses were incurred related to our restructuring initiatives for the year ended December 31, 2019.

Our restructuring initiatives also include the acceleration or termination of certain of our operating and financing leases for cell sites, switch sites, retail stores, network equipment and office facilities. Incremental expenses associated with accelerating amortization of the right-of-use assets on lease contracts were $153 million for the year ended December 31, 2020 and are included within Costs of services and Selling, general and administrative in our Consolidated Statements of Comprehensive Income.

The changes in the liabilities associated with our restructuring initiatives, including expenses incurred and cash payments, are as follows:

(in millions)	April 1, 2020	Expenses Incurred	Cash Payments	Adjustments for Non-Cash Items [1]	December 31, 2020
Contract termination costs	$ —	$ 178	$ (96)	$ (1)	$ 81
Severance costs	—	385	(239)	(94)	52
Network decommissioning	—	497	(403)	(64)	30
Total	$ —	$ 1,060	$ (738)	$ (159)	$ 163

(1) Non-cash items consists of non-cash stock-based compensation included within Severance costs and the write-off of assets within Network decommissioning.

The liabilities accrued in connection with our restructuring initiatives are presented in Accounts payable and accrued liabilities in our Consolidated Balance Sheets.

Our restructuring activities are expected to occur over the next three years with substantially all costs incurred by the end of fiscal year 2023. We are evaluating additional restructuring initiatives, which are dependent on consultations and negotiation with certain counterparties and the expected impact on our business operations, which could affect the amount or timing of the restructuring costs and related payments.

Index for Notes to the Consolidated Financial Statements

Note 20 – Additional Financial Information

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are summarized as follows:

(in millions)	December 31, 2020	December 31, 2019
Accounts payable	$ 5,564	$ 4,322
Payroll and related benefits	1,163	802
Property and other taxes, including payroll	1,540	682
Interest	771	227
Commissions	399	251
Toll and interconnect	217	156
Advertising	135	127
Other	407	179
Accounts payable and accrued liabilities	$ 10,196	$ 6,746

Book overdrafts included in accounts payable and accrued liabilities were $628 million and $463 million as of December 31, 2020 and 2019, respectively.

Related Party Transactions

Deutsche Telekom

We have related party transactions associated with DT or its affiliates in the ordinary course of business, which are included in the consolidated financial statements.

On April 1, 2020, in connection with the closing of the Merger, we:

- Repaid our $4.0 billion Incremental Term Loan Facility with DT, consisting of a $2.0 billion Incremental Term Loan Facility due 2022 and a $2.0 billion Incremental Term Loan Facility due 2024;
- Terminated our revolving credit facility with DT;
- Repurchased from DT $4.0 billion of indebtedness to affiliates, consisting of $2.0 billion of 5.300% Senior Notes due 2021 and $2.0 billion of 6.000% Senior Notes due 2024;
- Amended the $1.25 billion of 5.125% Senior Notes due 2025 and $1.25 billion of 5.375% Senior Notes due 2027, which represent indebtedness to affiliates, to change the maturity dates thereof to April 15, 2021 and April 15, 2022, respectively (the “2025 and 2027 Amendments”); and
- Made an additional payment for requisite consents to DT of $13 million. These payments were recognized as a reduction to Long-term debt to affiliates in our Consolidated Balance Sheets.

On July 4, 2020, we redeemed $1.25 billion aggregate principal amount of our 5.125% Senior Notes to affiliates due 2021.

Amounts associated with the debt owed to DT are reflected as Short-term debt to affiliates and Long-term debt to affiliates in our Consolidated Balance Sheets. Interest related to this debt is reflected as Interest expense to affiliates in our Consolidated Statements of Comprehensive Income.

The following table summarizes the impact of significant transactions with DT or its affiliates included in Operating expenses in the Consolidated Statements of Comprehensive Income:

(in millions)	Year Ended	
	2020	2
Discount related to roaming expenses	$ (5)	$
Fees incurred for use of the T-Mobile brand	83	
International long distance agreement	47	

We have an agreement with DT in which we receive reimbursement of certain administrative expenses, which was $6 million for the year ended December 31, 2020 and $11 million for each of the years ended December 31, 2019 and 2018. Amounts due

from and to DT related to these agreements are included in the Consolidated Balance Sheets as "Accounts Receivables from affiliates" and "Payables to affiliates," respectively.

SoftBank

On June 22, 2020, we entered into a Master Framework Agreement and related transactions with SoftBank related to the SoftBank Monetization as described in Note 14 - SoftBank Equity Transaction. On July 27, 2020, in connection with the SoftBank Monetization, the Rights Offering exercise period closed, and on August 3, 2020, the Rights Offering closed, resulting in the sale of 19,750,000 shares of our common stock. On August 3, 2020, upon completion of the SoftBank Monetization, DT and SoftBank held, directly or indirectly, approximately 43.4% and 8.6%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 48.0% of the outstanding T-Mobile common stock held by other stockholders. As a result of the Proxy Agreements, DT has voting control as of August 3, 2020 over approximately 52.4% of the outstanding T-Mobile common stock. In addition, as provided for in the Master Framework Agreement, DT also holds certain call options over approximately 101.5 million shares of our common stock held by SBGC.

On October 6, 2020, we assigned our rights under the T-Mobile Fixed-Price Call Option to DT and DT terminated its right to purchase shares from us under the DT Fixed-Price Call Option, resulting in derecognition of the related derivative asset and liability in equal and offsetting amounts such that there was no net impact to our Consolidated Statements of Comprehensive Income.

Brightstar

We had arrangements with Brightstar, a subsidiary of SoftBank, whereby Brightstar provided supply chain and inventory management services to us in our indirect channels. We have terminated or restructured most of our arrangements with Brightstar, except for reverse logistics and trade-in services. Revenue resulting from sale of devices distributed by Brightstar is generally recognized when sold to an end customer (commonly referred to as recognized on a sell-through basis). Amounts included in our consolidated financial statements associated with these supply chain and inventory management arrangements with Brightstar were not material.

For more information regarding our related party transactions with SoftBank, see Note 2 - Business Combination and Note 14 - SoftBank Equity Transaction of the Notes to the Consolidated Financial Statements.

Supplemental Consolidated Statements of Cash Flows Information

The following table summarizes T-Mobile's supplemental cash flow information:

	Year Ended December 31,		
(in millions)	2020	2019	2018
Interest payments, net of amounts capitalized	$ 2,733	$ 1,128	$ 1,525
Operating lease payments	4,619	2,783	—
Income tax payments	218	88	51
Non-cash investing and financing activities			
Non-cash beneficial interest obtained in exchange for securitized receivables	6,194	6,509	4,972
Non-cash consideration for the acquisition of Sprint	33,533	—	—
Change in accounts payable and accrued liabilities for purchases of property and equipment	589	(935)	65
Leased devices transferred from inventory to property and equipment	2,795	1,006	1,011
Returned leased devices transferred from property and equipment to inventory	(1,460)	(267)	(326)
Short-term debt assumed for financing of property and equipment	38	800	291
Operating lease right-of-use assets obtained in exchange for lease obligations	14,129	3,621	—
Financing lease right-of-use assets obtained in exchange for lease obligations	1,273	1,041	885

Note 21 – Subsequent Events

Subsequent to December 31, 2020, on January 14, 2021, we issued an aggregate of $3.0 billion in Senior Notes. A portion of the senior secured term loan commitments were reduced by an amount equal to the aggregate gross proceeds of the Senior Notes, which reduced the commitment to $2.0 billion. See Note 8 – Debt for further information.

Subsequent to December 31, 2020, on February 1, 2021, the valuation process was complete with respect to Shentel's wireless telecommunication assets used to provide services pursuant to the Management Agreement, for which we previously exercised an option to purchase. The parties are negotiating the remaining outstanding terms of a definitive agreement to govern the purchase of Shentel's wireless telecommunication assets and expect the transaction to close in the second quarter of 2021 after satisfying customary conditions to closing. The base purchase price of the wireless telecommunication assets is $1.9 billion, subject to certain other purchase price adjustments prescribed by the Management Agreement and such additional purchase price adjustments agreed by the parties. See Note 2 – Business Combination for further information.

Supplementary Data

Quarterly Financial Information (Unaudited)

The following table includes the impact of the Merger on a prospective basis from the Merger close date of April 1, 2020. Historical results have not been restated and reflect standalone T-Mobile.

(in millions, except share and per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2020					
Total revenues	$ 11,113	$ 17,671	$ 19,272	$ 20,341	$ 68,397
Operating income	1,539	820	2,565	1,712	6,636
Income (loss) from continuing operations	951	(210)	1,253	750	2,744
Income from discontinued operations, net of tax	—	320	—	—	320
Net income	951	110	1,253	750	3,064
Earnings per share					
Basic earnings per share					
Continuing operations	$ 1.11	$ (0.17)	$ 1.01	$ 0.60	$ 2.40
Discontinued operations	—	0.26	—	—	0.28
Basic	$ 1.11	$ 0.09	$ 1.01	$ 0.60	$ 2.68
Diluted earnings per share					
Continuing operations	$ 1.10	$ (0.17)	$ 1.00	$ 0.60	$ 2.37
Discontinued operations	—	0.26	—	—	0.28
Diluted	$ 1.10	$ 0.09	$ 1.00	$ 0.60	$ 2.65
Weighted average shares outstanding					
Basic	858,148,284	1,236,528,444	1,238,450,665	1,241,578,615	1,144,206,326
Diluted	865,998,532	1,236,528,444	1,249,798,740	1,251,566,899	1,154,749,428
2019					
Total revenues	$ 11,080	$ 10,979	$ 11,061	$ 11,878	$ 44,998
Operating income	1,476	1,541	1,471	1,234	5,722
Income from continuing operations	908	939	870	751	3,468
Net income	908	939	870	751	3,468
Earnings per share					
Basic	$ 1.07	$ 1.10	$ 1.02	$ 0.88	$ 4.06
Diluted	$ 1.06	$ 1.09	$ 1.01	$ 0.87	$ 4.02
Weighted average shares outstanding					
Basic	851,223,498	854,368,443	854,578,241	856,294,467	854,143,751
Diluted	858,643,481	860,135,593	862,690,751	864,158,739	863,433,511

Earnings per share is computed independently for each quarter and the sum of the quarters may not equal earnings per share for the full year. There were no discontinued operations for the year ended December 31, 2019.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-K.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Form 10-K.

Changes in Internal Control over Financial Reporting

On April 1, 2020, we completed our Merger with Sprint and have implemented new processes and internal controls to assist us in the preparation and disclosure of financial information. Other than the integration of Sprint, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions, providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles, providing reasonable assurance that receipts and expenditures are made in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2020.

On April 1, 2020, we completed our Merger with Sprint and have implemented new processes and internal controls to assist us
in the preparation and disclosure of financial information. We have also integrated certain Sprint business processes into our existing processes, systems and internal control over financial reporting. Given the significance of the Sprint

acquisition and the complexity of systems and business processes, we have excluded certain acquired Sprint processes and internal controls that were not integrated from our evaluation of internal control over financial reporting. This exclusion is in accordance with the guidance issued by the SEC that permits registrants to exclude an acquired business from management's report on internal control over financial reporting for the first year after the acquisition is completed. The total assets of Sprint, excluding the elements related to processes that have been integrated with our processes, and excluding goodwill, spectrum licenses and other

identifiable intangible assets that were subject to our evaluation, represent approximately 14% of consolidated assets as of December 31, 2020. The total revenues of Sprint represent approximately 30% of the consolidated revenues for the year ended December 31, 2020.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report herein.

Item 9B. Other Information

None.

PART III. OTHER INFORMATION
Item 10. Directors, Executive Officers and Corporate Governance

We maintain a code of ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, and Controller, which is a "Code of Ethics for Senior Financial Officers" as defined by applicable rules of the SEC. This code is publicly available on our website at investor.t-mobile.com. If we make any amendments to this code other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of this code we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at investor.t-mobile.com or in a Current Report on Form 8-K filed with the SEC.

The remaining information required by this item, including information about our Directors, Executive Officers and Audit Committee, will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or be included in an amendment to this Report.

Item 11. Executive Compensation

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 14. Principal Accountant Fees and Services

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

PART IV.

Item 15. Exhibit and Financial Statement Schedules

(a) Documents filed as a part of this Form 10-K

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows
Consolidated Statement of Stockholders' Equity
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable or the required information is otherwise included.

3. Exhibits

See the Index to Exhibits immediately following "Item 16. Form 10-K Summary" of this Form 10-K.

Item 16. Form 10–K Summary

None**.**

Table of Contents

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
2.1	Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V. and SoftBank Group Corp.	8-K	04/30/2018	2.1	
2.2	Amendment No. 1, dated as of July 26, 2019, to the Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp.	8-K	7/26/2019	2.2	
2.3	Amendment No. 2, dated as of February 20, 2020, to the Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp.	8-K	2/20/2020	2.1	
2.4	Asset Purchase Agreement, dated as of July 26, 2019, by and among T-Mobile US, Inc., Sprint Corporation and DISH Network Corporation.	8-K	7/26/2019	2.1	
2.5	First Amendment, dated as of June 17, 2020, to the Asset Purchase Agreement, dated as of July 26, 2019, by and among T-Mobile US, Inc., Sprint Corporation and DISH Network Corporation.	8-K	6/17/2020	2.1	
3.1	Fifth Amended and Restated Certificate of Incorporation of T-Mobile US, Inc.	8-K	4/1/2020	3.1	
3.2	Seventh Amended and Restated Bylaws of T-Mobile US, Inc.	8-K	4/1/2020	3.2	
4.1	Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.1	
4.2	Eleventh Supplemental Indenture, dated as of May 1, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.12	
4.3	Sixteenth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2014	4.3	
4.4	Seventeenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.000% Senior Notes due 2023.	8-K	9/5/2014	4.1	
4.5	Nineteenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.3	
4.6	Twentieth Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.500% Senior Notes due 2026.	8-K	11/5/2015	4.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.7	Twenty-First Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.000% Senior Notes due 2024.	8-K	4/1/2016	4.1	
4.8	Twenty-Third Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022.	8-K	3/16/2017	4.1	
4.9	Twenty-Fourth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.125% Senior Note due 2025.	8-K	3/16/2017	4.2	
4.10	Twenty-Fifth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027.	8-K	3/16/2017	4.3	
4.11	Twenty-Sixth Supplemental Indenture, dated as of April 27, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022-1.	8-K	4/28/2017	4.1	
4.12	Twenty-Eighth Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027-1.	8-K	4/28/2017	4.3	
4.13	Thirtieth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/9/2017	4.2	
4.14	Thirty-Second Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026.	8-K	1/25/2018	4.1	
4.15	Thirty-Third Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028.	8-K	1/25/2018	4.2	
4.16	Thirty-Fourth Supplemental Indenture, dated as of April 26, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	5/1/2018	4.5	
4.17	Thirty-Fifth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026-1.	8-K	5/4/2018	4.1	
4.18	Thirty-Sixth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028-1.	8-K	5/4/2018	4.2	
4.19	Thirty-Seventh Supplemental Indenture, dated as of May 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	5/21/2018	4.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.20	Thirty-Eighth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	12/21/2018	4.1	
4.21	Thirty-Ninth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	10-K	2/7/2019	4.41	
4.22	Fortieth Supplemental Indenture, dated as of September 27, 2019, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2019	4.1	
4.23	Forty-First Supplemental Indenture, dated as of April 1, 2020, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q/A	8/10/2020	4.12	
4.24	Forty-Second Supplemental Indenture, dated as of May 7, 2020, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q/A	8/10/2020	4.13	
4.25	Forty-Third Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.250% Senior Note due 2026.	8-K	1/14/2021	4.2	
4.26	Forty-Fourth Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.625% Senior Note due 2029.	8-K	1/14/2021	4.3	
4.27	Forty-Fifth Supplemental Indenture, dated as of January 14, 2021, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.875% Senior Note due 2031.	8-K	1/14/2021	4.4	
4.28	Noteholder Agreement dated as of April 28, 2013, by and between Deutsche Telekom AG and T-Mobile USA, Inc.	8-K	5/2/2013	4.13	
4.29	Indenture, dated as of April 9, 2020 by and among T-Mobile USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee.	8-K	4/13/2020	4.1	
4.30	First Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.500% Senior Secured Note due 2025.	8-K	4/13/2020	4.2	
4.31	Second Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.750% Senior Secured Note due 2027.	8-K	4/13/2020	4.3	
4.32	Third Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.875% Senior Secured Note due 2030.	8-K	4/13/2020	4.4	
4.33	Fourth Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.375% Senior Secured Note due 2040.	8-K	4/13/2020	4.5	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.34	Fifth Supplemental Indenture, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Secured Note due 2050.	8-K	4/13/2020	4.6	
4.35	Sixth Supplemental Indenture, dated as of May 7, 2020, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q/A	8/10/2020	4.7	
4.36	Seventh Supplemental Indenture, dated as of June 24, 2020 by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 1.500% Senior Secured Note due 2026.	8-K	6/26/2020	4.2	
4.37	Eighth Supplemental Indenture, dated as of June 24, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.050% Senior Secured Note due 2028.	8-K	6/26/2020	4.3	
4.38	Ninth Supplemental Indenture, dated as of June 24, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.550% Senior Secured Note due 2031.	8-K	6/26/2020	4.4	
4.39	Tenth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/6/2020	4.4	
4.40	Eleventh Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/6/2020	4.5	
4.41	Twelfth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.000% Senior Secured Note due 2041.	8-K	10/6/2020	4.6	
4.42	Thirteenth Supplemental Indenture, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.300% Senior Secured Note due 2051.	8-K	10/6/2020	4.7	
4.43	Fourteenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 2.250% Senior Secured Note due 2031.	8-K	10/28/2020	4.4	
4.44	Fifteenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/28/2020	4.5	
4.45	Sixteenth Supplemental Indenture, dated as of October 28, 2020, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	10/28/2020	4.6	
4.46	Seventeenth Supplemental Indenture, dated as of October 28, 2020, by and among T Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 3.600% Senior Secured Note due 2060.	8-K	10/28/2020	4.7	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.47	Registration Rights Agreement, dated as of April 9, 2020, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Barclays Capital Inc., Deutsche Bank Securities Inc. and Goldman Sachs & Co. LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	4/13/2020	4.7	
4.48	Registration Rights Agreement, dated as of June 24, 2020, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	6/26/2020	4.5	
4.49	Registration Rights Agreement, dated as of October 6, 2020, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	10/6/2020	4.8	
4.50	Registration Rights Agreement, dated as of October 28, 2020, by and among T-Mobile USA, Inc., the Initial Guarantors (as defined therein) and Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Goldman Sachs & Co. LLC, as representatives of the Initial Purchasers (as defined therein).	8-K	10/28/2020	4.8	
4.51	Indenture, dated as of October 1, 1998, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	10-Q (SEC File No. 001-04721)	11/2/1998	4(b)	
4.52	First Supplemental Indenture, dated as of January 15, 1999, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	2/3/1999	4(b)	
4.53	Second Supplemental Indenture, dated as of October 15, 2001, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	10/29/2001	99	
4.54	Third Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Capital Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	9/11/2013	4.5	
4.55	Fourth Supplemental Indenture, dated as of May 18, 2018, by and among Sprint Capital Corporation, Sprint Communications, Inc., and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K (SEC File No. 001-04721)	5/18/2018	4.1	
4.56	Fifth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Capital Corporation, Sprint Communications, Inc., Sprint Corporation, T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.), as trustee.	10-Q/A	8/10/2020	4.19	
4.57	Indenture, dated as of November 20, 2006, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/9/2011	4.1	

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4.58	First Supplemental Indenture, dated as of November 9, 2011, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/9/2011	4.2	
4.59	Sixth Supplemental Indenture, dated as of November 14, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/14/2012	4.1	
4.60	Seventh Supplemental Indenture, dated as of November 20, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	11/20/2012	4.1	
4.61	Eighth Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.4	
4.62	Thirteenth Supplemental Indenture, dated as of May 14, 2018, by and between Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	8-K (SEC File No. 001-04721)	5/14/2018	4.2	
4.63	Sixteenth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Communications, Inc., T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q/A	8/10/2020	4.27	
4.64	Indenture, dated as of September 11, 2013, by and between Sprint Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.1	
4.65	First Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.2	
4.66	Second Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	9/11/2013	4.3	
4.67	Third Supplemental Indenture, dated as of December 12, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	12/12/2013	4.1	
4.68	Fourth Supplemental Indenture, dated as of February 24, 2015, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	2/24/2015	4.1	
4.69	Fifth Supplemental Indenture, dated as of February 22, 2018, by and among Sprint Corporation, Sprint Communications, Inc., and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	2/22/2018	4.1	

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		Form	Date of First Filing	Exhibit Number	
4.70	Sixth Supplemental Indenture, dated as of May 14, 2018, by and between Sprint Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K (SEC File No. 001-04721)	5/14/2018	4.1	
4.71	Seventh Supplemental Indenture, dated as of February 3, 2020, by and among Sprint Corporation, Sprint Communications, Inc., the subsidiary guarantors party thereto, and the Bank of New York Mellon Trust Company, N.A., as trustee.	8-K (SEC File No. 001-04721)	2/3/2020	4.2	
4.72	Eighth Supplemental Indenture, dated as of April 1, 2020, by and among Sprint Corporation, Sprint Communications, Inc., T-Mobile US, Inc., T-Mobile USA, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q/A	8/10/2020	4.36	
4.73	Indenture, dated as of October 27, 2016, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary.	8-K (SEC File No. 001-04721)	11/2/2016	4.1	
4.74	First Supplemental Indenture, dated as of March 12, 2018, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	3/12/2018	4.1	
4.75	Second Supplemental Indenture, dated as of June 6, 2018, to the Indenture, dated as of October 27, 2016, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas as trustee.	8-K (SEC File No. 001-04721)	6/6/2018	4.1	
4.76	Third Supplemental Indenture, dated as of December 10, 2018, by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	10-Q (SEC File No. 001-04721)	1/31/2019	4.1	
4.77	Series 2016-1 Supplement, dated as of October 27, 2016, among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	11/2/2016	4.2	
4.78	First Supplemental Indenture to the Series 2016-1 Supplement, dated as of March 21, 2018 by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	3/21/2018	10.2	
4.79	Series 2018-1 Supplement, dated as of March 21, 2018 by and among Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC and Deutsche Bank Trust Company Americas, as trustee and securities intermediary.	8-K (SEC File No. 001-04721)	3/21/2018	10.1	
4.80	Proxy, Lock-Up and ROFR Agreement, dated as of April 1, 2020, by and between Deutsche Telekom AG and SoftBank Group Corp.	13D	4/2/2020	6	
4.81	Proxy, Lock-Up and ROFR Agreement, dated as of June 22, 2020, among Deutsche Telekom AG, Claure Mobile LLC and Raul Marcelo Claure.	13D/A	6/24/2020	49	
4.82	Description of Securities.				X
10.1	Master Agreement, dated as of September 28, 2012, among T-Mobile USA, Inc., Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.1	

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		Form	Date of First Filing	Exhibit Number	
10.2	Amendment No. 1, dated as of November 30, 2012, to Master Agreement, dated as of November 30, 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.2	
10.3	Settlement and Amendment No. 2, dated as of May 8, 2014, to Master Agreement, dated as of November 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-K	2/7/2019	10.3	
10.4	Master Prepaid Lease, dated as of November 30, 2012, by and among T-Mobile USA Tower LLC, T-Mobile West Tower LLC, T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.3	
10.5	MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.4	
10.6	First Amendment, dated as of November 30, 2012, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.5	
10.7	Second Amendment, dated as of October 31, 2014, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc.	10-K	2/7/2019	10.7	
10.8	Sale Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.6	
10.9	First Amendment, dated as of November 30, 2012, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.7	
10.10	Second Amendment, dated as of October 31, 2014, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-K	2/7/2019	10.10	
10.11	Settlement Technical Closing Agreement, dated as of	10-K	2/7/2019	10.11	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.12	Management Agreement, dated as of November 30, 2012, by and among Suncom Wireless Operating Company, L.L.C., Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Property Company, L.L.C., T-Mobile USA Tower LLC, T-Mobile West Tower LLC, CCTMO LLC, T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.8	
10.13	Second Amended and Restated Stockholders' Agreement, dated as of June 22, 2020, by and among T-Mobile US, Inc., Deutsche Telekom AG and SoftBank Group Corp.	S-3ASR	6/22/2020	4.2	
10.14	Support Agreement, dated as of April 29, 2018, by and among SoftBank Group Corp., SoftBank Group Capital Limited, Starburst I, Inc., Galaxy Investment Holdings, Inc., T-Mobile US, Inc., and Deutsche Telekom AG.	8-K	04/30/2018	10.1	
10.15	Financing Matters Agreement, dated as of April 29, 2018, by and between T-Mobile USA, Inc. and Deutsche Telekom AG.	8-K	04/30/2018	10.3	
10.16	Letter Agreement, dated as of February 20, 2020, by and among T-Mobile US, Inc., Deutsche Telekom AG and SoftBank Group Corp.	8-K	2/20/2020	10.1	
10.17	License Agreement dated as of April 30, 2013 by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.2	
10.18	Supplemental Agreement, effective as of June 3, 2019, to the License Agreement, dated as of April 30, 2013, by and between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	7/26/2019	10.5	
10.19	Amendment No. 1, dated as of April 1, 2020, to the License Agreement, dated as of April 30, 2013, by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	4/1/2020	10.3	
10.20*	Master Network Services Agreement, dated as of July 1, 2020, between T-Mobile USA, Inc., DISH Purchasing Corporation and solely for the purposes of Section 13, DISH Network Corporation.	10-Q	11/5/2020	10.1	
10.21*	License Purchase Agreement, dated as of July 1, 2020, by and between T-Mobile USA, Inc. and DISH Network Corporation.	10-Q	11/5/2020	10.2	
10.22	Receivables Sale and Conveyancing Agreement, dated as of February 26, 2014, among T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	8-K	3/4/2014	10.1	
10.23	Joinder and First Amendment to the Receivables Sale and Conveyancing Agreement, dated as of November 28, 2014, among Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-K	2/19/2015	10.55	
10.24	Joinder and Second Amendment to the Receivables Sale and Conveyancing Agreement, dated as of January 9, 2015, among SunCom Wireless Operating Company, LLC, Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-Q	4/28/2015	10.5	
10.25	Receivables Sale and Contribution Agreement, dated as of February 26, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as	8-K	3/4/2014	10.2	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.26	First Amendment to the Receivables Sale and Contribution Agreement, dated as of November 28, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/19/2015	10.56	
10.27	Second Amendment to the Receivables Sale and Contribution Agreement, dated as of January 9, 2015, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	4/28/2015	10.6	
10.28	Third Amendment to the Receivables Sale and Contribution Agreement, dated as of November 30, 2016, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/14/2017	10.33	
10.29	Fourth Amendment to the Receivables Sale and Contribution Agreement, dated as of May 5, 2017, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	7/20/2017	10.1	
10.30	Fourth Amended and Restated Master Receivables Purchase Agreement, dated as of February 26, 2019, among T-Mobile Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Giroznetrale, as bank purchasing agent, MUFG Bank (Europe) N.V., Germany Branch, as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors.	8-K	3/4/2019	10.1	
10.31	Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/30/2018	10.2	
10.32	First Amendment, dated as of November 2, 2020, to Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.				X
10.33	Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as performance guarantors, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	10/30/2018	10.1	
10.34	First Amendment, dated as of December 21, 2018, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as performance guarantors, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-K	2/7/2019	10.45	
10.35	Second Amendment, dated as of February 14, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.	10-Q	5/6/2020	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.36	Third Amendment, dated as of April 30, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.	10-Q/A	8/10/2020	10.15	
10.37	Fourth Amendment, dated as of November 2, 2020, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., jointly and severally as guarantors, Royal Bank of Canada, as Administrative Agent, and certain financial institutions party thereto.				X
10.38	Purchase Agreement, dated as of March 13, 2017, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	3/16/2017	10.1	
10.39	Purchase Agreement, dated as of January 22, 2018, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	1/25/2018	10.1	
10.40	Credit Agreement, dated as of April 1, 2020, by and among T-Mobile USA, Inc., the issuing banks and lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent.	10-Q/A	8/10/2020	10.3	
10.41	Incremental Amendment, dated as of September 16, 2020, to the Credit Agreement, dated as of April 1, 2020, among T-Mobile USA, Inc., Deutsche Bank AG New York Branch, as administrative agent and each Incremental Revolving Lender as defined therein.	8-K	9/17/2020	10.1	
10.42	Guarantee Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc. and the other guarantors party thereto in favor of Deutsche Bank AG New York Branch, as administrative agent.	10-Q/A	8/10/2020	10.4	
10.43	Collateral Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc. and the other grantors party thereto in favor of Deutsche Bank Trust Company Americas, as collateral trustee.	10-Q/A	8/10/2020	10.7	
10.44	Collateral Trust and Intercreditor Agreement, dated as of April 1, 2020, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the other grantors party thereto, Deutsche Bank AG New York Branch, as first priority agent, the holder representatives party thereto and Deutsche Bank Trust Company Americas, as collateral trustee.	10-Q/A	8/10/2020	10.8	
10.45	Commitment Letter, dated as of October 30, 2020, by and among T-Mobile USA, Inc. and the financial institutions party thereto.				X
10.46	Joinder to Commitment Letter, dated as of November 13, 2020, by and among T-Mobile USA, Inc. and the financial institutions party thereto.				X
10.47	Guarantee and Collateral Agreement, dated October 27, 2016, among Deutsche Bank Trust Company Americas, Sprint Spectrum PledgeCo LLC, Sprint Spectrum PledgeCo II LLC, Sprint Spectrum PledgeCo III LLC, Sprint Spectrum License Holder LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC.	8-K (SEC File No. 001-04721)	11/2/2016	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.48	Intra-Company Spectrum Lease Agreement, dated as of October 27, 2016, among Sprint Spectrum License Holder LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC and the guarantors.	8-K (SEC File No. 001-04721)	11/2/2016	10.2	
10.49	First Amendment to Intra-Company Spectrum Lease Agreement, dated as of March 12, 2018, among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC.	8-K (SEC File No. 001-04721)	3/12/2018	10.1	
10.50	Second Amendment to Intra-Company Spectrum Lease Agreement, dated as of June 6, 2018, among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC and Sprint Spectrum License Holder III LLC, Sprint Communications, Inc., Sprint Intermediate HoldCo LLC, Sprint Intermediate HoldCo II LLC, Sprint Intermediate HoldCo III LLC, Sprint Corporation and the subsidiary guarantors.	8-K (SEC File No. 001-04721)	6/6/2018	10.1	
10.51	Guarantee Assumption Agreement, dated as of April 1, 2020, by and among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC, Sprint Spectrum License Holder III LLC, T-Mobile, T-Mobile USA and certain subsidiary guarantors.	10-Q/A	8/10/2020	10.13	
10.52	Guarantee Assumption Agreement, dated as of May 7, 2020, by and among Sprint Spectrum License Holder, LLC, Sprint Spectrum License Holder II LLC, Sprint Spectrum License Holder III LLC and certain subsidiary guarantors.	10-Q/A	8/10/2020	10.14	
10.53	Master Framework Agreement, dated as of June 22, 2020, by and among SoftBank Group Corp., SoftBank Group Capital Ltd, Delaware Project 4 L.L.C., Delaware Project 6 L.L.C., Claure Mobile LLC, Deutsche Telekom AG, T-Mobile US, Inc. and T-Mobile Agent LLC.	8-K	6/26/2020	10.1	
10.54	Share Repurchase Agreement, dated as of June 22, 2020, between SoftBank Group Capital Ltd and T-Mobile US, Inc.	8-K	6/26/2020	10.2	
10.55	Share Purchase Agreement, dated as of June 22, 2020, among Raul Marcelo Claure, Claure Mobile LLC and T-Mobile US, Inc.	13D/A	6/25/2020	15	
10.56**	Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan.	S-1/A	2/27/2007	10.1(a)	
10.57**	MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan.	Schedule 14A	4/19/2010	Annex A	
10.62**	Employment Agreement, effective November 15, 2019, between T-Mobile US, Inc. and Michael Sievert.	10-K	2/9/2020	10.61	
10.63**	Amendment No. 1, dated as of March 26, 2020, to the Amended and Restated Employment Agreement, dated as of November 15, 2019, by and between the Company and G. Michael Sievert.	10-Q	5/6/2020	10.6	
10.64**	Compensation Term Sheet between Neville Ray and T-Mobile US, Inc., effective as of November 15, 2019.	10-K	2/6/2020	10.65	
10.65**	PRSU Agreement, dated as of April 1, 2020, by and between the Company and Neville R. Ray.	10-Q	5/6/2020	10.4	
10.66**	Form of Severance Letter Agreement.	10-Q	5/1/2018	10.9	
10.67**	Form of Indemnification and Advancement Agreement.	10-K	2/8/2018	10.76	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.68**	T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan (As Amended and Restated Effective as of January 1, 2014).	10-K	2/25/2014	10.39	
10.69**	First Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan	10-K	2/7/2019	10.75	
10.70**	Second Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan.				X
10.71**	T-Mobile US, Inc. Executive Continuity Plan as Amended and Restated Effective as of January 1, 2014.	8-K	10/25/2013	10.1	
10.72**	T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	10-Q	8/8/2013	10.20	
10.73**	Amendment to T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	Schedule 14A	4/26/2018	Annex A	
10.74**	T-Mobile USA, Inc. 2011 Long-Term Incentive Plan.	10-Q	8/8/2013	10.21	
10.75**	Annual Incentive Award Notice under the 2013 Omnibus Incentive Plan.	10-K	2/6/2020	10.74	
10.76**	T-Mobile US, Inc. 2014 Employee Stock Purchase Plan.	S-8	2/19/2015	99.1	
10.77**	Sprint Corporation 2007 Omnibus Incentive Plan.	8-K (SEC File No. 001-04721)	9/20/2013	10.2	
10.78**	Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan.	10-Q (SEC File No. 001-04721)	2/6/2017	10.1	
10.79**	Form of Sprint Corporation Evidence of Award 2014 Long-term Incentive Plan Stock Options.	10-Q (SEC File No. 001-04721)	8/8/2014	10.12	
10.80**	Form of Sprint Corporation Award Agreement (awarding stock options) under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q (SEC File No. 001-04721)	8/3/2017	10.3	
10.81**	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q/A	8/10/2020	10.25	
10.82**	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) for Executive Officers under the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan.	10-Q/A	8/10/2020	10.26	
10.83**	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	5/6/2020	10.7	
10.84**	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) (Stock Settled) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	5/6/2020	10.8	
10.85**	Amended Director Compensation Program effective as of May 1, 2013 (amended June 4, 2014 and further amended on June 1, 2015, June 16, 2016, June 13, 2017, June 13, 2019 and June 4, 2020).	10-Q/A	8/10/2020	10.30	
10.86**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	8-K	6/4/2013	10.2	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.87**	Sprint Nextel 1997 Long-Term Stock Incentive Program, as amended and restated January 1, 2008.	10-K (SEC File No. 001-04721)	2/27/2009	10.9	
21.1	Subsidiaries of Registrant.				X
22.1	List of Guarantor Subsidiaries				X
23.1	Consent of PricewaterhouseCoopers LLP.				X
24.1	Power of Attorney, pursuant to which amendments to this Form 10-K may be filed (included on the signature page contained in Part IV of the Form 10-K).				X
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1***	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2***	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).				

* Certain confidential information contained in this exhibit has been omitted because it is both (i) not material and (ii) would likely cause competitive harm if publicly disclosed.

** Indicates a management contract or compensatory plan or arrangement.

*** Furnished herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

February 23, 2021

/s/ G. Michael Sievert
G. Michael Sievert
Chief Executive Officer

Each person whose signature appears below constitutes and appoints G. Michael Sievert and Peter Osvaldik, and each or any of them, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements (including post-effective amendments) to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 23, 2021.

Signature	Title
/s/ G. Michael Sievert G. Michael Sievert	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Peter Osvaldik Peter Osvaldik	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Dara Bazzano Dara Bazzano	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)
/s/ Timotheus Höttges Timotheus Höttges	Chairman of the Board
/s/ Marcelo Claure Marcelo Claure	Director
/s/ Srikant M. Datar Srikant M. Datar	Director

/s/ Lawrence H. Guffey Lawrence H. Guffey	Director
/s/ Christian P. Illek Christian P. Illek	Director
/s/ Stephen R. Kappes Stephen R. Kappes	Director
/s/ Raphael Kübler Raphael Kübler	Director
/s/ Thorsten Langheim Thorsten Langheim	Director
/s/ Dominique Leroy Dominique Leroy	Director
/s/ Teresa A. Taylor Teresa A. Taylor	Director
/s/ Omar Tazi Omar Tazi	Director
/s/ Kelvin R. Westbrook Kelvin R. Westbrook	Director
/s/ Michael Wilkens Michael Wilkens	Director

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-33409

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T-MOBILE US, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-0836269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12920 SE 38th Street
Bellevue, Washington
(Address of principal executive offices)
98006-1350
(Zip Code)

(425) 378-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.00001 per share	TMUS	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐☐No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of June 28, 2019, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $23.2 billion based on the closing sale price as reported on the NASDAQ Global Select Market. As of January 31, 2020, there were 856,932,845 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K will be incorporated by reference from certain portions of the definitive Proxy Statement for the Registrant's Annual Meeting of Stockholders, which definitive Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A or will be included in an amendment to this Report.

T-Mobile US, Inc.
Form 10-K
For the Year Ended December 31, 2019

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of this Form 10-K, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- the failure to obtain, or delays in obtaining, regulatory approval for the merger (the "Merger") with Sprint Corporation ("Sprint"), pursuant to the Business Combination Agreement with Sprint and other parties therein (as amended, the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), risks associated with the actions and conditions we have agreed to in connection with regulatory approval for the Transactions, and the risk that such regulatory approval may result in the imposition of additional conditions that, if accepted by the parties, could adversely affect the combined company or the expected benefits of the Transactions, or the failure to satisfy any of the other conditions to the Transactions on a timely basis or at all;
- the risk that the antitrust litigation related to the Transactions brought by the attorneys general of certain states and the District of Columbia will result in an order preventing the completion of the Transactions and the risk of other litigation or regulatory actions related to the Transactions;
- the exercise by one or both parties of a right to terminate the Business Combination Agreement;
- adverse effects on the market price of our common stock or on our operating results because of a failure to complete the Merger in the anticipated timeframe, on the anticipated terms or at all;
- inability to obtain the financing contemplated to be obtained in connection with the Transactions on the expected terms or timing or at all;
- the ability of us, Sprint and the combined company to make payments on debt or to repay existing or future indebtedness when due or to comply with the covenants contained therein;
- adverse changes in the ratings of our or Sprint's debt securities or adverse conditions in the credit markets;
- negative effects of the announcement, pendency or consummation of the Transactions on the market price of our common stock and on our or Sprint's operating results, including as a result of changes in key customer, supplier, employee or other business relationships;
- the assumption of significant liabilities in connection with, and significant costs related to, the Transactions, including liabilities of Sprint that may become liabilities of the combined company or that may otherwise arise and financing costs;
- failure to realize the expected benefits and synergies of the Transactions in the expected timeframes, in part or at all;
- costs or difficulties related to the integration of Sprint's network and operations into our network and operations, including intellectual property and communications systems, administrative and information technology infrastructure and accounting, financial reporting and internal control systems;
- differences with Sprint's control environments, cultures, and auditor expectations may result in future material weaknesses, significant deficiencies, and/or control deficiencies while we work to integrate the companies and align guidelines and practices;
- costs or difficulties related to the completion of the Divestiture Transaction and the satisfaction of the Government Commitments (each as defined below);
- the inability of us, Sprint or the combined company to retain and hire key personnel;
- the risk that certain contractual restrictions contained in the Business Combination Agreement during the pendency of the Transactions could adversely affect our or Sprint's ability to pursue business opportunities or strategic transactions;
- adverse economic, political or market conditions in the U.S. and international markets;

- competition, industry consolidation, and changes in the market for wireless services, which could negatively affect our ability to attract and retain customers;
- the effects of any future merger, investment, or acquisition involving us, as well as the effects of mergers, investments, or acquisitions in the technology, media and telecommunications industry;

- challenges in implementing our business strategies or funding our operations, including payment for additional spectrum or network upgrades;
- the possibility that we may be unable to renew our spectrum licenses on attractive terms or acquire new spectrum licenses at reasonable costs and terms;
- difficulties in managing growth in wireless data services, including network quality;
- material changes in available technology and the effects of such changes, including product substitutions and deployment costs and performance;
- the timing, scope and financial impact of our deployment of advanced network and business technologies;
- the impact on our networks and business from major technology equipment failures;
- inability to implement and maintain effective cyber security measures over critical business systems;
- breaches of our and/or our third-party vendors' networks, information technology and data security, resulting in unauthorized access to customer confidential information;
- natural disasters, terrorist attacks or similar incidents;
- unfavorable outcomes of existing or future litigation;
- any changes in the regulatory environments in which we operate, including any increase in restrictions on the ability to operate our networks and changes in data privacy laws;
- any disruption or failure of our third parties' or key suppliers' provisioning of products or services;
- material adverse changes in labor matters, including labor campaigns, negotiations or additional organizing activity, and any resulting financial, operational and/or reputational impact;
- changes in accounting assumptions that regulatory agencies, including the Securities and Exchange Commission ("SEC"), may require, which could result in an impact on earnings;
- changes in tax laws, regulations and existing standards and the resolution of disputes with any taxing jurisdictions;
- the possibility that the reset process under our trademark license results in changes to the royalty rates for our trademarks;
- the possibility that we may be unable to adequately protect our intellectual property rights or be accused of infringing the intellectual property rights of others;
- our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective;
- the occurrence of high fraud rates related to device financing, credit cards, dealers, or subscriptions; and
- interests of our majority stockholder may differ from the interests of other stockholders.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-K, unless the context indicates otherwise, references to "T-Mobile," "T-Mobile US," "our Company," "the Company," "we," "our," and "us" refer to T-Mobile US, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We intend to also use certain social media accounts as means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD (the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and through April 30, 2020, the @JohnLegere Twitter (https://twitter.com/JohnLegere), Facebook and Periscope accounts, which Mr. Legere also uses as means for personal communications and observations, and on and after May 1, 2020 the @SievertMike Twitter (https://twitter.com/SievertMike) account, which Mr. Sievert also uses as a means for personal communications and observations). The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on our investor relations website.

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PART I.

Item 1. Business

Business Overview and Strategy

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we have disrupted the wireless communications services industry, by actively engaging with and listening to our customers and eliminating their existing pain points, including providing them with added value, an exceptional experience and implementing signature Un-carrier initiatives that have changed wireless for good. We ended annual service contracts, overages, unpredictable international roaming fees, data buckets and so much more. We are inspired by a relentless customer experience focus, consistently leading the wireless industry in customer care by delivering an excellent customer experience with our "Team of Experts," which drives our record-high customer satisfaction levels while enabling operational efficiencies. Since the launch of the Un-carrier in 2013, approximately 53 million customers have joined the Un-carrier movement, and we will continue forward with our customer experience focus, determined to bring the Un-carrier to every potential customer in the United States.

Our network is the foundation of our success and everything we do is powered by our nationwide 4G Long-Term Evolution ("LTE") network, which covers 327 million Americans (99% of the U.S. population) and our recently launched nationwide 5G network. We continue to expand the footprint and improve the quality of our network, providing outstanding wireless experiences for customers who will not have to compromise on quality and value. Going forward, it is this network that will allow us to deliver new, innovative products and services with the same customer experience focus and industry-disrupting mentality that has redefined the wireless communications services industry in the United States in the customers' favor.

History

T-Mobile USA, Inc. ("T-Mobile USA"), a Delaware corporation, was formed in 1994 as VoiceStream Wireless PCS ("VoiceStream"), a subsidiary of Western Wireless Corporation ("Western Wireless"). VoiceStream was spun off from Western Wireless in 1999, acquired by Deutsche Telekom AG ("DT") in 2001 and renamed T-Mobile USA, Inc. in 2002.

In 2013, T-Mobile US, Inc., a Delaware corporation, was formed through the business combination of T-Mobile USA and MetroPCS Communications, Inc. ("MetroPCS"). The business combination was accounted for as a reverse acquisition with T-Mobile USA as the accounting acquirer. Accordingly, T-Mobile USA's historical financial statements became the historical financial statements of the combined company.

Proposed Sprint Transactions

On April 29, 2018, we entered into the Business Combination Agreement with Sprint to merge in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. If the Merger closes, the combined company will be named "T-Mobile," and as a result of the Merger, is expected to be able to build upon our recently launched foundational 5G network of 600 MHz spectrum to deliver transformational broad, deep and nationwide 5G for all, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. If the Merger closes, we expect to be able to combine Sprint's 2.5 GHz mid-band spectrum with our foundational layer of 5G and millimeter-wave spectrum, completing the "layer cake" of spectrum and providing customers with an unmatched 5G experience at lower prices.

The consummation of the Merger remains subject to certain closing conditions, as well as pending judicial and regulatory proceedings. We expect the Merger will be permitted to close in early 2020. For more information regarding our Business Combination Agreement, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Business

We provide wireless services to 86.0 million postpaid, prepaid and wholesale customers and generate revenue by providing affordable wireless communications services to these customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses relate to acquiring and retaining high-quality customers, providing a full range of devices, compensating employees, and operating and expanding our network. We provide service, devices and accessories across our flagship brands, T-Mobile and Metro by T-Mobile, through our owned and operated retail stores, as well as through our

websites (www.T-Mobile.com and www.metrobyt-mobile.com), T-Mobile app and customer care channels. In addition, we sell devices to dealers and other third-party distributors for resale through independent third-party retail outlets and a variety of third-party websites. The information on our websites is not part of this Form 10-K. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Customers

We provide wireless communications services to three primary categories of customers:

- Branded postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, wearables, DIGITS or other connected devices which includes tablets and SyncUp DRIVE™;
- Branded prepaid customers generally include customers who pay for wireless communications services in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile; and
- Wholesale customers include Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers that operate on our network but are managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communications services to branded postpaid and branded prepaid customers. Our ability to acquire and retain branded postpaid and prepaid customers is important to our business in the generation of service revenues, equipment revenues and other revenues. In 2019, our service revenues generated by providing wireless communications services by customer category were:

- 67% Branded postpaid customers;
- 28% Branded prepaid customers; and
- 5% Wholesale customers and Roaming and other services.

Starting with the three months ended March 31, 2020, we plan to discontinue reporting wholesale customers and instead focus on branded customers and wholesale revenues, which we consider more relevant than the number of wholesale customers given the expansion of M2M and Internet of Things ("IoT") products.

All of our revenues for the years ended December 31, 2019, 2018, and 2017 were earned in the United States, including Puerto Rico and the U.S. Virgin Islands.

Services and Products

We provide wireless communications services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, wearables, tablets and other mobile communication devices, which are manufactured by various suppliers.

Our primary service plan offering, which allows customers to subscribe for wireless communications services separately from the purchase of a device, is our signature Magenta plan ("Magenta") and is packed with exclusive benefits, including unlimited talk, text and smartphone data on our network, free stuff, discounts, and more every week from T-Mobile Tuesdays and "Team of Experts," our dedicated customer care team. Customers also have the ability to choose additional features for an additional cost on Magenta Plus.

We also offer an Essentials rate plan, for customers who want the basics, as well as specific rate plans to qualifying customers, including Unlimited 55+, Military, First Responder, and Business.

Our device options for qualifying customers on Magenta, and previously on T-Mobile ONE and Simple Choice plans, include:

- The option of financing all or a portion of the individual device or accessory purchase price at the time of sale over an installment period of up to 36 or 12 months, respectively, using an Equipment Installment Plan ("EIP");
- For qualifying customers who finance their initial device with an EIP, an option to enroll in our Just Upgrade My Phone ("JUMP!®") program to later upgrade their device; and

- The option to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month with JUMP! On Demand™.

5G

- In December 2019, T-Mobile launched America's first nationwide 5G network, including prepaid 5G with Metro by T-Mobile, covering more than 200 million people and more than 5,000 cities and towns across the United States with 5G. In addition, we introduced two new 600 MHz 5G capable superphones, the exclusive OnePlus 7T Pro 5G McLaren and the Samsung Galaxy Note10+ 5G and anticipate offering an industry-leading smartphone portfolio built to work on nationwide 5G in 2020. This 5G network is our foundational layer of 5G coverage on 600 MHz low-band spectrum.
- T-Mobile's 5G network is not just bigger, it's better. T-Mobile's 5G is based on real, standards-based 5G and covers more than 60% of the population across more than 1 million square miles. T-Mobile's 5G network works indoors and is available to anyone with a capable device.

Spectrum Position

We provide wireless communications services utilizing mid-band spectrum licenses, such as Advanced Wireless Services ("AWS") and Personal Communications Service ("PCS"), low-band spectrum licenses utilizing our 600 MHz and 700 MHz spectrum, and mmWave spectrum.

- We owned an average of 111 MHz of spectrum nationwide as of December 31, 2019, not including mmWave spectrum. The spectrum comprises an average of 31 MHz in the 600 MHz band, 10 MHz in the 700 MHz band, 29 MHz in the 1900 MHz PCS band and 41 MHz in the AWS band.
    - We have cleared 600 MHz spectrum covering approximately 275 million POPs as of December 31, 2019 and expect to clear the remaining 600 MHz spectrum POPs in 2020.
    - We continue our deployment of LTE on 600 MHz spectrum using 5G-ready equipment. As of December 31, 2019, we were live with 4G LTE in nearly 8,900 cities and towns in 49 states and Puerto Rico covering 1.5 million square miles and 248 million POPs.
    - Combining 600 and 700 MHz spectrum, we have deployed 4G LTE in low-band spectrum to 316 million POPs.
    - Currently, more than 33 million devices on T-Mobile's network are compatible with 600 MHz spectrum.
- On June 3, 2019, the Federal Communications Commission ("FCC") announced the results of Auctions 101 (28 GHz spectrum) and 102 (24 GHz spectrum). In the combined auctions, T-Mobile spent $842 million to more than quadruple its nationwide average total mmWave spectrum holdings from 104 MHz to 471 MHz.
- We will evaluate future spectrum purchases in current and upcoming auctions and in the secondary market to further augment our current spectrum position. We are not aware of any such spectrum purchase options that come close to matching the efficiencies and synergies possible from the Merger.

Network Coverage Growth

- We continue to expand our coverage breadth and covered 327 million people with 4G LTE as of December 31, 2019;
- Our nationwide 5G network covered more than 200 million people as of December 31, 2019; and
- As of December 31, 2019, we had equipment deployed on approximately 66,000 macro cell sites and 25,000 small cell/distributed antenna system sites.

Network Capacity Growth

Due to industry spectrum limitations (especially in mid-band), we continue to make efforts to expand our capacity and increase the quality of our network through the re-farming of existing spectrum and implementation of new technologies including Voice over LTE ("VoLTE"), Carrier Aggregation, 4x4 multiple-input and multiple-output ("MIMO"), 256 Quadrature Amplitude Modulation ("QAM") and Licensed Assisted Access ("LAA").

- VoLTE comprised 90% of total voice calls in the fourth quarter of 2019, compared to 87% in the fourth quarter of 2018.

- Carrier aggregation is live for our customers in 969 markets as of December 31, 2019, up from 923 markets as of December 31, 2018.
- 4x4 MIMO is currently available in 708 markets as of December 31, 2019, up from 564 markets as of December 31, 2018.

- Our customers have 256 QAM available across the Un-carrier's entire 4G LTE footprint.
- We are the first carrier globally to have rolled out the combination of carrier aggregation, 4x4 MIMO and 256 QAM. This trifecta of standards has been rolled out to 701 markets as of December 31, 2019, up from 549 markets as of December 31, 2018.
- LAA has been deployed to 30 cities including Atlanta, Austin, Chicago, Denver, Houston, Las Vegas, Los Angeles, Miami, New Orleans, New York, Philadelphia, Sacramento, San Diego, Seattle, and Washington DC.

Competition

The wireless communications services industry is highly competitive. We are the third largest provider of postpaid service plans and the second largest provider of prepaid service plans in the U.S. as measured by customers. Our competitors include other national carriers, such as AT&T Inc. ("AT&T"), Verizon Communications, Inc. ("Verizon") and Sprint. AT&T and Verizon are significantly larger than we are and enjoy greater resources and scale advantages as compared to us. In addition, our competitors include numerous smaller regional carriers, mobile virtual network operators ("MVNOs"), including TracFone Wireless, Inc., Comcast Corporation, Charter Communications, Inc., and Altice USA, Inc., many of which offer no-contract, postpaid and prepaid service plans. Competitors also include providers who offer similar communication services, such as voice, messaging and data services, using alternative technologies or services. Competitive factors within the wireless communications services industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies, availability of additional spectrum licenses and regulatory changes. Some competitors have shown a willingness to use aggressive pricing as a source of differentiation. Other competitors have sought to add ancillary services, like mobile video or music streaming services, to enhance their offerings. Taken together, the competitive factors we face continue to put pressure on growth and margins as companies compete to retain the current customer base and continue to add new customers.

Employees

As of December 31, 2019, we employed approximately 53,000 full-time and part-time employees, including network, retail, administrative and customer support functions.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our licenses and authorizations, the sale, transfer and acquisition of certain licenses, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements that affect our operations and pending proceedings regarding additional or modified requirements that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net neutrality, disabilities access, privacy and cybersecurity, consumer protection, and the universal service and Lifeline programs. Many of these and other issues are being considered in ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or results of operations. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Except for operations in certain unlicensed frequency bands, wireless communications services providers generally must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10-15 years depending on the particular licenses. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition.

Additionally, Congress' and the FCC's allocation of additional spectrum for broadband commercial mobile radio service ("CMRS"), which includes cellular, PCS, miscellaneous wireless services and specialized mobile radio, could significantly increase and intensify competition. We cannot assess the impact that any developments that may occur in the U.S. economy or any future spectrum allocations by the FCC may have on license values. FCC spectrum auctions and other market

developments may adversely affect the market value of our licenses in the future. A significant decline in the value of our licenses could adversely affect our financial condition and results of operations. In addition, the FCC periodically reviews its policies on how to evaluate carriers' spectrum holdings. A change in these policies could affect spectrum resources and competition among us and other carriers.

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership through an entity controlling the licensee. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest, but must be reviewed and approved. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our Company by DT. This declaratory ruling, and our licenses, are conditioned on DT's and the Company's compliance with a network security agreement with the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland Security. Failure to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation of our spectrum licenses.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communications services providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of devices while driving, zoning and land use. Additionally, after the FCC's adoption of the 2017 "Restoring Internet Freedom" (RIF) Order reclassifying broadband internet access services as Title I (non-common carrier services), a number of states have sought to impose state-specific net neutrality and privacy requirements on providers' broadband services. The FCC ruling broadly preempted such state efforts, which are inconsistent with the FCC's federal deregulatory approach. Recently, however, the DC Circuit issued a ruling largely upholding the RIF Order, but also vacating the portion of the ruling broadly preempting state/local net neutrality laws. The court left open the prospect that particular state laws could still unlawfully conflict with the FCC net neutrality rules and be preempted. A petition seeking rehearing of the decision has been filed. Court challenges to some of the state enactments also remain pending.

While most states are largely seeking to codify the repealed federal rules, there are differences in some states, notably California, which has passed separate privacy and net neutrality legislation. There are also efforts within Congress to pass federal legislation to codify uniform federal privacy and net neutrality requirements, while also ensuring the preemption of separate state requirements, including the California laws. If not rescinded, separate state requirements will impose significant business costs and could also result in increased litigation costs and enforcement risks. State authority over wireless broadband services will remain unsettled until final action by the courts or Congress.

In addition, the Federal Trade Commission ("FTC") and other federal agencies have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown and changes to regulations, or the applicability of regulations, could result in higher operating and capital expenses, or reduced revenues in the future.

Available Information

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically at www.sec.gov. Our Form 10-K and all other reports and amendments filed with or furnished to the SEC are also publicly available free of charge on the investor relations section of our website at investor.t-mobile.com as soon as reasonably practicable after these materials are filed with or furnished to the SEC. Our corporate governance guidelines, code of ethics for senior financial officers, code of business conduct, speak-up policy, supplier code of conduct, and charters for the audit, compensation, nominating and corporate governance and executive committees of our Board of Directors are also posted on the investor relations section of our website at investor.t-mobile.com. The information on our websites is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating T-Mobile. Our business, financial condition, liquidity, or operating results, as well as the price of our common stock and other securities, could be materially adversely affected by any of these risks.

Risks Related to Our Business and the Wireless Industry

Competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers and adversely affect our business, financial condition, and operating results.

We have multiple wireless competitors, some of which have greater resources than we have and compete for customers based principally on service/device offerings, price, network coverage, speed and quality and customer service. We expect market saturation to continue to cause the wireless industry's customer growth rate to be moderate in comparison with historical growth rates, or possibly negative, leading to ongoing competition for customers. We also expect that our customers' appetite for data services will place increasing demands on our network capacity. This competition and our capacity will continue to put pressure on pricing and margins as companies compete for potential customers. Our ability to compete will depend on, among other things, continued absolute and relative improvement in network quality and customer service, effective marketing and selling of products and services, innovation, attractive pricing, and cost management, all of which will involve significant expenses.

Joint ventures, mergers, acquisitions and strategic alliances in the wireless sector have resulted in and are expected to result in larger competitors competing for a limited number of customers. The two largest national wireless communications services providers currently serve a significant percentage of all wireless customers and hold significant spectrum and other resources. Our largest competitors may be able to enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, refusal of our large competitors to provide critical access to resources and inputs, such as roaming services on reasonable terms could improve their position within the wireless broadband mobile services industry.

We face intense and increasing competition from other service providers as industry sectors converge, such as cable, telecom services and content, satellite, and other service providers. Companies like Comcast and AT&T (with acquisitions of DirecTV and Time Warner, Inc.) will have the scale and assets to aggressively compete in a converging industry. Verizon, through its acquisitions of AOL, Inc. and Yahoo! Inc. is also a significant competitor focusing on premium content offerings to diversify outside of core wireless. Further, some of our competitors now provide content services in addition to voice and broadband services, and consumers are increasingly accessing video content from Internet-based providers and applications, all of which create increased competition in this area. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of our larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, such as 5G, could make it more difficult for us to continue to attract and retain customers, and may adversely affect our competitive position and ability to grow, which would have a material adverse effect on our business, financial condition and operating results.

The scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use, may adversely affect our business, financial condition and operating results.

We will need to acquire additional spectrum in order to continue our customer growth, expand and deepen our coverage, maintain our quality of service, meet increasing customer demands, and deploy new technologies. We will be at a competitive disadvantage and possibly experience erosion in the quality of service in certain geographic areas if we fail to gain access to necessary spectrum before reaching network capacity. As a result, we are actively seeking to make additional investment in spectrum, which could be significant.

The continued interest in, and acquisition of, spectrum by existing carriers and others may reduce our ability to acquire and/or increase the cost of acquiring spectrum in the secondary market or negatively impact our ability to gain access to spectrum through other means, including government auctions. We may need to enter into spectrum sharing or leasing arrangements, which are subject to certain risks and uncertainties and may involve significant expenditures. In addition, our return on investment in spectrum depends on our ability to attract additional customers and to provide additional services and usage to existing customers. As a result, the return on any investment in spectrum that we make may not be as much as we anticipate or take longer than expected. Additionally, the FCC may not be able to provide sufficient additional spectrum to auction or we may be unable to secure the spectrum we need in any auction we may elect to participate in or in the secondary market, on favorable terms or at all.

The FCC may impose conditions on the use of new wireless broadband mobile spectrum that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas. Additional conditions that may be imposed by the FCC include heightened build-out requirements, limited license terms or renewal rights, and clearing obligations that may make it less attractive or less economical to acquire spectrum. In addition, rules may be established for future government

spectrum auctions that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

If we cannot acquire needed spectrum from the government or otherwise, if competitors acquire spectrum that will allow them to provide services competitive with our services, or if we cannot deploy services over acquired spectrum on a timely basis without burdensome conditions, at reasonable cost, and while maintaining network quality levels, then our ability to attract and retain customers and our business, financial condition and operating results could be materially adversely affected.

If we are unable to take advantage of technological developments on a timely basis, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Significant technological changes continue to impact the communications industry. In general, these technological changes enhance communications and enable a broader array of companies to offer services competitive with ours. In order to grow and remain competitive with new and evolving technologies in our industry, we will need to adapt to future changes in technology, continually invest in our network, increase network capacity, enhance our existing offerings, and introduce new offerings to address our current and potential customers' changing demands. Enhancing our network, including our 5G network, is subject to risk from equipment changes and migration of customers from older technologies and the potential inability to secure mid-band 5G spectrum that is necessary to add capacity to advanced technologies. Adopting new and sophisticated technologies may result in implementation issues such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, customer dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. In general, the development of new services in the wireless telecommunications industry will require us to anticipate and respond to the continuously changing demands of our customers, which we may not be able to do accurately or timely. If our new services fail to retain or gain acceptance in the marketplace or if costs associated with these services are higher than anticipated, this could have a material adverse effect on our business, financial condition and operating results.

We could be harmed by data loss or other security breaches, whether directly or indirectly.

Our business, like that of most retailers and wireless companies, involves the receipt, storage, and transmission of our customers' confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions and intellectual property ("Confidential Information"). Unauthorized access to Confidential Information may be difficult to anticipate, detect, or prevent, particularly given that the methods of unauthorized access constantly change and evolve. We are subject to the threat of unauthorized access or disclosure of Confidential Information by state-sponsored parties, malicious actors, third parties or employees, errors or breaches by third-party suppliers, or other security incidents that could compromise the confidentiality and integrity of Confidential Information. In August 2018 and November 2019, we notified affected customers of incidents involving unauthorized access to certain customer information (not involving credit card information, financial data, social security numbers or passwords). While we do not believe these security incidents were material, we expect to continue to be the target of cyber-attacks, data breaches, or security incidents, which may in the future have a material adverse effect on our business, reputation, financial condition, and operating results.

Cyber-attacks, such as denial of service and other malicious attacks, could disrupt our internal systems and applications, impair our ability to provide services to our customers, and have other adverse effects on our business and that of others who depend on our services. As a telecommunications carrier, we are considered a critical infrastructure provider and therefore may be more likely to be the target of such attacks. Such attacks against companies may be perpetrated by a variety of groups or persons, including those in jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we provide confidential, proprietary and personal information to third-party service providers as part of our business operations. These third-party service providers have experienced data breaches and other attacks that included unauthorized access to Confidential Information in the past, and face security challenges common to all parties that collect and process information. Past data breaches include a breach of the networks of one of our credit

decisioning providers in September 2015, during which a subset of records containing current and potential customer information was acquired by an external party.

Our procedures and safeguards to prevent unauthorized access to sensitive data and to defend against attacks seeking to disrupt our services must be continually evaluated and revised to address the ever-evolving threat landscape. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third-party supplier environments. If

we or our third-party suppliers are subject to such attacks or security breaches, we may incur significant costs or other material financial impacts, which may not be covered by, or may exceed the coverage limits of, our cyber insurance, be subject to regulatory investigations, sanctions and private litigation, experience disruptions to our operations or suffer damage to our reputation. Any future cyber-attacks, data breaches, or security incidents may have a material adverse effect on our business, financial condition, and operating results.

System failures and business disruptions may allow unauthorized use of or interference with our network and other systems which could materially adversely affect our reputation and financial condition.

To be successful, we must provide our customers with reliable, trustworthy service and protect the communications, location, and personal information shared or generated by our customers. We rely upon both our systems and networks and the systems and networks of other providers and suppliers to provide and support our services and, in some cases, protect our customers' information and our information. Failure of our or others' systems, networks, or infrastructure may prevent us from providing reliable service or may allow for the unauthorized use of or interference with our networks and other systems or for the compromise of customer information. Examples of these risks include:

- human error such as responding to deceptive communications or unintentionally executing malicious code;
- physical damage, power surges or outages, or equipment failure, including those as a result of severe weather, natural disasters, terrorist attacks, political instability and volatility, and acts of war;
- theft of customer and/or proprietary information offered for sale for competitive advantage or corporate extortion;
- unauthorized access to our IT and business systems or to our network and critical infrastructure and those of our suppliers and other providers;
- supplier failures or delays; and
- system failures or outages of our business systems or communications network.

Such events could cause us to lose customers, lose revenue, incur expenses, suffer reputational damage, and subject us to litigation or governmental investigation. Remediation costs could include liability for information loss, repairing infrastructure and systems, and/or costs of incentives offered to customers. Our insurance may not cover, or be adequate to fully reimburse us for, costs and losses associated with such events.

We continue implementing a new billing system, which will support a portion of our subscribers, while maintaining our legacy billing systems. Any unanticipated difficulties, disruption, or significant delays could have adverse operational, financial, and reputational effects on our business.

We continue implementing a new customer billing system, that involves a new third-party supported platform and utilization of a phased deployment approach. Elements of the billing system have been placed into service and are operational and we plan to operate both the existing and new billing systems in parallel to aid in the transition to the new system until all phases of the conversion are complete.

The ongoing implementation may cause major system or business disruptions, or we may fail to implement the new billing system in its entirety or in a timely or effective manner. In addition, we or the supporting vendor may experience errors, cyber-attacks, or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of this billing services system could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers, or negatively impact overall customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, material weaknesses in our internal control over financial reporting, and reputational damage.

We rely on third parties to provide products and services for the operation of our business, and the failure or inability of such parties to provide these products or services could adversely affect our business, financial condition, and operating results.

We depend heavily on suppliers, service providers, their subcontractors and other third parties for us to efficiently operate our business. Due to the complexity of our business, it is not unusual to engage a diverse set of suppliers to

help us develop, maintain, and troubleshoot products and services such as network components, software development services, and billing and customer service support. Some of our suppliers may provide services from outside of the United States, which carries additional regulatory and legal obligations. We commonly rely on suppliers to provide us with contractual assurances and to disclose accurate information regarding risks associated with their provision of products or services in accordance with our

policies and standards, including our Supplier Code of Conduct and our third party-risk management practices. The failure of our suppliers to comply with our expectations and policies could have a material adverse effect on our business, financial condition, and operating results.

Many of the products and services we use are available through multiple sources and suppliers. However, there are a limited number of suppliers who can support or provide billing services, voice and data communications transport services, network infrastructure, equipment, handsets, other devices, and payment processing services, among other products and services. Disruptions or failure of such suppliers to adequately perform could have a material adverse effect on our business, financial condition, and operating results.

In the past, our suppliers, service providers and their subcontractors may not have always performed at the levels we expected or at the levels required by their contracts. Our business could be severely disrupted if critical suppliers or service providers fail to comply with their contracts or if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier or if we are required to replace the supplied products or services with those from another source, especially if the replacement becomes necessary on short notice. Any such disruptions could have a material adverse effect on our business, financial condition, and operating results.

Economic, political, and market conditions may adversely affect our business, financial condition, and operating results, as well as our access to financing on favorable terms or at all.

Our business, financial condition, and operating results are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, economic growth, energy costs, and other macro-economic factors. Difficult, or worsening, general economic conditions could have a material adverse effect on our business, financial condition, and operating results.

Market volatility, political and economic uncertainty, and weak economic conditions, such as a recession or economic slowdown, may materially adversely affect our business, financial condition, and operating results in a number of ways. Our services and device financing plans are available to a broad customer base, a significant segment of which may be more vulnerable to weak economic conditions, particularly our subprime customers. We may have greater difficulty in gaining new customers within this segment, and existing customers may be more likely to terminate service and default on device financing plans due to an inability to pay.

Weak economic conditions and credit conditions may also adversely impact our suppliers, dealers, and MVNOs, some of which may file for or may be considering bankruptcy, or may experience cash flow or liquidity problems, or may be unable to obtain or refinance credit such that they may no longer be able to operate. Any of these could adversely impact our ability to distribute, market, or sell our products and services.

In addition, instability in the global financial markets could lead to periodic volatility in the credit, equity, and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

The agreements governing our indebtedness and other financing arrangements include restrictive covenants that limit our operating flexibility.

The agreements governing our indebtedness and other financing arrangements impose significant operating and financial restrictions on us. These restrictions, subject in certain cases to customary baskets, exceptions, and incurrence-based ratio tests, may limit our or our subsidiaries' ability to pursue strategic business opportunities and engage in certain transactions, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock, or making other restricted payments or investments;
- selling or buying assets, properties, or licenses;
- developing assets, properties, or licenses that we have or in the future may procure;
- creating liens on assets securing indebtedness or other obligations;
- participating in future FCC auctions of spectrum or private sales of spectrum;

- engaging in mergers, acquisitions, business combinations, or other transactions;
- entering into transactions with affiliates; and

- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit our ability to obtain debt financing, engage in share repurchases, refinance or pay principal on our outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements and other financing arrangements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving our lenders the right to terminate any commitments they had made to provide us with further funds and to require us to repay all amounts then outstanding plus any interest, fees, penalties or premiums, which may require us to sell certain assets securing indebtedness. Any of these events could have a material adverse effect on our business, financial condition, and operating results.

Our significant indebtedness could adversely affect our business, financial condition and operating results.

Our ability to make payments on our debt, to repay our existing indebtedness when due, to fund our capital-intensive business and operations, and to make significant planned capital expenditures will depend on our ability to generate cash in the future, which is in turn subject to the operational risks described elsewhere in this report. Our debt service obligations could have material adverse effects on our business, financial condition, and operating results, including by:

- limiting our flexibility in planning for, or reacting to, changes in our business or the communications industry or pursuing growth opportunities;
- reducing the amount of cash available for other operational or strategic needs; and
- placing us at a competitive disadvantage to competitors who are less leveraged than we are.

Any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable.

We are exposed to credit-related losses in the event of nonperformance by counterparties to our hedging agreements. The primary credit exposure that we have with respect to our hedging agreements is that a counterparty will default on payments due, which could result in us having to acquire a replacement derivative from a different counterparty at a higher cost or we may be unable to find a suitable replacement. The counterparties to our hedging agreements are all major financial institutions; however, this does not eliminate our exposure to credit risk with these institutions. In addition, any netting and/or set off rights we may have through master netting arrangements with these counterparties may not apply to affiliates of a counterparty with whom we may have various other financial arrangements. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any of these risks could have a material adverse effect on our business, financial condition and operating results**.** Additionally, under some of our hedging agreements, the counterparties' and our obligations are required to be secured by cash or U.S. Treasury securities, subject to defined thresholds. Any additional posting of collateral by us under these arrangements would negatively impact our liquidity. The modification or termination of our hedging agreements could also negatively impact our liquidity or other financial metrics.

Some of our debt has a variable rate of interest linked to various indices. If the changes in indices result in interest rate increases, our debt service requirements will increase, which could adversely affect our cash flow and operating results. In particular, some or all of our variable-rate indebtedness may use the London Inter-Bank Offered Rate ("LIBOR") or similar rates as a benchmark for establishing the rate. LIBOR will be discontinued after 2021 and will be replaced with an alternative reference rate. The consequence of this development cannot be entirely predicted but could include an increase in the cost of our variable rate indebtedness.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could result in a loss of investor confidence regarding our financial statements or may have a material adverse effect on our business.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we along with our independently registered public accounting firm are required to report on the effectiveness of our internal control over financial reporting. We rely heavily on IT systems and, manual and automated processes as an important part of our internal controls in order to operate, transact, and otherwise manage our business, as well as provide effective and timely reporting of our financial results. Failure to design and maintain effective internal controls, including those over our IT systems, could constitute a material weakness that could result in

inaccurate financial statements, inaccurate disclosures, or failure to prevent fraud. If we or our independent registered public accounting firm were unable to conclude that we have effective internal control over financial reporting, investor confidence regarding our financial statements and our business could be materially adversely affected.

Our financial condition and operating results will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including any fraud related to device financing, customer credit card, subscriptions, or dealers. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as national retailers, dealers, and others, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operating results.

We rely on highly skilled personnel throughout all levels of our business. Our business could be harmed if we are unable to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture.

The market for highly skilled workers and leaders in our industry is extremely competitive. We believe that our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented and highly-skilled personnel for all areas of our organization, including our CEO, the other members of our senior leadership team and highly skilled employees in technical, marketing and staff positions. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, changes to U.S. immigration policy, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our Company and our industry, and the effectiveness of our compensation programs. Our continued ability to compete effectively depends on our ability to retain and motivate our existing employees and to attract new employees. If we do not succeed in retaining and motivating our existing key employees and attracting new key personnel, we may not be able to meet our business plan and, as a result, our revenue growth and profitability may be materially adversely affected. In addition, certain members of our senior leadership team, including our CEO, have term employment agreements with us. Our inability to extend the terms of these employment agreements or to replace these members or our senior leadership team at the end of their terms with qualified and capable successors could hinder our strategic planning and execution. In November 2019, we announced that John Legere would retire as our Chief Executive Officer on April 30, 2020. Our ability to execute our business strategies and retain key executives may be adversely affected by the transition to our successor, Michael Sievert.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm our business.

We may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with our business;
- difficulties in effectively integrating the financial and operational systems of the business involved in any such transaction into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction expenses in connection with any such transaction, whether consummated or not;
- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction;
- acquisition financing may not be available on reasonable terms or at all and any such financing could significantly increase our outstanding indebtedness or otherwise affect our capital structure or credit ratings; and

- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from the transaction, which could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

For any or all of these reasons, our pursuit of an acquisition, investment, or merger may have a material adverse effect on our business, financial condition, and operating results.

Risks Related to Legal and Regulatory Matters

Changes in regulations or in the regulatory framework under which we operate could adversely affect our business, financial condition and operating results.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, as do some state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and the resolution of issues of interference between spectrum bands. Additionally, the FTC and other federal and state agencies have asserted that they have jurisdiction over some consumer protection, and elimination and prevention of anticompetitive business practices with respect to the provision of wireless products and services. We are subject to regulatory oversight by various federal, state and local agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to: roaming, interconnection, spectrum allocation and licensing, facilities siting, pole attachments, intercarrier compensation, Universal Service Fund ("USF"), net neutrality, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including handset financing and insurance activities.

We cannot assure you that the FCC or any other federal, state or local agencies will not adopt regulations or take enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations. For example, under the Obama administration, the FCC established net neutrality and privacy regimes that applied to our operations. Both sets of rules potentially subjected some of our initiatives and practices to more burdensome requirements and heightened scrutiny by federal and state regulators, the public, edge providers, and private litigants regarding whether such initiatives or practices are compliant. While the FCC rules are now largely rolled back under the Trump administration, some states and other jurisdictions have enacted, or are considering enacting, laws in these areas (including for example the CCPA cited below), perpetuating the risk and uncertainty regarding the regulatory environment and compliance around these issues.

In addition, states are increasingly focused on the quality of service and support that wireless communications services providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. We also face potential investigations by, and inquiries from or actions by state public utility commissions. We also cannot assure you that Congress will not amend the Communications Act, from which the FCC obtains its authority, and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business.

Additionally, in June 2018, California passed the California Consumer Privacy Act (the "CCPA") effective January 2020, creating new data privacy rights for California residents and new compliance obligations for us. We have incurred and will continue to incur significant implementation costs to ensure compliance with the CCPA, and we could see increased litigation costs with the law now in effect. The California Attorney General has proposed related CCPA regulations, which could be adopted in a form that increases our costs and/or litigation exposure. If we are unable to put proper controls and procedures in place to ensure compliance, it could have an adverse effect on our business. A California ballot initiative has recently been introduced by the original proponent of the CCPA that would provide additional data privacy rights and require additional implementation processes if passed. Other states, such as Nevada and Washington, have passed or are considering similar legislation, which, if passed, could create more risks and potential costs for us, especially to the extent the specific requirements of these laws vary significantly from those in California, Nevada and other existing laws.

Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and operating results. We could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such non-compliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, financial condition, and operating results.

Unfavorable outcomes of legal proceedings may adversely affect our business, financial condition and operating results.

We are regularly involved in a number of legal proceedings before various state and federal courts, the FCC, the FTC, other federal agencies, and state and local regulatory agencies, including state attorneys general. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energy of management and other key personnel. The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of

doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition and operating results.

We offer highly regulated financial services products. These products expose us to a wide variety of state and federal regulations.

The financing of devices, through our EIP and JUMP! On Demand programs, has expanded our regulatory compliance obligations. Failure to remain compliant with applicable regulations, may increase our risk exposure in the following areas:

- consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including but not limited to the Consumer Financial Protection Bureau, state attorneys general, the FCC and the FTC; and
- regulatory fines, penalties, enforcement actions, civil litigation, and/or class action lawsuits.

Failure to comply with applicable regulations and the realization of any of these risks could have a material adverse effect on our business, financial condition, and operating results.

We may not be able to adequately protect the intellectual property rights on which our business depends or may be accused of infringing intellectual property rights of third parties.

We rely on a combination of patent, service mark, trademark, and trade secret laws and contractual restrictions to establish and protect our proprietary rights, all of which offer only limited protection. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. We may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to ours. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We cannot be sure that any legal actions against such infringers will be successful, even when our rights have been infringed. We cannot assure you that our pending or future patent applications will be granted or enforceable, or that the rights granted under any patent that may be issued will provide us with any competitive advantages. In addition, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or will provide adequate protection of our brands. We do not have insurance coverage for intellectual property losses, and as such, a charge for an anticipated settlement or an adverse ruling awarding damages represents an unplanned loss event. Any of these factors could have a material adverse effect on our business, financial condition, and operating results.

Third parties may claim we infringe their intellectual property rights. We are a defendant in numerous intellectual property lawsuits, including patent infringement lawsuits, which exposes us to the risk of adverse financial impact either by way of significant settlement amounts or damage awards. As we adopt new technologies and new business systems and provide customers with new products and/or services, we may face additional infringement claims. These claims could require us to cease certain activities or to cease selling relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources, and expose us to significant damages awards or settlements, any or all of which could have a material adverse effect on our operations and financial condition. In addition to litigation directly involving our Company, our vendors and suppliers can be threatened with patent litigation and/or subjected to the threat of disruption or blockage of sale, use, or importation of products, posing the risk of supply chain interruption to particular products and associated services which could have a material adverse effect on our business, financial condition and operating results.

Our business may be impacted by new or amended tax laws or regulations, judicial interpretations of same or administrative actions by federal, state, and/or local taxing authorities.

In connection with the products and services we sell, we calculate, collect, and remit various federal, state, and local taxes, fees and regulatory charges (“tax” or “taxes”) to numerous federal, state and local governmental authorities, including federal USF contributions and common carrier regulatory fees. In addition, we incur and pay state and local taxes and fees on purchases of goods and services used in our business.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws (such as the U.S. Tax Cuts and Jobs Act of 2017) may be uncertain and subject to differing interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services. Changes in tax laws could also impact revenue reported on tax inclusive plans.

In the event that we have incorrectly described, disclosed, determined, calculated, assessed, or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state, and/or local municipalities were to significantly increase taxes on our network, operations, or services, or seek to impose new taxes, it could have a material adverse effect on our business, financial condition and operating results.

Our wireless licenses are subject to renewal and may be revoked in the event that we violate applicable laws.

Our existing wireless licenses are subject to renewal upon the expiration of the 10-year or 15-year period for which they are granted. Historically, the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. In addition, our licenses are subject to our compliance with the terms set forth in the agreement pertaining to national security among us, DT, the Federal Bureau of Investigation, the Department of Justice and the Department of Homeland Security. The failure of DT or the Company to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation or non-renewal of our spectrum licenses. If we fail to timely file to renew any wireless license or fail to meet any regulatory requirements for renewal, including construction and substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. Accordingly, we cannot assure you that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, financial condition, and operating results.

Our business could be adversely affected by findings of product liability for health or safety risks from wireless devices and transmission equipment, as well as by changes to regulations or radio frequency emission standards.

We do not manufacture the devices or other equipment that we sell, and we depend on our suppliers to provide defect-free and safe equipment. Suppliers are required by applicable law to manufacture their devices to meet certain governmentally imposed safety criteria. However, even if the devices we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for any harm caused by products we sell if such products are later found to have design or manufacturing defects. We generally seek to enter into indemnification agreements with the manufacturers who supply us with devices to protect us from losses associated with product liability, but we cannot guarantee that we will be protected in whole or in part against losses associated with a product that is found to be defective.

Allegations have been made that the use of wireless handsets and wireless transmission equipment, such as cell towers, may be linked to various health concerns, including cancer and brain tumors. Lawsuits have been filed against manufacturers and carriers in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, the FCC has from time to time gathered data regarding wireless handset emissions and its assessment of this issue may evolve based on its findings. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. These allegations may lead to changes in regulatory standards. There have also been other allegations regarding wireless technology, including allegations that wireless handset emissions may interfere with various electronic medical devices (including hearing aids and pacemakers), airbags and anti-lock brakes. Defects in the products of our suppliers, such as the 2016 recall by a handset original equipment manufacturer of one of its smartphone devices, could have a material adverse effect on our business, financial condition and operating results. Any of these allegations or risks could result in customers purchasing fewer devices and wireless services, and could also result in significant legal and regulatory liability.

Additionally, there are safety risks associated with the use of wireless devices while operating vehicles or equipment. Concerns over any of these risks and the effect of any legislation, rules or regulations that have been and may be adopted in response to these risks could limit our ability to sell our wireless services.

Risks Related to Ownership of our Common Stock

We are controlled by DT, whose interests may differ from the interests of our other stockholders.

DT beneficially owns and possesses majority voting power of the fully diluted shares of our common stock. Through its control of the voting power of our common stock and the rights granted to DT in our certificate of incorporation and the Stockholder's Agreement, DT controls the election of our directors and all other matters requiring the approval of our stockholders. By virtue of DT's voting control, we are a "controlled company," as defined in The NASDAQ Stock Market LLC ("NASDAQ") listing

rules, and are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

In addition, our certificate of incorporation and the Stockholder's Agreement restrict us from taking certain actions without DT's prior written consent as long as DT beneficially owns 30% or more of the outstanding shares of our common stock, including:

- the incurrence of debt (excluding certain permitted debt) if our consolidated ratio of debt to cash flow, as defined in the indenture dated April 28, 2013, for the most recently ended four full fiscal quarters for which financial statements are available would exceed 5.25 to 1.0 on a pro forma basis;
- the acquisition of any business, debt or equity interests, operations or assets of any person for consideration in excess of $1.0 billion;
- the sale of any of our or our subsidiaries' divisions, businesses, operations or equity interests for consideration in excess of $1.0 billion;
- the incurrence of secured debt (excluding certain permitted secured debt);
- any change in the size of our Board of Directors;
- the issuances of equity securities in excess of 10% of our outstanding shares or to repurchase debt held by DT;
- the repurchase or redemption of equity securities or the declaration of extraordinary or in-kind dividends or distributions other than on a pro rata basis; and
- the termination or hiring of our chief executive officer.

These restrictions could prevent us from taking actions that our Board of Directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

DT effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our certificate of incorporation, a sale or merger of our Company and other transactions requiring stockholder approval under Delaware law. DT's controlling interest may have the effect of making it more difficult for a third party to acquire, or discouraging a third party from seeking to acquire, the Company. DT may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counter-party in a number of commercial arrangements, and may make decisions adverse to the interests of our other stockholders.

In addition, we license certain trademarks from DT, including the right to use the trademark "T-Mobile" as a name for the Company and our flagship brand, under a trademark license agreement with DT. As described in more detail in our proxy statement under the heading "Transactions with Related Persons and Approval," we are obligated under the trademark license agreement to pay DT a royalty in an amount equal to 0.25%, which we refer to as the royalty rate, of the net revenue (as defined in the trademark license) generated by products and services we sell under the licensed trademarks. The trademark license agreement includes a royalty rate adjustment mechanism that would have occurred in early 2018 and potentially resulted in a new royalty rate effective in January 2019. The license agreement includes a royalty rate adjustment mechanism that has been postponed until the conclusion of the proposed Sprint Merger. The current royalty rate will remain effective until that time. The royalty rate under the license agreement will be adjusted retroactively if the Business Combination Agreement is terminated. We also have the right to terminate the trademark license upon one year's prior notice. An increase in the royalty rate or termination of the trademark license could have a material adverse effect on our business, financial condition and operating results.

Future sales or issuances of our common stock, including sales by DT, could have a negative impact on our stock price.

We cannot predict the effect, if any, that market sales of shares or the availability of shares of our common stock will have on the prevailing trading price of our common stock from time to time. Sales or issuances of a substantial number of shares of our common stock could cause our stock price to decline and could result in dilution of your shares.

We and DT are parties to the Stockholder's Agreement pursuant to which DT is free to transfer its shares in public sales without notice, as long as such transactions would not result in the transferee owning 30% or more of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transferee makes a binding offer to

purchase all of the other outstanding shares on the same price and terms. The Stockholder's Agreement does not otherwise impose any other restrictions on the sales of common stock by DT. Moreover, we may be required to file a shelf registration statement with respect to the common stock and certain debt securities held by DT, which would facilitate the resale by DT of all or any portion of the shares of our common stock it holds. The sale of shares of our common stock by DT (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease in our stock price. In addition, even if DT does not sell a large number of its shares into the market, its right to transfer a large number of shares into the market may depress our stock price.

Our stock price may be volatile and may fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

The trading prices of the securities of communications companies historically have been highly volatile, and the trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in reaction to a number of events and factors that may include, among other things:

- our or our competitors' actual or anticipated operating and financial results;
- introduction of new products and services by us or our competitors or changes in service plans or pricing by us or our competitors;
- analyst projections, predictions and forecasts, analyst target prices for our securities and changes in, or our failure to meet, securities analysts' expectations;
- transaction in our common stock by major investors;
- share repurchases by us or purchases by DT;
- DT's financial performance, results of operation, or actions implied or taken by DT;
- entry of new competitors into our markets or perceptions of increased price competition, including a price war;
- our performance, including subscriber growth, and our financial and operational performance;
- market perceptions relating to our services, network, handsets, and deployment of our LTE and 5G platforms and our access to iconic handsets, services, applications, or content;
- market perceptions of the wireless communications services industry and valuation models for us and the industry;
- conditions or trends in the Internet and the industry sectors in which we operate;
- changes in our credit rating or future prospects;
- changes in interest rates;
- changes in our capital structure, including issuance of additional debt or equity to the public;
- the availability or perceived availability of additional capital in general and our access to such capital;
- actual or anticipated consolidation, or other strategic mergers or acquisition activities involving us or our competitors, or other participants in related or adjacent industries, or market speculations regarding such activities, including the pending Merger and views of market participants regarding the likelihood the conditions to the Merger will be satisfied and the anticipated benefits of the Merger will be realized;
- disruptions of our operations or service providers or other vendors necessary to our network operations;
- the general state of the U.S. and world politics and economies; and
- availability of additional spectrum, whether by the announcement, commencement, bidding and closing of auctions for new spectrum or the acquisition of companies that own spectrum, and the extent to which we or our competitors succeed in acquiring additional spectrum.

In addition, the stock market has been volatile in the recent past and has experienced significant price and volume fluctuations, which may continue for the foreseeable future. This volatility has had a significant impact on the trading price of securities issued by many companies, including companies in the communications industry. These changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures

governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and to fund our previously authorized stock repurchase program if the Merger fails to close.

Our previously announced stock repurchase program, and any subsequent stock purchase program put in place from time to time, could affect the price of our common stock, increase the volatility of our common stock and could diminish our cash reserves. Such repurchase program may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

We may have in place from time to time, a stock repurchase program. Any such stock repurchase program adopted will not obligate the Company to repurchase any dollar amount or number of shares of common stock and may be suspended or discontinued at any time, which could cause the market price of our common stock to decline. The timing and actual number of shares repurchased under any such stock repurchase program depends on a variety of factors including the timing of open trading windows, the price of our common stock, corporate and regulatory requirements and other market conditions. We may effect repurchases under any stock repurchase program from time to time in the open market, in privately negotiated transactions or otherwise, including accelerated stock repurchase arrangements. Repurchases pursuant to any such stock repurchase program could affect our stock price and increase its volatility. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock. Although our stock repurchase program is intended to enhance stockholder value, short-term stock price fluctuations could reduce the program's effectiveness. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources for additional information.

Risks Related to the Proposed Transactions

The closing of the Transactions is subject to a number of conditions, including the receipt of approval from, and the absence of any order preventing the closing issued by, governmental entities, which may not approve the Transactions, may delay the approval for, or may impose conditions or restrictions on, jeopardize or delay completion of, or reduce or delay the anticipated benefits of, the Transactions, and if these conditions are not satisfied or waived, the Transactions will not be completed.

The completion of the Transactions is subject to a number of conditions, including, among others, the receipt of approval from, and the absence of any legal requirements preventing the completion of the Transactions enacted or enforced by, governmental entities, including courts. As noted below, while the parties have obtained a number of approvals from governmental entities to date, the Transactions remain subject to various judicial proceedings, and the California Public Utility Commission review remains pending.

In connection with the required approval for the Transactions, we have agreed to significant actions and conditions, including the planned Prepaid Transaction (as defined below) and ongoing commercial and transition services arrangements to be entered into in connection with such Prepaid Transaction, which we and Sprint announced on July 26, 2019 (collectively, the "Divestiture Transaction"), a stipulation and order and proposed final judgment with the U.S. Department of Justice, which we and Sprint announced on July 26, 2019 (the "Consent Decree"), the proposed commitments contained in the *ex parte* presentation filed with the Secretary of the FCC, which we and Sprint announced on May 20, 2019 (the "FCC Commitments") and commitments and undertakings we have entered into at the federal and state level (collectively, with the Consent Decree, the FCC Commitments and any other commitments or undertakings that we have entered into and may in the future enter into with governmental authorities (including but not limited to those we have made to certain states) and nongovernmental organizations, the "Government Commitments"). All state public utility commission proceedings have been completed other than the California Public Utility Commission review, which remains pending.

While the parties have received approval from the FCC, the DOJ and the Committee on Foreign Investment in the United States for the Transactions to proceed subject to the above-described commitments and undertakings, the Transactions remain subject to several judicial proceedings. The Consent Decree is subject to judicial approval, which proceeding is underway. The attorneys general of certain states and the District of Columbia filed a lawsuit in

New York federal court seeking an order prohibiting the consummation of the Transactions. The trial in that case has concluded and the parties are awaiting the judge's ruling. Another case seeking to prohibit the Transactions was filed in California federal court on behalf of individual consumers, and has been stayed pending the outcome of the New York case. Appeals of any or all of these judicial and agency actions could be filed, which could further delay the Transactions or, if the Transactions close over a pending proceeding, create

risk and uncertainty after the Transactions close. The ultimate outcome of these matters is uncertain and there is no assurance that we will prevail or prevail in a timely manner, or whether remaining required approvals will be subject to additional required actions, conditions, limitations or restrictions on the combined company's business, operations or assets. Such litigation, and any such additional required actions, conditions, limitations or restrictions, may prevent the completion of the Transactions, or, even if they do not prevent the completion of the Transactions, they may delay such completion, or reduce or delay the anticipated benefits of the Transactions, which could result in a material adverse effect on our or the combined company's business, financial condition or operating results. In particular, the substantial delay in the completion of the Transactions may delay, reduce or eliminate synergies and other benefits anticipated to be realized from the Transactions and/or increase costs and expenses associated with the Transactions.

In addition, because the Transactions were not completed by the "outside date" provided in the Business Combination Agreement, each of T-Mobile and Sprint may terminate the Business Combination Agreement unless the parties agree to extend such outside date, and there can be no assurance that the parties will not exercise this termination right or will agree to extend the outside date. Furthermore, the completion of the Transactions is also subject to T-Mobile USA having specified minimum credit ratings on the closing date of the Transactions (after giving effect to the Merger) from at least two of three specified credit rating agencies, subject to certain qualifications. There is no assurance that the required ratings will be obtained or that they will be obtained in a timely manner. In the event that we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to the specified minimum credit ratings, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million. The Business Combination Agreement may also be terminated if there is a final and non-appealable order or injunction preventing the consummation of the Transactions or the other conditions to closing are not satisfied, and we and Sprint may also mutually decide to terminate or amend the Business Combination Agreement.

Failure to complete, or additional delay in the completion of, the Merger could negatively impact us and our business, assets, liabilities, prospects, outlook, financial condition or results of operations.

If the completion of the Merger is prevented or continues to be delayed, or if the Merger is not completed for any other reason, we may be subject to a number of material risks. The price of our common stock may decline to the extent that its current market price reflects a market assumption that the Merger will or may be completed. In addition, significant costs related to the Transactions must be paid by us whether or not the Transactions are completed. Furthermore, we may experience negative reactions from our stockholders, customers, employees, suppliers, distributors, retailers, dealers and others who deal with us, which could have an adverse effect on our business, financial condition and results of operations.

In addition, it is expected that if the Merger is not completed, we will continue to lack the network, scale and financial resources of the current market share leaders in, and other companies that have more recently begun providing, wireless services. Further, if the Merger is not completed, we will need to seek access to additional wireless spectrum, in particular mid-band wireless spectrum through other sources, which if we are not successful, in turn would impact our ability to maintain (or improve) service from current levels, and to deploy a broad and deep nationwide 5G network on the same scale and on the same timeline as the combined company, and therefore limit our ability to compete effectively in the 5G era.

We are subject to various uncertainties, including litigation and contractual restrictions and requirements while the Transactions are pending that could disrupt our or the combined company's business and adversely affect our or the combined company's business, assets, liabilities, prospects, outlook, financial condition and results of operations.

Uncertainty about whether the Transactions will be completed and/or the effect of the Transactions on employees, customers, suppliers, vendors, distributors, dealers and retailers may have an adverse effect on us or the combined company. These uncertainties may impair the ability to attract, retain and motivate key personnel during the pendency of the Transactions and, whether or not the Transactions are completed, for a period of time thereafter, as existing and prospective employees may experience uncertainty about their future roles with us or the combined company. If key employees, including key employees of Sprint, depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business following the completion of the Transactions could be negatively impacted. We or the combined company may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose

significant expertise and talent. Additionally, these uncertainties could cause customers, suppliers, distributors, dealers, retailers and others to seek to change or cancel existing business relationships with us or the combined company or fail to renew existing relationships. Suppliers, distributors and content and application providers may also delay or cease developing for us or the combined company new products that are necessary for the operations of its business due to the uncertainty created by the Transactions. Competitors may also target our existing customers by highlighting potential uncertainties and integration difficulties that may result from the Transactions.

The Business Combination Agreement also restricts us, without Sprint's consent, from taking certain actions outside of the ordinary course of business while the Transactions are pending, including, among other things, certain acquisitions or dispositions of businesses and assets, entering into or amending certain contracts, repurchasing or issuing securities, making capital expenditures, incurring indebtedness, and refinancing existing indebtedness, in each case subject to certain exceptions. These restrictions and the inability to independently access the debt capital markets during the pendency of the Merger may have a significant negative impact on our business, results of operations and financial condition.

Management and financial resources have been diverted and will continue to be diverted toward the completion of the Transactions. We have incurred, and expect to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the Transactions. These costs could adversely affect our or the combined company's financial condition and results of operations.

In addition, we and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings and litigation matters, including for example the antitrust litigation related to the Transactions brought by the attorneys general of certain states and the District of Columbia, and it is possible that an unfavorable resolution of these matters or other future matters, could prevent the consummation of the Transactions and/or adversely affect us and our results of operations, financial condition and cash flows and the results of operations, financial condition and cash flows of the combined company.

The Business Combination Agreement contains provisions that restrict the ability of our Board to pursue alternatives to the Transactions.

The Business Combination Agreement contains non-solicitation provisions that restrict our ability to solicit, initiate, knowingly encourage or knowingly take any other action designed to facilitate, any inquiries regarding, or the making of, any proposal the completion of which would constitute an alternative transaction for purposes of the Business Combination Agreement. In addition, the Business Combination Agreement does not permit us to terminate the Business Combination Agreement in order to enter into an agreement providing for, or to complete, such an alternative transaction. Furthermore, if the completion of the Transactions continues to be delayed, we or the combined company may be unable to pursue strategic opportunities or business transactions that we may otherwise pursue, such as spectrum acquisitions, share buybacks and/or debt transactions.

Our directors and officers may have interests in the Transactions different from the interests of our stockholders.

Certain of our directors and executive officers negotiated the terms of the Business Combination Agreement. Our directors and executive officers may have interests in the Transactions that are different from, or in addition to, those of our stockholders. These interests include, but are not limited to, the continued service of certain of our directors as directors of the combined company, the continued employment of certain of our executive officers by the combined company, severance arrangements and employment terms linked to the Transactions and other rights held by our directors and executive officers, and provisions in the Business Combination Agreement regarding continued indemnification of and advancement of expenses to our directors and officers.

Risks Related to Integration and the Combined Company

Although we expect that the Transactions will result in synergies and other benefits, those synergies and benefits may not be realized or may not be realized within the expected time frame, and risks associated with the foregoing may increase as a result of the extended delay in the completion of the Transactions.

Our ability to realize the anticipated benefits of the Transactions will depend, to a large extent, on the combined company's ability to integrate our and Sprint's businesses in a manner that facilitates growth opportunities and achieves the projected standalone cost savings and revenue growth trends identified by each company without adversely affecting current revenues and investments in future growth. In addition, some of the anticipated synergies are not expected to occur for a significant time period following the completion of the Transactions and will require substantial capital expenditures in the near term to be fully realized. Moreover, additional delay in the completion of the Transactions may delay, reduce or eliminate the anticipated synergies and other benefits of the Transactions, including as a result of the delay in the integration of, or inability to integrate, the networks of T-Mobile and Sprint to launch a broad and deep nationwide 5G network and increasing costs and expenses incurred by T-Mobile and Sprint during the pendency of the Transactions. Even if the combined company is able to integrate the two companies

successfully, the anticipated benefits of the Transactions, including the expected synergies and network benefits, may not be realized fully or at all or may take longer to realize than expected.

Our business and Sprint's business may not be integrated successfully or such integration may be more difficult, time consuming or costly than expected. Operating costs, customer loss and business disruption, including difficulties in

completing the Divestiture Transaction, satisfying all of the Government Commitments and maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected following the Transactions. Revenues following the Transactions may be lower than expected.

The combination of two independent businesses is complex, costly and time-consuming and may divert significant management attention and resources to combining our and Sprint's business practices and operations. This process, as well as the Divestiture Transaction and the Government Commitments, may disrupt our business or otherwise impact our ability to compete. The failure to meet the challenges involved in combining our and Sprint's businesses and to realize the anticipated benefits of the Transactions could cause an interruption of, or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company. The overall combination of our and Sprint's businesses, the completion of the Divestiture Transaction and compliance with the Government Commitments may also result in material unanticipated problems, expenses, liabilities, competitive responses and impacts, and loss of customer and other business relationships. The difficulties of combining the operations of the companies, completing the Divestiture Transaction and satisfying all of the Government Commitments include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating operations and systems, including intellectual property and communications systems, administrative and information technology infrastructure and financial reporting and internal control systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- differences in control environments, cultures, and auditor expectations may result in future material weaknesses, significant deficiencies, and/or control deficiencies while we work to integrate the companies and align guidelines and practices;
- alignment of key performance measurements may result in a greater need to communicate and manage clear expectations while we work to integrate the companies and align guidelines and practices;
- difficulties in integrating employees and attracting and retaining key personnel;
- challenges in retaining existing customers and obtaining new customers;
- difficulties in achieving anticipated cost savings, synergies, accretion targets, business opportunities, financing plans and growth prospects from the combination;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- the impact of the additional debt financing expected to be incurred in connection with the Transactions;
- the transition of management to the combined company management team, and the need to address possible differences in corporate cultures and management philosophies;
- challenges in managing the divestiture process for the Divestiture Transaction and the ongoing commercial and transition services arrangements to be entered into in connection with the Divestiture Transaction;
- known or potential unknown liabilities arising in connection with the Divestiture Transaction that are larger than expected;
- an increase in competition from DISH and other third parties that DISH may enter into commercial agreements with, who are significantly larger than we are and enjoy greater resources and scale advantages as compared to us;
- difficulties in satisfying the large number of Government Commitments in the required timeframes and cost incurred in the tracking and monitoring of them, including the network build-out obligations under the Government Commitments;
- known or potential unknown liabilities of Sprint that are larger than expected; and
- other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Transactions, the Divestiture Transaction and the Government Commitments.

Some of these factors are outside of our control and/or will be outside the control of the combined company, and any one of them could result in lower revenues, higher costs and diversion of management time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of our and Sprint's businesses are integrated successfully, the full benefits of the Merger may not be realized, including, among others, the synergies, cost savings or sales or growth opportunities that are expected, including as a result of the Divestiture Transaction, the Government Commitments and/or the other actions and conditions we have agreed to in connection with the Transactions, or otherwise. These benefits may not be achieved within the anticipated time frame or at all. Further, additional unanticipated costs may be incurred in the

integration of our and Sprint's businesses and in connection with the Divestiture Transaction and the Government Commitments, including potential penalties that could arise if we fail to fulfill our obligations thereunder. All of these factors could suppress the earnings per share of the combined company, decrease or delay the projected accretive effect of the Merger, and negatively impact the price of our common stock following the Merger. As a result, it cannot be assured that the combination of T-Mobile and Sprint will result in the realization of the full benefits expected from the Transactions within the anticipated time frames or at all.

The indebtedness of the combined company following the completion of the Transactions will be substantially greater than the indebtedness of each of T-Mobile and Sprint on a standalone basis prior to the execution of the Business Combination Agreement. This increased level of indebtedness could adversely affect the combined company's business flexibility and increase its borrowing costs.

In connection with the Transactions, we and Sprint have conducted, and expect to conduct, certain pre-Merger financing transactions, which will be used in part to prepay a portion of our and Sprint's existing indebtedness and to fund liquidity needs. After giving effect to the pre-Merger financing transactions and the Transactions, we anticipate that the combined company will have consolidated indebtedness of up to approximately $69.0 billion to $71.0 billion, based on estimated December 31, 2019 debt and cash balances, and excluding tower obligations and operating lease liabilities.

Our substantially increased indebtedness following the Transactions could have the effect, among other things, of reducing our flexibility to respond to changing business, economic, market and industry conditions and increasing the amount of cash required to meet interest payments. In addition, this increased level of indebtedness following the Transactions may reduce funds available to support efforts to combine our and Sprint's businesses and realize the expected benefits of the Transactions, and may also reduce funds available for capital expenditures, share repurchases and other activities that may put the combined company at a competitive disadvantage relative to other companies with lower debt levels. Further, it may be necessary for the combined company to incur substantial additional indebtedness in the future, subject to the restrictions contained in its debt instruments, which could increase the risks associated with the capital structure of the combined company.

Because of the substantial indebtedness of the combined company following the completion of the Transactions, there is a risk that the combined company may not be able to service its debt obligations in accordance with their terms.

The ability of the combined company to service its substantial debt obligations following the Transactions will depend on future performance, which will be affected by business, economic, market and industry conditions and other factors, including the ability of the combined company to achieve the expected benefits of the Transactions. There is no guarantee that the combined company will be able to generate sufficient cash flow to service its debt obligations when due. If the combined company is unable to meet such obligations or fails to comply with the financial and other restrictive covenants contained in the agreements governing such debt obligations, it may be required to refinance all or part of its debt, sell important strategic assets at unfavorable prices or make additional borrowings. The combined company may not be able to, at any given time, refinance its debt, sell assets or make additional borrowings on commercially reasonable terms or at all, which could have a material adverse effect on its business, financial condition and results of operations after the Transactions.

Some or all of the combined company's variable-rate indebtedness may use LIBOR as a benchmark for establishing the rate. LIBOR will be discontinued after 2021 and will be replaced with an alternative reference rate. The consequence of this development cannot be entirely predicted but could include an increase in the cost of our variable rate indebtedness. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any posting of collateral by us under our hedging agreements and the modification or termination of any of our hedging agreements could negatively impact our liquidity or other financial metrics. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

The agreements governing the combined company's indebtedness and other financings will include restrictive covenants that limit the combined company's operating flexibility.

The agreements governing the combined company's indebtedness and other financings will impose material operating and financial restrictions on the combined company. These restrictions, subject in certain cases to

customary baskets, exceptions and maintenance and incurrence-based financial tests, may limit the combined company's ability to engage in transactions and pursue strategic business opportunities, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock or making other restricted payments or investments;
- selling or buying assets, properties or licenses;
- developing assets, properties or licenses which the combined company has or in the future may procure;

- creating liens on assets securing indebtedness or other obligations;
- participating in future FCC auctions of spectrum or private sales of spectrum;
- engaging in mergers, acquisitions, business combinations or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit the combined company's ability to obtain debt financing, make share repurchases, refinance or pay principal on its outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in its operating environment or the economy. Any future indebtedness that the combined company incurs may contain similar or more restrictive covenants. Any failure to comply with the restrictions of the combined company's debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving the combined company's lenders the right to terminate any commitments they had made to provide it with further funds and to require the combined company to repay all amounts then outstanding plus any interest, fees, penalties or premiums, and which may include requiring the combined company to sell certain assets securing indebtedness.

The financing of the Transactions is not assured.

We have received commitments for $27.0 billion in debt financing to fund the Transactions, which is comprised of (i) a $4.0 billion secured revolving credit facility, (ii) a $4.0 billion term loan credit facility and (iii) a $19.0 billion secured bridge loan facility. Furthermore, the Merger financing commitments currently expire on May 1, 2020, and if the completion of the Transactions continues to be delayed, any extension of the financing commitments or new financing commitments may not be obtained on the expected terms or at all. Our reliance on the financing from the $19.0 billion secured bridge loan facility commitment is intended to be reduced through one or more secured note offerings or other long-term financings prior to the Merger closing. However, there can be no assurance that we will be able to issue any such secured notes or other long-term financings on terms we find acceptable or at all, especially in light of recent debt market volatility, in which case we may have to exercise some or all of the commitments under the secured bridge facility to fund the Transactions.

The obligation of the lenders to provide these debt financing facilities is subject to a number of conditions and the financing of the Transactions may not be obtained on the expected terms or at all. Accordingly, the costs of financing for the Transactions may be higher than expected.

Credit rating downgrades could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

Credit ratings impact the cost and availability of future borrowings, and, as a result, cost of capital. Our current ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our debt obligations or, following the completion of the Transactions, obligations to the combined company's obligors. Each rating agency reviews these ratings periodically and there can be no assurance that such ratings will be maintained in the future. A downgrade in the rating of us and/or Sprint could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

We have incurred, and will incur, direct and indirect costs as a result of the Transactions.

We have incurred, and will incur, substantial expenses in connection with and as a result of completing the Transactions, the Divestiture Transaction and compliance with the Government Commitments, and over a period of time following the completion of the Transactions, the combined company also expects to incur substantial expenses in connection with integrating and coordinating our and Sprint's businesses, operations, policies and procedures. A portion of the transaction costs related to the Transactions will be incurred regardless of whether the Transactions are completed. While we have assumed that a certain level of transaction expenses will be incurred, factors beyond our control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses will exceed the costs historically borne by us. These costs could adversely affect our financial condition and results of operations prior to the Transactions and the financial condition and results of operations of the combined company following the Transactions.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2019, our significant properties that we primarily lease and use in connection with switching centers, data centers, call centers and warehouses were as follows:

	Approximate Number	Approximate Size in Square Feet
Switching centers	62	1,400,000
Data centers	7	600,000
Call center	17	1,500,000
Warehouses	17	500,000

As of December 31, 2019, we primarily leased:

- Approximately 66,000 macro towers and 25,000 distributed antenna system and small cell sites.
- Approximately 2,200 T-Mobile and Metro by T-Mobile retail locations, including stores and kiosks ranging in size from approximately 100 square feet to 17,000 square feet.
- Office space totaling approximately 1,200,000 square feet for our corporate headquarters in Bellevue, Washington. We use these offices for engineering and administrative purposes.
- Office space throughout the U.S., totaling approximately 1,700,000 square feet, for use by our regional offices primarily for administrative, engineering and sales purposes.

Item 3. Legal Proceedings

See Note 2 - Business Combinations and Note 16 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 4. Mine Safety Disclosures

None.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TMUS." T-Mobile was added to the S&P 500 Index effective prior to the open of trading on July 15, 2019. We were added to the S&P 500 GICS (Global Industry Classification Standard) Wireless Telecommunication Services Sub-Industry index. As of December 31, 2019, there were 258 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2014 to December 31, 2019.

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The five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index, as illustrated in the graph above, are as follows:

	At December 31,					
	2014	2015	2016	2017	2018	2019
T-Mobile US, Inc.	$ 100.00	$ 145.21	$ 213.47	$ 235.75	$ 236.12	$ 291.09
S&P 500	100.00	101.38	113.51	138.29	132.23	173.86
NASDAQ Composite	100.00	106.96	116.45	150.96	146.67	200.49
Dow Jones US Mobile Telecommunications TSM	100.00	104.87	133.65	136.66	162.64	184.44

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

The following selected financial data are derived from our consolidated financial statements. The data below should be read together with Risk Factors included in Part I, Item 1A, Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 and Financial Statements and Supplementary Data included in Part II, Item 8 of this Form 10-K.

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Selected Financial Data

(in millions, except per share and customer amounts)	As of and for the Year Ended December 31,				
	2019 [1]	2018 [2]	2017	2016	2015
Statement of Operations Data					
Total service revenues	$ 33,994	$ 31,992	$ 30,160	$ 27,844	$ 24,821
Total revenues	44,998	43,310	40,604	37,490	32,467
Operating income	5,722	5,309	4,888	4,050	2,479
Total other expense, net	(1,119)	(1,392)	(1,727)	(1,723)	(1,501)
Income tax (expense) benefit [3]	(1,135)	(1,029)	1,375	(867)	(245)
Net income	3,468	2,888	4,536	1,460	733
Net income attributable to common stockholders	3,468	2,888	4,481	1,405	678
Earnings per share					
Basic	$ 4.06	$ 3.40	$ 5.39	$ 1.71	$ 0.83
Diluted	$ 4.02	$ 3.36	$ 5.20	$ 1.69	$ 0.82
Balance Sheet Data					
Cash and cash equivalents	$ 1,528	$ 1,203	$ 1,219	$ 5,500	$ 4,582
Property and equipment, net [1]	21,984	23,359	22,196	20,943	20,000
Spectrum licenses	36,465	35,559	35,366	27,014	23,955
Total assets [1]	86,921	72,468	70,563	65,891	62,413
Total debt and financing lease liabilities, excluding tower obligations [1]	27,272	27,547	28,319	27,786	26,243
Stockholders' equity	28,789	24,718	22,559	18,236	16,557
Statement of Cash Flows and Operational Data					
Net cash provided by operating activities [4]	$ 6,824	$ 3,899	$ 3,831	$ 2,779	$ 1,877
Purchases of property and equipment	(6,391)	(5,541)	(5,237)	(4,702)	(4,724)
Purchases of spectrum licenses and other intangible assets, including deposits	(967)	(127)	(5,828)	(3,968)	(1,935)
Proceeds related to beneficial interests in securitization transactions [4]	3,876	5,406	4,319	3,356	3,537
Net cash (used in) provided by financing activities [4]	(2,374)	(3,336)	(1,367)	463	3,413
Total customers (in thousands) [5]	86,046	79,651	72,585	71,455	63,282

(1) On January 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)" and all the related amendments (collectively, the "new lease standard"), using the modified retrospective method with the cumulative effect of initially applying the guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(2) On January 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all the related amendments (collectively, the "new revenue standard"), using the modified retrospective method with the cumulative effect of initially applying the guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(3) In December 2017, the Tax Cuts and Jobs Act of 2017 ("TCJA") was signed into legislation. The TCJA included numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction took place on January 1, 2018. We recognized a net tax benefit of $2.2 billion associated with the enactment of the TCJA in Income tax (expense) benefit in our Consolidated Statements of Comprehensive Income in the fourth quarter of 2017, primarily due to a re-measurement of deferred tax assets and liabilities.

(4) On January 1, 2018, we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" (the "new cash flow standard") which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to

Investing activities of approximately $4.3 billion, $3.4 billion and $3.5 billion for the years ended December 31, 2017, 2016 and 2015, respectively, in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $188 million for the year ended December 31, 2017, in our Consolidated Statements of Cash Flows. There were no cash payments for debt prepayment and debt extinguishment costs during the years ended December 31, 2016 and 2015. We have applied the new cash flow standard retrospectively to all periods presented.

(5) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The objectives of our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are to provide users of our Consolidated Financial Statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is provided as a supplement to, and should be read together with, our audited Consolidated Financial Statements for the three years ended December 31, 2019, included in Part II, Item 8 of this Form 10-K. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Business Overview

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we have disrupted the wireless communications services industry, rattling the status quo, by actively engaging with and listening to our customers and eliminating their existing pain points, including providing them with an unrivaled value, an exceptional experience and implementing signature Un-carrier initiatives that have changed wireless for good.

Proposed Sprint Transactions

On April 29, 2018, we entered into the Business Combination Agreement with Sprint to merge in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. If the Merger closes, the combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to build upon our recently launched foundational 5G network 600 MHz spectrum to deliver transformational broad, deep and nationwide 5G for all, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Immediately following the Merger, it is anticipated that DT and SoftBank Group Corp. ("SoftBank") will hold, directly or indirectly, on a fully diluted basis, approximately 41.5% and 27.2%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 31.3% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2019. The consummation of the Merger remains subject to certain closing conditions. We expect the Merger will be permitted to close in early 2020.

For more information regarding our Business Combination Agreement, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

5G Launch

In December 2019, T-Mobile launched America's first nationwide 5G network, including prepaid 5G with Metro by T-Mobile, covering more than 200 million people and more than 5,000 cities and towns across the United States with 5G.

Magenta Plans

In June 2019, we rebranded our T-Mobile ONE and ONE Plus plans to Magenta and Magenta Plus.

TVision Home

In April 2019, we introduced TVision™ Home, a rebranded and upgraded version of Layer3 TV. TVision™ Home delivers what customers want most from high-end home TV, including a premium TV experience and HD and 4K channels. TVision™ Home launched in eight markets.

T-Mobile MONEY

In April 2019, we launched T-Mobile MONEY nationwide, offering customers a no-fee, interest-earning, mobile-first checking account which can be opened and managed from customers' smartphones. Accounts are held at BankMobile, a Division of Customers Bank, member Federal Deposit Insurance Corporation.

Our ability to acquire and retain branded customers is important to our business in the generation of revenues and we believe our Un-carrier strategy, along with ongoing network improvements, has been successful in attracting and retaining customers as evidenced by continued branded customer growth and improved branded postpaid phone and branded prepaid customer churn.

	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
(in thousands)	**2019**	**2018**	**2017**	**# Change**	**% Change**	**# Change**	**% Change**
Net customer additions							
Branded postpaid customers	4,515	4,459	3,620	56	1 %	839	23 %
Branded prepaid customers	339	460	855	(121)	(26)%	(395)	(46)%
Total branded customers	4,854	4,919	4,475	(65)	(1)%	444	10 %

	Year Ended December 31,			Bps Change 2019 Versus 2018	Bps Change 2018 Versus 2017
	2019	**2018**	**2017**		
Branded postpaid phone churn	0.89 %	1.01 %	1.18 %	-12 bps	-17 bps
Branded prepaid churn	3.82 %	3.96 %	4.04 %	-14 bps	-8 bps

Accounting Pronouncements Adopted During the Current Year

Leases

On January 1, 2019, we adopted the new lease standard. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for information regarding the impact of our adoption of the new lease standard.

Results of Operations

Highlights for the year ended December 31, 2019, compared to the same period in 2018

- Total revenues of $45.0 billion for the year ended December 31, 2019, increased $1.7 billion, or 4%, primarily driven by growth in Service revenues, partially offset by a decrease in Equipment revenues, as further discussed below.

- Service revenues of $34.0 billion for the year ended December 31, 2019, increased $2.0 billion, or 6%, primarily due to growth in our average branded customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials and growth in other connected devices and wearables, specifically the Apple Watch, partially offset by lower postpaid phone and prepaid Average Revenue Per User ("ARPU").

- Equipment revenues of $9.8 billion for the year ended December 31, 2019, decreased $169 million, or 2%, primarily due to a decrease in the number of devices sold, excluding purchased leased devices, and a decrease in lease revenues, partially offset by higher average revenue per device sold, excluding purchased leased devices.

- Operating income of $5.7 billion for the year ended December 31, 2019, increased $413 million, or 8%, primarily due to higher Service revenues, partially offset by higher Selling, general and administrative expenses and higher Cost of services. Operating income included the following:
    - The impact of Merger-related costs was $620 million for the year ended December 31, 2019, compared to $196 million for the year ended December 31, 2018.
    - The impact from commission costs capitalized and amortized beginning upon the adoption of ASC 606 on January 1, 2018, reduced Operating income by $337 million for the year ended December 31, 2019, compared to year ended December 31, 2018.
    - The positive impact of hurricane-related reimbursements, net of costs, was $158 million for the year ended December 31, 2018. There were no significant impacts from hurricanes for the year ended December 31, 2019.
    - The positive impact of the new lease standard of approximately $195 million for the year ended December 31, 2019.

- Net income of $3.5 billion for the year ended December 31, 2019, increased $580 million, or 20%, primarily due to higher Operating income and lower Interest expense to affiliates and Interest expense, partially offset by higher Income tax expense. Net income included the following:
    - The impact of Merger-related costs was $501 million, net of tax, for the year ended December 31, 2019, compared to $180 million, net of tax, for the year ended December 31, 2018.
    - The impact from commission costs capitalized and amortized, beginning upon the adoption of ASC 606 on January 1, 2018, reduced Net income by $249 million for the year ended December 31, 2019, compared to year ended December 31, 2018.
    - The positive impact of hurricane-related reimbursements, net of costs, was $99 million, net of tax, for the year ended December 31, 2018. There were no significant impacts from hurricanes for the year ended December 31, 2019.
    - The positive impact of the new lease standard of approximately $175 million, net of tax, for the year ended December 31, 2019.

- Adjusted EBITDA, a non-GAAP financial measure, of $13.4 billion for the year ended December 31, 2019, increased $985 million, or 8%, primarily due to higher Operating income driven by the factors described above. Merger-related costs are excluded from Adjusted EBITDA. See "Performance Measures" for additional information.

- Net cash provided by operating activities of $6.8 billion for the year ended December 31, 2019, increased $2.9 billion, or 75%. See "Liquidity and Capital Resources" for additional information.

- Free Cash Flow, a non-GAAP financial measure, of $4.3 billion for the year ended December 31, 2019, increased $767 million, or 22%. Free Cash Flow includes $442 million and $86 million in payments for Merger-related costs for the years ended December 31, 2019 and 2018, respectively. See "Liquidity and Capital Resources" for additional information.

Summary of our consolidated financial results:

(in millions)	Year Ended December 31, 2019	2018	2017	2019 Versus 2018 $ Change	% Change	2018 Versus 2017 $ Change	% Change
Revenues							
Branded postpaid revenues	$ 22,673	$ 20,862	$ 19,448	$ 1,811	9 %	$ 1,414	7 %
Branded prepaid revenues	9,543	9,598	9,380	(55)	(1)%	218	2 %
Wholesale revenues	1,279	1,183	1,102	96	8 %	81	7 %
Roaming and other service revenues	499	349	230	150	43 %	119	52 %
Total service revenues	33,994	31,992	30,160	2,002	6 %	1,832	6 %
Equipment revenues	9,840	10,009	9,375	(169)	(2)%	634	7 %
Other revenues	1,164	1,309	1,069	(145)	(11)%	240	22 %
Total revenues	44,998	43,310	40,604	1,688	4 %	2,706	7 %
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	6,622	6,307	6,100	315	5 %	207	3 %
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	11,899	12,047	11,608	(148)	(1)%	439	4 %
Selling, general and administrative	14,139	13,161	12,259	978	7 %	902	7 %
Depreciation and amortization	6,616	6,486	5,984	130	2 %	502	8 %
Gains on disposal of spectrum licenses	—	—	(235)	—	NM	235	(100)%
Total operating expenses	39,276	38,001	35,716	1,275	3 %	2,285	6 %
Operating income	5,722	5,309	4,888	413	8 %	421	9 %
Other income (expense)							
Interest expense	(727)	(835)	(1,111)	108	(13)%	276	(25)%
Interest expense to affiliates	(408)	(522)	(560)	114	(22)%	38	(7)%
Interest income	24	19	17	5	26 %	2	12 %
Other expense, net	(8)	(54)	(73)	46	(85)%	19	(26)%
Total other expense, net	(1,119)	(1,392)	(1,727)	273	(20)%	335	(19)%
Income before income taxes	4,603	3,917	3,161	686	18 %	756	24 %
Income tax (expense) benefit	(1,135)	(1,029)	1,375	(106)	10 %	(2,404)	(175)%
Net income	$ 3,468	$ 2,888	$ 4,536	$ 580	20 %	$ (1,648)	(36)%
Statement of Cash Flows Data							
Net cash provided by operating activities	$ 6,824	$ 3,899	$ 3,831	$ 2,925	75 %	$ 68	2 %
Net cash used in investing activities	(4,125)	(579)	(6,745)	(3,546)	612 %	6,166	(91)%
Net cash used in financing activities	(2,374)	(3,336)	(1,367)	962	(29)%	(1,969)	144 %
Non-GAAP Financial Measures							
Adjusted EBITDA	$ 13,383	$ 12,398	$ 11,213	$ 985	8 %	$ 1,185	11 %
Free Cash Flow	4,319	3,552	2,725	767	22 %	827	30 %

The following discussion and analysis are for the year ended December 31, 2019, compared to the same period in 2018 unless otherwise stated. For a discussion and analysis of the year ended December 31, 2018, compared to the same period in 2017 please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 7, 2019.

Total revenues increased $1.7 billion, or 4%, as discussed below.

Branded postpaid revenues increased $1.8 billion, or 9%, primarily from:

- Higher average branded postpaid phone customers, primarily from growth in our customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials; and
- Higher average branded postpaid other customers, driven by higher other connected devices and wearables, specifically the Apple Watch; partially offset by
- Lower branded postpaid phone ARPU. See "Branded Postpaid Phone ARPU" in the "Performance Measures" section of this MD&A.

Branded prepaid revenues were essentially flat.

Wholesale revenues increased $96 million, or 8%, primarily from the continued success of our MVNO partnerships.

Roaming and other service revenues increased $150 million, or 43%, primarily from increases in domestic and international roaming revenues, including growth from Sprint.

Equipment revenues decreased $169 million, or 2%, primarily from:

- A decrease of $94 million in device sales revenues, excluding purchased leased devices, primarily from:
    - A 7% decrease in the number of devices sold, excluding purchased leased devices; partially offset by
    - Higher average revenue per device sold primarily due to an increase in the high-end device mix; and
- A decrease of $93 million in lease revenues primarily due to a lower number of customer devices under lease, partially offset by higher revenue per device under lease.

Other revenues decreased $145 million, or 11%, primarily from:

- A decrease of $185 million for the year ended December 31, 2019, in co-location rental revenue from the adoption of the new lease standard; and
- Hurricane-related reimbursements of $71 million included in the year ended December 31, 2018, compared to no impact from hurricanes in the year ended December 31, 2019; partially offset by
- Higher advertising revenues; and
- Higher spectrum lease revenue from the reciprocal long-term lease agreement with Sprint executed during the three months ended December 31, 2018.

Our operating expenses consist of the following categories:

- **Cost of services** primarily includes costs directly attributable to providing wireless service through the operation of our network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs. In addition, certain costs for customer appreciation programs are included in Cost of services.

- **Cost of equipment sales** primarily includes costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, costs related to returned and purchased leased devices, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.

- **Selling, general and administrative** primarily includes costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include commissions paid to dealers and retail employees for customer activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense, losses from sales of receivables and back office administrative support activities.

Operating expenses increased $1.3 billion, or 3%, primarily from higher Selling, general and administrative expenses and Cost of services as discussed below.

Cost of services, exclusive of depreciation and amortization, increased $315 million, or 5%, primarily from:

- Higher costs for employee-related expenses, network expansion, expenses from new leases and repair and maintenance;
- Hurricane-related reimbursements, net of costs, of $76 million included in the year ended December 31, 2018, compared to no significant impact from hurricanes in the year ended December 31, 2019; and
- Higher spectrum lease expense from the reciprocal long-term lease agreement with Sprint executed during the three months ended December 31, 2018; partially offset by
- The positive impact of the new lease standard of approximately $380 million in the year ended December 31, 2019, resulting from the decrease in the average lease term and the change in accounting conclusion for certain sale-leaseback sites; and
- Lower regulatory program costs.

Cost of equipment sales, exclusive of depreciation and amortization, decreased $148 million, or 1%, primarily from:

- A decrease of $98 million in device cost of equipment sales, excluding purchased leased devices, primarily from:
    - A 7% decrease in the number of devices sold, excluding purchased leased devices, partially offset by
    - Higher average cost per device sold due to an increase in the high-end device mix;
- A decrease of $30 million in returned handset expenses due to reduced device sales;
- A decrease in leased device cost of equipment sales, primarily due to lower leased device returns; and
- A decrease in extended warranty costs, primarily due to a lower volume of purchased handsets for warranty replacement; partially offset by
- An increase in costs related to the liquidation of inventory.

Selling, general and administrative expenses increased $978 million, or 7%, primarily from:

- An increase of $424 million in Merger-related costs;
- Higher commissions expense resulting from an increase of $337 million in amortization expense related to commission costs that were capitalized beginning upon the adoption of ASC 606 on January 1, 2018;
- Higher employee-related costs primarily due to annual pay increases and growth in headcount; and
- Higher costs related to outsourced functions; partially offset by
- Lower commissions expense from lower branded prepaid customer additions and compensation structure changes; and
- Lower advertising costs.

Depreciation and amortization increased $130 million or 2%, primarily from:

- Network expansion, including the continued deployment of low band spectrum, including 600 MHz, and the nationwide launch of our 5G network; and
- Higher costs related to the acceleration of depreciation for certain assets due to our accelerated 600 MHz build-out and 5G nationwide launch; partially offset by
- Lower depreciation expense resulting from a lower total number of customer devices under lease.

Operating income, the components of which are discussed above, increased $413 million, or 8%.

Interest expense decreased $108 million, or 13%, primarily from:

- An increase of $43 million in capitalized interest costs, primarily due to the build-out of our network to utilize our 600 MHz spectrum licenses and the nationwide launch of our 5G network;
- The redemption in April 2018 of an aggregate principal amount of $2.4 billion of Senior Notes, with various interest rates and maturity dates; and
- A $34 million reduction in interest expense from the change in accounting conclusion related to the reassessment of previously failed sale-leasebacks of certain T-Mobile-owned wireless communications tower sites associated with the adoption of the new lease standard.

Interest expense to affiliates decreased $114 million, or 22%, primarily from:

- An increase of $67 million in capitalized interest costs, primarily due to the build-out of our network to utilize our 600 MHz spectrum licenses and the nationwide launch of our 5G network;
- Lower interest on $600 million aggregate principal amount of Senior Reset Notes retired in April 2019; and
- Lower interest rates achieved through refinancing a total of $2.5 billion of Senior Reset Notes in April 2018.

Other expense, net decreased $46 million, or 85%, primarily from:

- An $86 million loss during the year ended December 31, 2018, on the early redemption of $2.5 billion of DT Senior Reset Notes due 2021 and 2022; and
- A $32 million loss during the year ended December 31, 2018, on the early redemption of $1.0 billion of 6.125% Senior Notes due 2022; partially offset by
- A $30 million gain during the year ended December 31, 2018, on the sale of auction rate securities which were originally acquired with MetroPCS;
- A $25 million bargain purchase gain as part of our purchase price allocation related to the acquisition of Iowa Wireless Services, LLC ("IWS") and a $15 million gain on our previously held equity interest in IWS, both recognized during the year ended December 31, 2018; and
- A $28 million redemption premium on the DT Senior Reset Notes; partially offset by the write-off of embedded derivatives upon redemption of the debt which resulted in a gain of $11 million during the year ended December 31, 2019.

Income tax expense increased $106 million, or 10%, primarily from:

- Higher income before taxes; partially offset by
- A reduction of the effective income tax rate to 24.7% for the year ended December 31, 2019, compared to 26.3% for the year ended December 31, 2018, primarily from:
    - A $115 million increase in income tax expense during the year ended December 31, 2018, due to a tax regime change in certain state tax jurisdictions; and

- The favorable rate impact of certain non-recurring legal entity restructuring in 2019.

Net income, the components of which are discussed above, increased $580 million, or 20%, primarily due to higher Operating income and lower interest expense to affiliates and interest expense. Net income included the following:

- Merger-related costs of $501 million, net of tax, for the year ended December 31, 2019, compared to Merger-related costs of $180 million, net of tax, for the year ended December 31, 2018;
- The negative impact from commission costs capitalized and amortized beginning upon the adoption of ASC 606 on January 1, 2018, net of tax, of $249 million for the year ended December 31, 2019, compared to year ended December 31, 2018;
- Hurricane-related reimbursements, net of costs, of $99 million, net of tax, for the year ended December 31, 2018. There were no significant impacts from hurricanes for the year ended December 31, 2019; and
- The positive impact of the new lease standard of approximately $175 million, net of tax, for the year ended December 31, 2019.

Guarantor Subsidiaries

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties issued by T-Mobile USA ("Issuer") is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile
("Parent") and certain of the Issuer's 100% owned subsidiaries ("Guarantor Subsidiaries"). The financial condition and results of operations of the Parent, Issuer and Guarantor Subsidiaries is substantially similar to our consolidated financial condition. In 2019, certain Non-Guarantor Subsidiaries became Guarantor Subsidiaries. Certain prior period amounts have been reclassified to conform to the current period's presentations. The most significant components of the financial condition of our Non-Guarantor Subsidiaries were as follows:

(in millions)	December 31, 2019	December 31, 2018	Change	
			$	%
Other current assets	$ 684	$ 644	$ 40	6 %
Property and equipment, net	194	246	(52)	(21)%
Tower obligations	2,161	2,173	(12)	(1)%
Total stockholders' deficit	(1,620)	(1,454)	(166)	11 %

The most significant components of the results of operations of our Non-Guarantor Subsidiaries were as follows:

(in millions)	Year Ended December 31,		Change	
	2019	2018	$	%
Service revenues	$ 3,003	$ 2,333	$ 670	29 %
Cost of equipment sales, exclusive of depreciation and amortization	1,207	1,010	197	20 %
Selling, general and administrative	989	892	97	11 %
Total comprehensive income	608	301	307	102 %

The change to the results of operations of our Non-Guarantor Subsidiaries was primarily from:

- Higher Service revenues, primarily due to an increase in activity of the Non-Guarantor Subsidiary that provides premium services, primarily driven by a net increase in rates as well as growth in our customer base related to a premium service that launched at the end of August 2018 and sales of a new product; partially offset by
- Higher Cost of equipment sales, exclusive of depreciation and amortization, primarily due to higher cost devices used for device insurance claims fulfillment, partially offset by an increase in device liquidations; and
- Higher Selling, general and administrative expenses, primarily due to higher costs related to outsourced functions.

All other results of operations of the Parent, Issuer and Guarantor Subsidiaries are substantially similar to the Company's consolidated results of operations. See Note 18 – Guarantor Financial Information of the Notes to the Consolidated Financial Statements.

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.

Total Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Branded customers generally include customers that are qualified either for postpaid service utilizing phones, wearables, DIGITS or other connected devices which includes tablets and SyncUp DRIVE™, where they generally pay after receiving service, or prepaid service, where they generally pay in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile. Wholesale customers include M2M and MVNO customers that operate on our network but are managed by wholesale partners.

Starting with the three months ended March 31, 2020, we plan to discontinue reporting wholesale customers and instead focus on branded customers and wholesale revenues, which we consider more relevant than the number of wholesale customers given the expansion of M2M and IoT products.

On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. Upon the effective date, the agreement resulted in a base adjustment to reduce branded prepaid customers by 616,000, as we no longer actively support the branded product offering. Prospectively, new customer activity associated with these products is recorded within wholesale customers and revenue for these customers is recorded within Wholesale revenues in our Consolidated Statements of Comprehensive Income.

The following table sets forth the number of ending customers:

	As of December 31,			2019 Versus 2018		2018 Versus 2017	
(in thousands)	**2019**	**2018**	**2017**	**# Change**	**% Change**	**# Change**	**% Change**
Customers, end of period							
Branded postpaid phone customers	40,345	37,224	34,114	3,121	8 %	3,110	9 %
Branded postpaid other customers	6,689	5,295	3,933	1,394	26 %	1,362	35 %
Total branded postpaid customers	47,034	42,519	38,047	4,515	11 %	4,472	12 %
Branded prepaid customers [(1)]	20,860	21,137	20,668	(277)	(1)%	469	2 %
Total branded customers	67,894	63,656	58,715	4,238	7 %	4,941	8 %
Wholesale customers [(1)]	18,152	15,995	13,870	2,157	13 %	2,125	15 %
Total customers, end of period	86,046	79,651	72,585	6,395	8 %	7,066	10 %
Adjustment to branded prepaid customers [(1)]	(616)	—	—	(616)	NM	—	— %

(1) On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment in Q3 2019 to reduce branded prepaid customers by 616,000. Prospectively, new customer activity associated with these products is recorded within wholesale customers.

Branded Customers

Total branded customers increased 4,238,000, or 7%, primarily from:

- Higher branded postpaid phone customers driven by the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials and continued growth in existing and Greenfield markets, along with promotional activities and lower churn; and

- Higher branded postpaid other customers, primarily due to strength in additions from other connected devices; partially offset by
- Lower branded prepaid customers driven primarily by a reduction of 616,000 customers resulting from a base adjustment for certain T-Mobile branded prepaid products now being offered and distributed by a current MVNO partner, partially offset by the continued success of our prepaid brands due to promotional activities and rate plan offers.

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Wholesale

Wholesale customers increased 2,157,000, or 13%, primarily due to the continued success of our M2M and MVNO partnerships.

Net Customer Additions

The following table sets forth the number of net customer additions:

	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
(in thousands)	2019	2018	2017	# Change	% Change	# Change	% Change
Net customer additions							
Branded postpaid phone customers	3,121	3,097	2,817	24	1 %	280	10 %
Branded postpaid other customers	1,394	1,362	803	32	2 %	559	70 %
Total branded postpaid customers	4,515	4,459	3,620	56	1 %	839	23 %
Branded prepaid customers [(1)]	339	460	855	(121)	(26)%	(395)	(46)%
Total branded customers	4,854	4,919	4,475	(65)	(1)%	444	10 %
Wholesale customers [(1)]	2,157	2,125	1,183	32	2 %	942	80 %
Total net customer additions	7,011	7,044	5,658	(33)	— %	1,386	24 %

(1) On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment in Q3 2019 to reduce branded prepaid customers by 616,000. Prospectively, new customer activity associated with these products is recorded within wholesale customers.

Branded Customers

Total branded net customer additions decreased 65,000, or 1%, primarily from:

- Lower branded prepaid net customer additions primarily due to the impact of continued competitor promotional activities in the marketplace, partially offset by lower churn; partially offset by
- Higher branded postpaid other net customer additions primarily due to additions from other connected devices, partially offset by higher deactivations from a growing customer base; and
- Higher branded postpaid phone net customer additions primarily due to lower churn.

Wholesale

Wholesale net customer additions increased 32,000, or 2%, primarily due to higher additions from the continued success of our M2M and MVNO partnerships.

Customers Per Account

Customers per account is calculated by dividing the number of branded postpaid customers as of the end of the period by the number of branded postpaid accounts as of the end of the period. An account may include branded postpaid phone customers and branded postpaid other customers which includes wearables, DIGITS, and other connected devices such as tablets and SyncUp DRIVE™. We believe branded postpaid customers per account provides management, investors and analysts with useful information to evaluate our branded postpaid customer base.

The following table sets forth the branded postpaid customers per account:

	As of December 31,			2019 Versus 2018		2018 Versus 2017	
	2019	2018	2017	# Change	% Change	# Change	% Change
Branded postpaid customers per account	3.13	3.03	2.93	0.10	3 %	0.10	3 %

Branded postpaid customers per account increased 3% primarily from continued growth of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials, promotional activities targeting families and the continued success of other connected devices and wearables, specifically tablets and the Apple Watch.

Starting with the three months ended March 31, 2020, we plan to report Average Revenue per Postpaid Account or Postpaid ARPA, in addition to our existing ARPU metrics, reflecting the increasing importance of non-phone devices to our customers. We also plan to discontinue reporting branded postpaid customers per account.

Churn

Churn represents the number of customers whose service was disconnected as a percentage of the average number of customers during the specified period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

The following table sets forth the churn:

	Year Ended December 31,			Bps Change 2019 Versus 2018	Bps Change 2018 Versus 2017
	2019	2018	2017		
Branded postpaid phone churn	0.89 %	1.01 %	1.18 %	-12 bps	-17 bps
Branded prepaid churn	3.82 %	3.96 %	4.04 %	-14 bps	-8 bps

Branded postpaid phone churn decreased 12 basis points, primarily from increased customer satisfaction and loyalty from ongoing improvements to network quality, industry-leading customer service and the overall value of our offerings.

Branded prepaid churn decreased 14 basis points, primarily from increased customer satisfaction and loyalty from ongoing improvements to network quality and the continued success of our prepaid brands due to promotional activities and rate plan offers.

Average Revenue Per User

ARPU represents the average monthly service revenue earned from customers. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue per customer and assist in forecasting our future service revenues generated from our customer base. Branded postpaid phone ARPU excludes Branded postpaid other customers and related revenues which includes wearables, DIGITS and other connected devices such as tablets and SyncUp DRIVE™.

The following table illustrates the calculation of our operating measure ARPU and reconciles this measure to the related service revenues:

(in millions, except average number of customers and ARPU)	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
	2019	2018	2017	$ Change	% Change	$ Change	% Change
Calculation of Branded Postpaid Phone ARPU							
Branded postpaid service revenues	$ 22,673	$ 20,862	$ 19,448	$ 1,811	9 %	$ 1,414	7 %
Less: Branded postpaid other revenues	(1,344)	(1,117)	(1,077)	(227)	20 %	(40)	4 %
Branded postpaid phone service revenues	$ 21,329	$ 19,745	$ 18,371	$ 1,584	8 %	$ 1,374	7 %
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	38,602	35,458	32,596	3,144	9 %	2,862	9 %
Branded postpaid phone ARPU	$ 46.04	$ 46.40	$ 46.97	$ (0.36)	(1)%	$ (0.57)	(1)%
Calculation of Branded Prepaid ARPU							
Branded prepaid service revenues	$ 9,543	$ 9,598	$ 9,380	$ (55)	(1)%	$ 218	2 %
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	20,955	20,761	20,204	194	1 %	557	3 %
Branded prepaid ARPU	$ 37.95	$ 38.53	$ 38.69	$ (0.58)	(2)%	$ (0.16)	— %

Branded Postpaid Phone ARPU

Branded postpaid phone ARPU decreased $0.36, or 1%, primarily due to:

- An increase in promotional activities, including the ongoing growth in our Netflix offering, which totaled $0.54 for the year ended December 31, 2019, and decreased branded postpaid phone ARPU by $0.19 compared to the year ended December 31, 2018;
- A reduction in regulatory program revenues from the continued adoption of tax inclusive plans; and
- A reduction in certain non-recurring charges; partially offset by
- Higher premium services revenue; and
- The growing success of new customer segments and rate plans.

We expect Branded postpaid phone ARPU in full-year 2020 to be generally stable compared to full-year 2019 within a range of plus 1% to minus 1%.

Branded Prepaid ARPU

Branded prepaid ARPU decreased $0.58, or 2%, primarily due to:

- Dilution from promotional activity; and
- Growth in our Amazon Prime offering - included as a benefit with certain Metro by T-Mobile unlimited rate plans as of the fourth quarter of 2018 - which impacted branded prepaid ARPU by $0.39 for the year ended December 31, 2019, and decreased branded prepaid ARPU by $0.36 compared to the year ended December 31, 2018; partially offset by
- The removal of certain branded prepaid customers associated with products now offered and distributed by a current MVNO partner as those customers had lower ARPU.

Adjusted EBITDA

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, non-cash Stock-based compensation and certain income and expenses not reflective of our operating performance. Net income margin represents Net income divided by Service revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA is a non-GAAP financial measure utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance, and as a benchmark to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications services companies because it is indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, network decommissioning costs and costs related to the Transactions, as they are not indicative of our ongoing operating performance, as well as certain other nonrecurring income and expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

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The following table illustrates the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
(in millions)	2019	2018	2017	$ Change	% Change	$ Change	% Change
Net income	$ 3,468	$ 2,888	$ 4,536	$ 580	20 %	$ (1,648)	(36)%
Adjustments:							
Interest expense	727	835	1,111	(108)	(13)%	(276)	(25)%
Interest expense to affiliates	408	522	560	(114)	(22)%	(38)	(7)%
Interest income	(24)	(19)	(17)	(5)	26 %	(2)	12 %
Other expense, net	8	54	73	(46)	(85)%	(19)	(26)%
Income tax expense (benefit)	1,135	1,029	(1,375)	106	10 %	2,404	(175)%
Operating income	5,722	5,309	4,888	413	8 %	421	9 %
Depreciation and amortization	6,616	6,486	5,984	130	2 %	502	8 %
Stock-based compensation [(1)]	423	389	307	34	9 %	82	27 %
Merger-related costs	620	196	—	424	216 %	196	NM
Other, net [(2)]	2	18	34	(16)	(89)%	(16)	(47)%
Adjusted EBITDA	$ 13,383	$ 12,398	$ 11,213	$ 985	8 %	$ 1,185	11 %
Net income margin (Net income divided by service revenues)	10 %	9 %	15 %		100 bps		-600 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by service revenues)	39 %	39 %	37 %		— bps		200 bps

(1) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the Consolidated Financial Statements. Additionally, certain stock-based compensation expenses associated with the Transactions have been included in Merger-related costs.

(2) Other, net may not agree to the Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are therefore excluded in Adjusted EBITDA.

Adjusted EBITDA increased $985 million, or 8%, primarily due to:

- Higher service revenues, as further discussed above; and
- The positive impact of the new lease standard of approximately $195 million; partially offset by
- Higher Selling, general and administrative expenses, excluding Merger-related costs;
- Higher Cost of services expenses; and
- The impact from hurricane-related reimbursements, net of costs, of $158 million for the year ended December 31, 2018. There were no significant impacts from hurricanes for the year ended December 31, 2019.
- The impact from commission costs capitalized and amortized beginning upon the adoption of ASC 606 on January 1, 2018, reduced Adjusted EBITDA by $337 million for the year ended December 31, 2019, compared to year ended December 31, 2018.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of long-term debt and common stock, financing leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and secured and unsecured revolving credit facilities with DT. Upon consummation of the Transactions, we will incur substantial third-party indebtedness which will increase our future financial commitments, including aggregate interest payments on higher total indebtedness, and may adversely impact our liquidity. Further, the incurrence of additional indebtedness may inhibit

our ability to incur new debt under the terms governing our existing and future indebtedness, which may make it more difficult for us to incur new debt in the future to finance our business strategy.

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Cash Flows

The following is a condensed schedule of our cash flows for the years ended December 31, 2019 and 2018:

	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
(in millions)	2019	2018	2017	$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 6,824	$ 3,899	$ 3,831	$ 2,925	75 %	$ 68	2 %
Net cash used in investing activities	(4,125)	(579)	(6,745)	(3,546)	612 %	6,166	(91)%
Net cash used in financing activities	(2,374)	(3,336)	(1,367)	962	(29)%	(1,969)	144 %

Operating Activities

Net cash provided by operating activities increased $2.9 billion, or 75%, from:

- A $2.0 billion decrease in net cash outflows from changes in working capital, primarily due to lower use from Accounts receivable, Accounts payable and accrued liabilities and Equipment installment plan receivables, partially offset by higher use from Inventories; and
- A $951 million increase in Net income and net non-cash adjustments to Net income.

With the adoption of the new lease standard, changes in Operating lease right-of-use assets and Short and long-term operating lease liabilities are now presented in Changes in operating assets and liabilities. The net impact of changes in these accounts decreased Net cash provided by operating activities by $235 million for the year ended December 31, 2019.

Investing Activities

Net cash used in investing activities increased $3.5 billion, or 612%. The use of cash for the year ended December 31, 2019, was primarily from:

- $6.4 billion in Purchases of property and equipment, including capitalized interest, primarily driven by growth in network build as we continued deployment of low band spectrum, including 600 MHz, and launched our nationwide 5G network;
- $967 million in Purchases of spectrum licenses and other intangible assets, including deposits; and
- $632 million in Net cash related to derivative contracts under collateral exchange arrangements, see Note 7 - Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information; partially offset by
- $3.9 billion in Proceeds related to beneficial interests in securitization transactions.

Financing Activities

Net cash used in financing activities decreased $1.0 billion, or 29%. The use of cash for the year ended December 31, 2019, was primarily from:

- $798 million for Repayments of financing lease obligations;
- $775 million for Repayments of short-term debt for purchases of inventory, property and equipment;
- $600 million for Repayments of long-term debt; and
- $156 million for Tax withholdings on share-based awards.
- Activity under the revolving credit facility included borrowing and full repayment of $2.3 billion, for a net of $0 impact.

Cash and Cash Equivalents

As of December 31, 2019, our Cash and cash equivalents were $1.5 billion compared to $1.2 billion at December 31, 2018.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities less payments for Purchases of property and equipment, including Proceeds from sales of tower sites and Proceeds related to beneficial interests in securitization transactions, less Cash

payments for debt prepayment or debt extinguishment costs. Free Cash Flow is a non-GAAP financial measure utilized by our management, investors and analysts of our financial information to evaluate cash available to pay debt and provide further investment in the business.

In 2019, we sold tower sites for proceeds of $38 million which are included in Proceeds from sales of tower sites within Net cash used in investing activities in our Consolidated Statements of Cash Flows. As these proceeds were from the sale of fixed assets and are used by management to assess cash available for capital expenditures during the year, we determined the proceeds are relevant for the calculation of Free Cash Flow and included them in the table below. Other proceeds from the sale of fixed assets for the periods presented are not significant. We have presented the impact of the sales in the table below, which illustrates the calculation of Free Cash Flow and reconciles Free Cash Flow to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure.

	Year Ended December 31,			2019 Versus 2018		2018 Versus 2017	
(in millions)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Net cash provided by operating activities	$ 6,824	$ 3,899	$ 3,831	$ 2,925	75 %	$ 68	2 %
Cash purchases of property and equipment	(6,391)	(5,541)	(5,237)	(850)	15 %	(304)	6 %
Proceeds from sales of tower sites	38	—	—	38	NM	—	NM
Proceeds related to beneficial interests in securitization transactions	3,876	5,406	4,319	(1,530)	(28)%	1,087	25 %
Cash payments for debt prepayment or debt extinguishment costs	(28)	(212)	(188)	184	(87)%	(24)	13 %
Free Cash Flow	$ 4,319	$ 3,552	$ 2,725	$ 767	22 %	$ 827	30 %

Free Cash Flow increased $767 million, or 22%, primarily from:

- Higher Net cash provided by operating activities, as described above; and
- Lower Cash payments for debt prepayment or debt extinguishment costs; partially offset by
- Lower Proceeds related to our deferred purchase price from securitization transactions; and
- Higher Cash purchases of property and equipment, including capitalized interest of $473 million and $362 million for the years ended December 31, 2019 and 2018, respectively.
- Free Cash Flow includes $442 million and $86 million in payments for Merger-related costs for the years ended December 31, 2019 and 2018, respectively.

Borrowing Capacity and Debt Financing

As of December 31, 2019, our total debt and financing lease liabilities were $27.3 billion, excluding our tower obligations, of which $24.9 billion was classified as long-term debt.

Effective April 28, 2019, we redeemed $600 million aggregate principal amount of our DT Senior Reset Notes. The notes were redeemed at a redemption price equal to 104.666% of the principal amount of the notes (plus accrued and unpaid interest thereon) and were paid on April 29, 2019. The redemption premium was $28 million and was included in Other expense, net in our Consolidated Statements of Comprehensive Income and in Cash payments for debt prepayment or debt extinguishment costs in our Consolidated Statements of Cash Flows.

Certain components of the reset features were required to be bifurcated from the DT Senior Reset Notes and were separately accounted for as embedded derivatives. The write-off of embedded derivatives upon redemption resulted in a gain of $11 million, which was included in Other expense, net in our Consolidated Statements of Comprehensive Income. See Note 7 - Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information.

We maintain a $2.5 billion revolving credit facility with DT which is comprised of a $1.0 billion unsecured revolving credit agreement and a $1.5 billion secured revolving credit agreement. In December 2019, we amended the terms of

the revolving credit facility with DT to extend the maturity date to December 29, 2022. As of December 31, 2019 and 2018, there were no outstanding borrowings under the revolving credit facility.

We maintain a financing arrangement with Deutsche Bank AG, which allows for up to $108 million in borrowings. Under the financing arrangement, we can effectively extend payment terms for invoices payable to certain vendors. As of December 31, 2019 and 2018, there were no outstanding balances.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. During the year ended December 31, 2019, we utilized $800 million and repaid $775 million under the vendor financing arrangements. Invoices subject to extended payment terms have various due dates through the first quarter of 2020. Payments on vendor financing agreements are included in Repayments of short-term debt for purchases of inventory, property and equipment, net, in our Consolidated Statements of Cash Flows. As of December 31, 2019, there were $25 million in outstanding borrowings under the vendor financing agreements which were included in Short-term debt in our Consolidated Balance Sheets. As of December 31, 2018, there was no outstanding balance.

Consents on Debt

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018, we obtained consents necessary to effect certain amendments to certain of our existing debt and certain existing debt of our subsidiaries. If the Merger is consummated, we will make payments for requisite consents to third-party note holders. There was no payment accrued as of December 31, 2019.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a financing matters agreement, dated as of April 29, 2018, pursuant to which DT agreed, among other things, to consent to the incurrence by
T-Mobile USA of secured debt in connection with and after the consummation of the Merger. If the Merger is consummated, we will make payments for requisite consents to DT. There was no payment accrued as of December 31, 2019. See Note 8 - Debt of the Notes to the Consolidated Financial Statements for further information.

Commitment Letter

In connection with the entry into the Business Combination Agreement, T-Mobile USA entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018 and on September 6, 2019, the "Commitment Letter"). In connection with the financing provided for in the Commitment Letter, we expect to incur certain fees payable to the financial institutions, including certain financing fees on the secured term loan commitment. If the Merger closes, we will incur additional fees for the financial institutions structuring and providing the commitments and certain take-out fees associated with the issuance of permanent secured bond debt in lieu of the secured bridge loan. In total, we may incur up to approximately $340 million in fees associated with the Commitment Letter. We began incurring certain Commitment Letter fees on November 1, 2019, which were recognized in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. There were $12 million of fees accrued as of December 31, 2019. See Note 8 - Debt of the Notes to the Consolidated Financial Statements for further information.

Future Sources and Uses of Liquidity

We may seek additional sources of liquidity, including through the issuance of additional long-term debt in 2020, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions, or for other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of high yield callable debt and stock purchases.

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of interest rate lock derivatives was a liability of $1.2 billion and $447 million as of December 31, 2019 and 2018, respectively, and was included in Other current liabilities in our Consolidated Balance Sheets.

In November 2019, we extended the mandatory termination date on our interest rate lock derivatives to June 3, 2020. In December 2019, we made net collateral transfers to certain of our derivative counterparties totaling $632 million, which included variation margin transfers to (or from) such derivative counterparties based on daily market movements. These collateral transfers are included in Other current assets in our Consolidated Balance Sheets and in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities in our Consolidated Statements of Cash Flows. The interest rate lock derivatives will be settled upon the earlier of the issuance of fixed-rate debt or the current mandatory termination date. Upon settlement of the interest

rate lock derivatives, we will receive, or make, a cash payment in the amount of the fair value of the cash flow hedge as of the settlement date. We expect our existing sources of liquidity to be sufficient to meet the requirements of the interest rate lock derivatives.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. There are a number of risks and uncertainties that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures and credit facilities governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions on our common stock, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuer to loan funds or make payments to the Parent. However, the Issuer is allowed to make certain permitted payments to the Parent under the terms of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of December 31, 2019.

Financing Lease Facilities

We have entered into uncommitted financing lease facilities with certain partners, which provide us with the ability to enter into financing leases for network equipment and services. As of December 31, 2019, we have committed to $3.9 billion of financing leases under these financing lease facilities, of which $898 million was executed during the year ended December 31, 2019.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses and the construction, expansion and upgrading of our network infrastructure. Property and equipment capital expenditures primarily relate to our network transformation, including the build-out of our network to utilize our 600 MHz spectrum licenses and the deployment of 5G. We expect cash purchases of property and equipment, including capitalized interest of approximately $400 million, to be $5.9 to $6.2 billion and cash purchases of property and equipment, excluding capitalized interest, to be $5.5 to $5.8 billion in 2020. This includes expenditures for 600 MHz and 5G deployment. This does not include property and equipment obtained through financing lease agreements, vendor financing agreements, leased wireless devices transferred from inventory or any additional purchases of spectrum licenses.

Share Repurchases

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the “2017 Stock Repurchase Program”). Repurchased shares are retired. The 2017 Stock Repurchase Program was completed on April 29, 2018.

On April 27, 2018, our Board of Directors authorized an increase in the total stock repurchase program to $9.0 billion, consisting of the $1.5 billion in repurchases previously completed and up to an additional $7.5 billion of repurchases of our common stock through the year ending December 31, 2020 (the "2018 Stock Repurchase Program"). The additional $7.5 billion repurchase authorization is contingent upon the termination of the Business Combination Agreement and the abandonment of the Transactions contemplated under the Business Combination Agreement. There were no repurchases of our common stock under the 2018 Stock Repurchase Program in 2019 or 2018. See Note 12 - Repurchases of Common Stock of the Notes to the Consolidated Financial Statements for further information.

Dividends

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and

supplemental indentures governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock.

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Contractual Obligations

The following table summarizes our contractual obligations and borrowings as of December 31, 2019 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

(in millions)	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long-term debt [1]	$ —	$ 5,500	$ 7,300	$ 12,200	$ 25,000
Interest on long-term debt	1,282	2,365	1,796	1,163	6,606
Financing lease liabilities, including imputed interest	1,013	1,147	172	115	2,447
Tower obligations [2]	160	321	320	467	1,268
Operating lease liabilities, including imputed interest	2,754	4,894	3,523	3,797	14,968
Purchase obligations [3]	3,603	3,263	1,597	1,387	9,850
Total contractual obligations	$ 8,812	$ 17,490	$ 14,708	$ 19,129	$ 60,139

(1) Represents principal amounts of long-term debt to affiliates and third parties at maturity, excluding unamortized premium from purchase price allocation fair value adjustment, financing lease obligations and vendor financing arrangements. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

(2) Future minimum payments, including principal and interest payments and imputed lease rental income, related to the tower obligations. See Note 9 – Tower Obligations of the Notes to the Consolidated Financial Statements for further information.

(3) The minimum commitment for certain obligations is based on termination penalties that could be paid to exit the contracts. Termination penalties are included in the above table as payments due as of the earliest we could exit the contract, typically in less than one year. For certain contracts that include fixed volume purchase commitments and fixed prices for various products, the purchase obligations are calculated using fixed volumes and contractually fixed prices for the products that are expected to be purchased. This table does not include open purchase orders as of December 31, 2019 under normal business purposes. See Note 16 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for further information.

Certain commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment. Other long-term liabilities have been omitted from the table above due to the uncertainty of the timing of payments, combined with the absence of historical trending to be used as a predictor of such payments. See Note 17 – Additional Financial Information of the Notes to the Consolidated Financial Statements for further information.

The purchase obligations reflected in the table above are primarily commitments to purchase and lease spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business. These amounts do not represent our entire anticipated purchases in the future, but represent only those items for which we are contractually committed. Where we are committed to make a minimum payment to the supplier regardless of whether we take delivery, we have included only that minimum payment as a purchase obligation. The acquisition of spectrum licenses is subject to regulatory approval and other customary closing conditions.

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of interest rate lock derivatives was a liability of $1.2 billion and $447 million as of December 31, 2019 and 2018, respectively, and was included in Other current liabilities in our Consolidated Balance Sheets. Balances related to the cash flow hedges have been omitted from the table above due to the uncertainty of the amount and timing of settlements. See Note 7 – Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information.

Related Party Transactions

We have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing. See Note 17 - Additional Financial Information of the Notes to the Consolidated Financial Statements for further information.

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act of 1934, as amended ("Exchange Act"). Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the year ended December 31, 2019, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with DT. We have relied upon DT for information regarding their activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: MTN Irancell, Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, during the year ended December 31, 2019, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services to three customers in Germany identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli, Bank Sepah, and Europäisch-Iranische Handelsbank. These services have been terminated or are in the process of being terminated. For the year ended December 31, 2019, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than $0.1 million, and the estimated net profits were less than $0.1 million.

In addition, DT, through certain of its non-U.S. subsidiaries that operate a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the year ended December 31, 2019 were less than $0.1 million. We understand that DT intends to continue these activities.

Off-Balance Sheet Arrangements

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of December 31, 2019, we derecognized net receivables of $2.6 billion upon sale through these arrangements. See Note 4 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements for further information.

Critical Accounting Policies and Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for further information.

Eight of these policies, discussed below, are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Actual results could differ from those estimates.

Management and the Audit Committee of the Board of Directors have reviewed and approved these critical accounting policies.

Leases

We adopted the new lease standard on January 1, 2019 and recognized right-of-use assets and lease liabilities for operating leases that have not previously been recorded.

Significant Judgments:

The most significant judgments and impacts upon adoption of the standard include the following:

- In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained or transferred substantially all of the rights to the underlying asset through exclusivity, if we can or if we have transferred the ability to direct the use of the asset by making decisions about how and for what

purpose the asset will be used and if the lessor has substantive substitution rights. Identification of a lease may require significant judgment.

- We recognized right-of-use assets and operating lease liabilities for operating leases that have not previously been recorded. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right-of-use asset for operating leases is based on the lease liability adjusted for the reclassification of certain balance sheet amounts such as prepaid rent and deferred rent which we remeasured at adoption due to the application of hindsight to our lease term estimates. Deferred and prepaid rent will no longer be presented separately.

- Capital lease assets previously included within Property and equipment, net were reclassified to financing lease right-of-use assets, and capital lease liabilities previously included in Short-term debt and Long-term debt were reclassified to financing lease liabilities in our Consolidated Balance Sheet.

- Certain line items in the Consolidated Statements of Cash Flows and the "Supplemental disclosure of cash flow information" have been renamed to align with the new terminology presented in the new lease standard; "Repayment of capital lease obligations" is now presented as "Repayments of financing lease obligations" and "Assets acquired under capital lease obligations" is now presented as "Financing lease right-of-use assets obtained in exchange for lease obligations." In the "Operating Activities" section of the Consolidated Statements of Cash Flows we have added "Operating lease right-of-use assets" and "Short and long-term operating lease liabilities" which represent the change in the operating lease asset and liability, respectively. Additionally, in the "Supplemental disclosure of cash flow information" section of the Consolidated Statements of Cash Flows we have added "Operating lease payments," and in the "Noncash investing and financing activities" section we have added "Operating lease right-of-use assets obtained in exchange for lease obligations."

- In determining the discount rate used to measure the right-of-use asset and lease liability, we use rates implicit in the lease, or if not readily available, we use our incremental borrowing rate. Our incremental borrowing rate is based on an estimated secured rate comprised of a risk-free LIBOR rate plus a credit spread as secured by our assets. Determining a credit spread as secured by our assets may require significant judgment.

- Certain of our lease agreements include rental payments based on changes in the consumer price index ("CPI"). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

- We elected the use of hindsight whereby we applied current lease term assumptions that are applied to new leases in determining the expected lease term period for all cell sites. Upon adoption of the new lease standard and application of hindsight our expected lease term has shortened to reflect payments due for the initial non-cancelable lease term only. This assessment corresponds to our lease term assessment for new leases and aligns with the payments that have been disclosed as lease commitments in prior years. As a result, the average remaining lease term for cell sites has decreased from approximately nine to five years based on lease contracts in effect at transition on January 1, 2019. The aggregate impact of using hindsight is an estimated decrease in Total operating expenses of $240 million in fiscal year 2019.

- We were also required to reassess the previously failed sale-leasebacks of certain T-Mobile-owned wireless communications tower sites and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized. Determining whether the transfer of control criteria has been met requires significant judgement.

    - We concluded that a sale has not occurred for the 6,200 tower sites transferred to Crown Castle International Corp. ("CCI") pursuant to a master prepaid lease arrangement; therefore, these sites will continue to be accounted for as failed sale-leasebacks.

    - We concluded that a sale should be recognized for the 900 tower sites transferred to CCI pursuant to the sale of a subsidiary and for the 500 tower sites transferred to Phoenix Tower International ("PTI"). Upon adoption on January 1, 2019, we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these 1,400 previously failed sale-leaseback tower sites and recognized a lease liability and right-of-use asset for the leaseback of the tower sites. The impacts from the change in accounting conclusion are primarily a decrease in Other revenues of $44 million and a decrease in Interest expense of $34 million in fiscal year 2019.

- Rental revenues and expenses associated with co-location tower sites are presented on a net basis under the new lease standard. These revenues and expenses were presented on a gross basis under the former lease standard.

Lease Expense

We have operating leases for cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize a right-of-use asset and lease liability for operating leases based on the net present value of future minimum lease payments. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and renewal periods that are considered reasonably certain.

We consider several factors in assessing whether renewal periods are reasonably certain of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites.

See Note 1 - Summary of Significant Accounting Policies and Note 15 - Leases of the Notes to the Consolidated Financial Statements for further information.

Revenue Recognition

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed or terminated and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent as well as certain contract terms such as down payments that reduce our exposure to credit risk. Customer credit behavior is inherently uncertain. See “Allowances,” below, for more discussion on how we assess credit risk.

- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Determining whether contingent EIP bill credits result in a substantive termination penalty may require significant judgment.

- The identification of distinct performance obligations within our service plans may require significant judgment.

- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither control a right to the content provider’s service nor control the underlying service itself are presented net because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.

- For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See “Allowances”, below, for more discussion on how we assess credit risk.

- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each

contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.

- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.

- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

- For capitalized contract costs, determining the amortization period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment.

See Note 1 - Summary of Significant Accounting Policies and Note 10 - Revenue From Contracts with Customers of the Notes to the Consolidated Financial Statements for further information.

Allowances

We maintain an allowance for credit losses, which is management's estimate of such losses inherent in our receivables portfolio, comprised of accounts receivable and EIP receivable segments. Changes in the allowance for credit losses and, therefore, in related provision for credit losses ("bad debt expense") can materially affect earnings. Credit risk characteristics are assessed for each receivable segment. In applying the judgment and review required to determine the allowance for credit losses, management considers a number of factors, including receivable volumes, receivable delinquency status, historical loss experience and other conditions influencing loss expectations, such as macro-economic conditions. While our methodology attributes portions of the allowance to specific portfolio segments, the entire allowance for credit losses is available to absorb credit losses inherent in the total receivables portfolio.

Management also considers an amount that represents management's judgment of risks inherent in the process and assumptions used in establishing the allowance for credit losses, including process risk and other subjective factors, including industry trends and emerging risk assessments.

To the extent that actual loss experience differs significantly from historical trends or assumptions, the appropriate allowance levels for realized credit losses could differ from the estimate. We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on factors such as customer credit ratings and the length of time from the original billing date.

We offer certain retail customers the option to pay for their devices and other purchases in installments over a period of up to 36 months using an EIP. EIP receivables not held for sale are reported in our Consolidated Balance Sheets at outstanding principal adjusted for any charge-offs, allowance for credit losses and unamortized discounts. Receivables held for sale are reported at the lower of amortized cost or fair value. At the time of an installment sale, we impute a discount for interest if the EIP term exceeds 12 months as there is no stated rate of interest on the EIP receivables. The EIP receivables are recorded at their present value, which is determined by discounting future cash payments at the imputed interest rate. The difference between the recorded amount of the EIP receivables and their unpaid principal balance (i.e., the contractual amount due from the customer) results in a discount which is allocated to the performance obligations of the arrangement and recorded as a reduction in transaction price. We determine the imputed discount rate based primarily on current market interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate credit loss allowance at the time of issuance as the effects of uncertainty about future cash flows resulting from credit risk are included in the initial present value measurement of the receivable. The imputed discount on EIP receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates and credit worthiness, dilutions and recoveries. See Note 4 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements for further information.

Depreciation

Depreciation commences once assets have been placed in service. We generally depreciate property and equipment over the period the property and equipment provide economic benefit. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property, plant and equipment. These studies consider actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that the useful life of an asset is different from the previous assessment, the remaining book values are depreciated prospectively over the adjusted remaining estimated useful life. See Note 1 – Summary of Significant Accounting Policies and Note 5 – Property and Equipment of the Notes to the Consolidated Financial Statements for information regarding depreciation of assets, including management's underlying estimates of useful lives.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

We have identified two reporting units for which discrete financial information is available and results are regularly reviewed by management: wireless and Layer3. The Layer3 reporting unit consists of the assets and liabilities of Layer3 TV, Inc., which was acquired in January 2018. The wireless reporting unit consists of the remaining assets and liabilities of T-Mobile US, Inc., excluding Layer3 TV, Inc. We separately evaluate these reporting units for impairment.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

We employed a qualitative approach to assess the wireless reporting unit. The fair value of the wireless reporting unit is determined using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value.

We employed a quantitative approach to assess the Layer3 reporting unit. The fair value of the Layer3 reporting unit is determined using an income approach, which is based on estimated discounted future cash flows.

We made estimates and assumptions regarding future cash flows, discount rates and long-term growth rates to determine the reporting unit's estimated fair value. The key assumptions used were as follows:

- Expected cash flows underlying the Layer3 business plan for the periods 2020 through 2024, which took into account estimates of subscribers for TVision services, average revenue and content cost per subscriber, operating costs and capital expenditures.
- Cash flows beyond 2024 were projected to grow at a long-term growth rate estimated at 3%. Estimating a long-term growth rate requires significant judgment about future business strategies as well as micro- and macro-economic environments that are inherently uncertain.
- We used a discount rate of 32% to risk adjust the cash flow projections in determining the estimated fair value.

The estimated fair value of the Layer3 reporting unit exceeded its carrying value by approximately 3% as of December 31, 2019. Delays in the national launch of TVision services or cash flows that do not meet our projections

could result in a goodwill impairment of Layer3 in the future. The carrying value of the goodwill associated with the Layer3 reporting unit was $218 million as of December 31, 2019.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield methodology values the spectrum licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except the asset to be valued (in this case, spectrum licenses). The value of the spectrum licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. We base the assumptions underlying the Greenfield methodology on a combination of market participant data and our historical results, trends and business plans. Future cash flows in the Greenfield methodology are based on estimates and assumptions of market participant revenues, EBITDA margin, network build-out period and a long-term growth rate for a market participant. The cash flows are discounted using a weighted average cost of capital.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and spectrum licenses require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results or future expectations are not consistent with the assumptions, this may result in the recording of significant impairment charges on goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues, EBITDA margins, capital expenditures and the long-term growth rate. See Note 1 – Summary of Significant Accounting Policies and Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements for information regarding our annual impairment test and impairment charges.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Accounting Pronouncements Not Yet Adopted

See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for information regarding recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to economic risks in the normal course of business, primarily from changes in interest rates, including changes in investment yields and changes in spreads due to credit risk and other factors. These risks, along with other business risks, impact our cost of capital. Our policy is to manage exposure related to fluctuations in interest rates in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. We have established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of our debt portfolio. We do not foresee significant changes in the strategies used to manage market risk in the near future.

We are exposed to changes in interest rates on our Incremental Term Loan Facility with DT, our majority stockholder. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

To perform the sensitivity analysis, we selected hypothetical changes in market rates that are expected to reflect reasonably possible near-term changes in those rates. We assessed the risk of a change in the fair value from the effect of a hypothetical interest rate change for 30-day LIBOR rates of positive 150 and negative 50 basis points. In cases where the debt is redeemable and the fair value calculation results in a liability greater than the cost to replace the debt, the maximum liability is assumed to

be no greater than the current cost to redeem the debt. As of December 31, 2019, the change in the fair value of our Incremental Term Loan Facility, based on this hypothetical change, is shown in the table below:

(in millions)	Carrying Amount	Fair Value	Fair Value Assuming	
			+150 Basis Point Shift	-50 Basis Point Shift
LIBOR plus 1.50% Senior Secured Term Loan due 2022	$ 2,000	$ 2,000	$ 1,966	$ 2,000
LIBOR plus 1.75% Senior Secured Term Loan due 2024	2,000	2,000	1,956	2,000

We are exposed to changes in the benchmark interest rate associated with our interest rate lock derivatives. See Note 7 – Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information.

To perform the sensitivity analysis, we selected hypothetical changes in market rates that are expected to reflect reasonably possible near-term changes in those rates. We assessed the risk of a change in fair value from the effect of a hypothetical interest rate change for eight and 10-year LIBOR swap rates of positive 200 and negative 100 basis points. As of December 31, 2019, the change in the fair value of our interest rate lock derivatives, based on this hypothetical change, is shown in the table below:

(in millions)	Fair Value	Fair Value Assuming	
		+200 Basis Point Shift	-100 Basis Point Shift
Interest rate lock derivatives	$ (1,170)	$ 410	$ (2,077)

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of T-Mobile US, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of T-Mobile US, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenues in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the

company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Adoption of Leases Standard

As described in Notes 1 and 15 to the consolidated financial statements, the Company has adopted the new accounting standard on Leases, on January 1, 2019, by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application. As a result, among other adjustments, the Company recognized operating lease right-of-use assets of $9,251 million and operating lease liabilities of $11,364 million on the balance sheet on the date of adoption. As of December 31, 2019, the carrying amounts of operating and finance lease right-of-use assets were $10,933 million and $2,715 million respectively and operating and finance lease liabilities were $12,826 million and $2,303 million respectively. The Company recorded $3,406 million of lease expense during the year. Management also reassessed the previously failed sale-leasebacks of certain T-Mobile-owned wireless communication tower sites to determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized. This reassessment resulted in (i) assets relating to 6,200 tower sites transferred pursuant to a master prepaid lease arrangement continuing to be accounted for as failed sale-leasebacks; (ii) a sale being recognized for 1,400 tower sites sold that were not associated with the master prepaid lease. Upon adoption, the Company derecognized its existing long-term financial obligation and the tower-related property and equipment associated with these 1,400 previously failed sale-leaseback tower sites and recognized a lease liability and right-of-use asset for the leaseback of the tower sites.

The principal considerations for our determination that performing procedures relating to the adoption of the lease standard is a critical audit matter are (i) there was significant judgment by management in applying the lease standard to a large volume of leases in the company's lease portfolio; (ii) implementation of new lease accounting systems resulted in material changes to the Company's internal control over financial reporting; and (iii) significant judgment in the application of the standard relating to sale-leaseback accounting. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to the implementation of new lease accounting systems and management's significant judgments, including the assessment of the previously failed sale-leaseback tower sites. The audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from the procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the adoption of the new standard on the Company's various lease portfolios, including those associated with previously failed sale-leaseback transactions and testing of controls over the implementation and functionality of the new lease accounting systems. The procedures also included, among others, testing the completeness and accuracy of management's identification of the leases in the Company's lease portfolios and evaluating the reasonableness of significant judgments made by management to identify contractual terms in lease arrangements that impact the determination of the right-of-use asset and lease liability amount recognized. Professionals with specialized skill and knowledge were used to assist with the evaluation of previous failed sales-leaseback tower sites.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington
February 6, 2020

We have served as the Company's auditor since 2001.

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T-Mobile US, Inc.
Consolidated Balance Sheets

(in millions, except share and per share amounts)	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 1,528	$ 1,203
Accounts receivable, net of allowances of $61 and $67	1,888	1,769
Equipment installment plan receivables, net	2,600	2,538
Accounts receivable from affiliates	20	11
Inventory	964	1,084
Other current assets	2,305	1,676
Total current assets	9,305	8,281
Property and equipment, net	21,984	23,359
Operating lease right-of-use assets	10,933	—
Financing lease right-of-use assets	2,715	—
Goodwill	1,930	1,901
Spectrum licenses	36,465	35,559
Other intangible assets, net	115	198
Equipment installment plan receivables due after one year, net	1,583	1,547
Other assets	1,891	1,623
Total assets	$ 86,921	$ 72,468
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,746	$ 7,741
Payables to affiliates	187	200
Short-term debt	25	841
Deferred revenue	631	698
Short-term operating lease liabilities	2,287	—
Short-term financing lease liabilities	957	—
Other current liabilities	1,673	787
Total current liabilities	12,506	10,267
Long-term debt	10,958	12,124
Long-term debt to affiliates	13,986	14,582
Tower obligations	2,236	2,557
Deferred tax liabilities	5,607	4,472
Operating lease liabilities	10,539	—
Financing lease liabilities	1,346	—
Deferred rent expense	—	2,781
Other long-term liabilities	954	967
Total long-term liabilities	45,626	37,483
Commitments and contingencies (Note 16)		
Stockholders' equity		
Common Stock, par value $0.00001 per share, 1,000,000,000 shares authorized; 858,418,615 and 851,675,119 shares issued, 856,905,400 and 850,180,317 shares outstanding	—	—
Additional paid-in capital	38,498	38,010
Treasury stock, at cost,1,513,215 and 1,494,802 shares issued	(8)	(6)
Accumulated other comprehensive loss	(868)	(332)
Accumulated deficit	(8,833)	(12,954)
Total stockholders' equity	28,789	24,718
Total liabilities and stockholders' equity	$ 86,921	$ 72,468

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statements of Comprehensive Income

(in millions, except share and per share amounts)	Year Ended December 31, 2019	2018	2017
Revenues			
Branded postpaid revenues	$ 22,673	$ 20,862	$ 19,448
Branded prepaid revenues	9,543	9,598	9,380
Wholesale revenues	1,279	1,183	1,102
Roaming and other service revenues	499	349	230
Total service revenues	33,994	31,992	30,160
Equipment revenues	9,840	10,009	9,375
Other revenues	1,164	1,309	1,069
Total revenues	44,998	43,310	40,604
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	6,622	6,307	6,100
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	11,899	12,047	11,608
Selling, general and administrative	14,139	13,161	12,259
Depreciation and amortization	6,616	6,486	5,984
Gains on disposal of spectrum licenses	—	—	(235)
Total operating expenses	39,276	38,001	35,716
Operating income	5,722	5,309	4,888
Other income (expense)			
Interest expense	(727)	(835)	(1,111)
Interest expense to affiliates	(408)	(522)	(560)
Interest income	24	19	17
Other expense, net	(8)	(54)	(73)
Total other expense, net	(1,119)	(1,392)	(1,727)
Income before income taxes	4,603	3,917	3,161
Income tax (expense) benefit	(1,135)	(1,029)	1,375
Net income	$ 3,468	$ 2,888	$ 4,536
Dividends on preferred stock	—	—	(55)
Net income attributable to common stockholders	$ 3,468	$ 2,888	$ 4,481
Net income	$ 3,468	$ 2,888	$ 4,536
Other comprehensive (loss) income, net of tax			
Unrealized gain on available-for-sale securities, net of tax effect of $0, $0, and $2	—	—	7
Unrealized loss on cash flow hedges, net of tax effect of $(187), $(115), and $0	(536)	(332)	—
Other comprehensive (loss) income	(536)	(332)	7
Total comprehensive income	$ 2,932	$ 2,556	$ 4,543
Earnings per share			
Basic	$ 4.06	$ 3.40	$ 5.39
Diluted	$ 4.02	$ 3.36	$ 5.20
Weighted average shares outstanding			
Basic	854,143,751	849,744,152	831,850,073
Diluted	863,433,511	858,290,174	871,787,450

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2019	2018	2017
Operating activities			
Net income	$ 3,468	$ 2,888	$ 4,536
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	6,616	6,486	5,984
Stock-based compensation expense	495	424	306
Deferred income tax expense (benefit)	1,091	980	(1,404)
Bad debt expense	307	297	388
Losses from sales of receivables	130	157	299
Deferred rent expense	—	26	76
Losses on redemption of debt	19	122	86
Gains on disposal of spectrum licenses	—	—	(235)
Changes in operating assets and liabilities			
Accounts receivable	(3,709)	(4,617)	(3,931)
Equipment installment plan receivables	(1,015)	(1,598)	(1,812)
Inventories	(617)	(201)	(844)
Operating lease right-of-use assets	1,896	—	—
Other current and long-term assets	(144)	(181)	(575)
Accounts payable and accrued liabilities	17	(867)	1,079
Short and long-term operating lease liabilities	(2,131)	—	—
Other current and long-term liabilities	144	(69)	(233)
Other, net	257	52	111
Net cash provided by operating activities	6,824	3,899	3,831
Investing activities			
Purchases of property and equipment, including capitalized interest of $473, $362 and $136	(6,391)	(5,541)	(5,237)
Purchases of spectrum licenses and other intangible assets, including deposits	(967)	(127)	(5,828)
Proceeds from sales of tower sites	38	—	—
Proceeds related to beneficial interests in securitization transactions	3,876	5,406	4,319
Net cash related to derivative contracts under collateral exchange arrangements	(632)	—	—
Acquisition of companies, net of cash acquired	(31)	(338)	—
Other, net	(18)	21	1
Net cash used in investing activities	(4,125)	(579)	(6,745)
Financing activities			
Proceeds from issuance of long-term debt	—	2,494	10,480
Proceeds from borrowing on revolving credit facility	2,340	6,265	2,910
Repayments of revolving credit facility	(2,340)	(6,265)	(2,910)
Repayments of financing lease obligations	(798)	(700)	(486)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(775)	(300)	(300)
Repayments of long-term debt	(600)	(3,349)	(10,230)
Repurchases of common stock	—	(1,071)	(427)
Tax withholdings on share-based awards	(156)	(146)	(166)
Dividends on preferred stock	—	—	(55)
Cash payments for debt prepayment or debt extinguishment costs	(28)	(212)	(188)
Other, net	(17)	(52)	5
Net cash used in financing activities	(2,374)	(3,336)	(1,367)
Change in cash and cash equivalents	325	(16)	(4,281)
Cash and cash equivalents			
Beginning of period	1,203	1,219	5,500
End of period	$ 1,528	$ 1,203	$ 1,219
Supplemental disclosure of cash flow information			
Interest payments, net of amounts capitalized	$ 1,128	$ 1,525	$ 2,028
Operating lease payments [1]	2,783	—	—

(1) On January 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," which requires certain supplemental cash flow disclosures. Where these disclosures or a comparable figure were not required under the former lease standard, we have not retrospectively presented historical amounts. See Note 1 – Summary of Significant Accounting Policies for additional details.

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statement of Stockholders' Equity

(in millions, except shares)	Preferred Stock Outstanding	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2016	20,000,000	826,357,331	$ (1)	$ 38,846	$ 1	$ (20,610)	$ 18,236
Net income	—	—	—	—	—	4,536	4,536
Other comprehensive income	—	—	—	—	7	—	7
Stock-based compensation	—	—	—	344	—	—	344
Exercise of stock options	—	450,493	—	19	—	—	19
Stock issued for employee stock purchase plan	—	1,832,043	—	82	—	—	82
Issuance of vested restricted stock units	—	8,338,271	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,754,721)	—	(166)	—	—	(166)
Mandatory conversion of preferred shares to common shares	(20,000,000)	32,237,983	—	—	—	—	—
Repurchases of common stock	—	(7,010,889)	—	(444)	—	—	(444)
Transfer RSU to NQDC plan	—	(43,860)	(3)	3	—	—	—
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
Balance as of December 31, 2017	—	859,406,651	(4)	38,629	8	(16,074)	22,559
Net income	—	—	—	—	—	2,888	2,888
Other comprehensive loss	—	—	—	—	(332)	—	(332)
Stock-based compensation	—	—	—	473	—	—	473
Exercise of stock options	—	187,965	—	3	—	—	3
Stock issued for employee stock purchase plan	—	2,011,794	—	103	—	—	103
Issuance of vested restricted stock units	—	7,448,148	—	—	—	—	—
Issuance of restricted stock awards	—	225,799	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,321,827)	—	(146)	—	—	(146)
Repurchases of common stock	—	(16,738,758)	—	(1,054)	—	—	(1,054)
Transfer RSU from NQDC plan	—	(39,455)	(2)	2	—	—	—
Prior year Retained Earnings[1]	—	—	—	—	(8)	232	224
Balance as of December 31, 2018	—	850,180,317	(6)	38,010	(332)	(12,954)	24,718
Net income	—	—	—	—	—	3,468	3,468
Other comprehensive loss	—	—	—	—	(536)	—	(536)
Stock-based compensation	—	—	—	517	—	—	517
Exercise of stock options	—	85,083	—	1	—	—	1
Stock issued for employee stock purchase plan	—	2,091,650	—	124	—	—	124
Issuance of vested restricted stock units	—	6,685,950	—	—	—	—	—
Forfeiture of restricted stock awards	—	(24,682)	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,094,555)	—	(156)	—	—	(156)
Transfer RSU from NQDC plan	—	(18,363)	(2)	2	—	—	—
Prior year Retained Earnings[1]	—	—	—	—	—	653	653
Balance as of December 31,							

(1) Prior year Retained Earnings represents the impact of the adoption of new accounting standards on beginning Accumulated Deficit and Accumulated Other Comprehensive Loss. See Note 1 – Summary of Significant Accounting Policies for further information.

The accompanying notes are an integral part of these Consolidated Financial Statements

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Business

T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company"), together with its consolidated subsidiaries, is a leading provider of mobile communications services, including voice, messaging and data, under its flagship brands, T-Mobile and Metro™ by T-Mobile ("Metro by T-Mobile"), in the United States ("U.S."), Puerto Rico and the U.S. Virgin Islands. All of our revenues were earned in, and all of our long-lived assets are located in, the U.S., Puerto Rico and the U.S. Virgin Islands. We provide mobile communications services primarily using our 4G Long-Term Evolution ("LTE") network and our newly deployed 5G technology network. We also offer a wide selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories for sale, as well as financing through Equipment Installment Plans ("EIP") and leasing through JUMP! On Demand™. Additionally, we provide reinsurance for handset insurance policies and extended warranty contracts offered to our mobile communications customers.

Basis of Presentation

The consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities ("VIE") where we are deemed to be the primary beneficiary and VIEs, which cannot be deconsolidated, such as those related to Tower obligations. Intercompany transactions and balances have been eliminated in consolidation. We operate as a single operating segment.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances. These estimates are inherently subject to judgment and actual results could differ from these estimates.

Certain prior year amounts have been reclassified to conform to the current year's presentation. See "Accounting Pronouncements Adopted During the Current Year" below.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid money market funds and U.S. Treasury securities with remaining maturities of three months or less at the date of purchase.

Receivables and Allowance for Credit Losses

Accounts receivable consist primarily of amounts currently due from customers, other carriers and third-party retail channels. Accounts receivable not held for sale are reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses. Accounts receivable held for sale are reported at the lower of amortized cost or fair value. We have an arrangement to sell the majority of service accounts receivable on a revolving basis, which are treated as sales of financial assets.

We offer certain retail customers the option to pay for their devices and certain other purchases in installments typically over a period of 24, but up to 36, months using an EIP. EIP receivables not held for sale are reported in our Consolidated Balance Sheets at outstanding principal adjusted for any charge-offs, allowance for credit losses and unamortized discounts. At the time of an installment sale, we impute a discount for interest if the EIP term exceeds 12 months as there is no stated rate of interest on the EIP receivables. The EIP receivables are recorded at their present value, which is determined by discounting future cash payments at the imputed interest rate. The difference between the recorded amount of the EIP receivables and their unpaid principal balance (i.e., the contractual amount due from the customer) results in a discount which is allocated to the performance obligations in the arrangement and recorded as a reduction in transaction price in Total service revenues and Equipment revenues in our Consolidated Statements of Comprehensive Income. We determine the imputed discount rate based primarily on current market

interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate credit loss allowance at the time of issuance as the effects of uncertainty about future cash flows resulting from credit risk are included in the initial present value measurement of the receivable. The imputed discount on EIP receivables is

amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

Total imputed discount and allowances were approximately 7.0% and 8.1% of the total amount of gross accounts receivable, including EIP receivables, at December 31, 2019 and 2018, respectively.

The current portion of the EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of the EIP receivables is included in Equipment installment plan receivables due after one year, net in our Consolidated Balance Sheets. We have an arrangement to sell certain EIP receivables on a revolving basis, which are treated as sales of financial assets.

We maintain an allowance for credit losses and determine its appropriateness through an established process that assesses the losses inherent in our receivables portfolio. We develop and document our allowance methodology at the portfolio segment level - accounts receivable portfolio and EIP receivable portfolio segments. While we attribute portions of the allowance to our respective accounts receivable and EIP portfolio segments, the entire allowance is available to absorb credit losses inherent in the total receivables portfolio.

Our process involves procedures to appropriately consider the unique risk characteristics of our accounts receivable and EIP receivable portfolio segments. For each portfolio segment, losses are estimated collectively for groups of receivables with similar characteristics. Our allowance levels are influenced by receivable volumes, receivable delinquency status, historical loss experience and other conditions influencing loss expectations, such as macro-economic conditions.

Inventories

Inventories consist primarily of wireless devices and accessories, which are valued at the lower of cost or net realizable value. Cost is determined using standard cost which approximates average cost. Shipping and handling costs paid to wireless device and accessories vendors, and costs to refurbish used devices recovered through our device upgrade programs are included in the standard cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. We record inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Long-Lived Assets

Long-lived assets include assets that do not have indefinite lives, such as property and equipment and other intangible assets. All of our long-lived assets are located in the U.S., including Puerto Rico and the U.S. Virgin Islands. We assess potential impairments to our long-lived assets when events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, we test recoverability. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and eventual disposition of the asset or asset group. If the undiscounted cash flows do not exceed the asset or asset group's carrying amount, then an impairment loss is recorded, measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment

Property and equipment consists of buildings and equipment, wireless communications systems, leasehold improvements, capitalized software, leased wireless devices and construction in progress. Buildings and equipment include certain network server equipment. Wireless communications systems include assets to operate our wireless network and IT data centers, including tower assets and leasehold improvements and assets related to the liability for the retirement of long-lived assets. Leasehold improvements include asset improvements other than those related to the wireless network.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any, in Property and equipment, net on our Consolidated Balance Sheets. We generally depreciate property and equipment over the period the property and equipment provide economic benefit. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear

and tear, replacement history and assumptions about technology evolution. When these factors indicate the useful life of an asset is different from the previous assessment, the remaining book value is depreciated prospectively over the adjusted remaining estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

JUMP! On Demand allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, all of our leased devices were classified as operating leases. At operating lease inception, leased wireless devices are transferred from inventory to property and equipment. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Revenues associated with the leased wireless devices, net of incentives, are generally recognized over the lease term. Upon device upgrade or at lease end, customers must return or purchase their device. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or net realizable value with any write-down recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

Costs of major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of our wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which includes obtaining leases, zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. We capitalize interest associated with the acquisition or construction of certain property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated over the useful life of the related assets.

We record an asset retirement obligation for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. In periods subsequent to initial measurement, we recognize changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. Our obligations relate primarily to certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

We capitalize certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once the final selection of the specific software solution has been made and management authorizes and commits to funding the software project. Capitalized software costs are included in Property and equipment, net in our Consolidated Balance Sheets and are amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Other Intangible Assets

Intangible assets that do not have indefinite useful lives are amortized over their estimated useful lives. Customer lists are amortized using the sum-of-the-years'-digits method over the expected period in which the relationship is expected to contribute to future cash flows. The remaining finite-lived intangible assets are amortized using the straight-line method.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. Goodwill is allocated to our two reporting units, wireless and Layer3.

Spectrum Licenses

Spectrum licenses are carried at costs incurred to acquire the spectrum licenses and the costs to prepare the spectrum licenses for their intended use, such as costs to clear acquired spectrum licenses. The Federal Communications Commission ("FCC") issues spectrum licenses which provide us with the exclusive right to utilize designated radio frequency spectrum within specific geographic service areas to provide wireless communications services. While

spectrum licenses are issued for a fixed period of time, typically for up to fifteen years, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses held by us expire at various dates. We believe we will be able to meet all requirements necessary to secure renewal of our spectrum licenses at nominal costs. Moreover, we determined there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets.

At times, we enter into agreements to sell or exchange spectrum licenses. Upon entering into the arrangement, if the transaction has been deemed to have commercial substance, spectrum licenses are reviewed for impairment and transferred at their carrying value, net of any impairment, to assets held for sale included in Other current assets in our Consolidated Balance Sheets until approval and completion of the exchange or sale. Upon closing of the transaction, spectrum licenses acquired as part of an exchange of nonmonetary assets are valued at fair value and the difference between the fair value of the spectrum licenses obtained, book value of the spectrum licenses transferred and cash paid, if any, is recognized as a gain and included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income. Our fair value estimates of spectrum licenses are based on information for which there is little or no observable market data. If the transaction lacks commercial substance or the fair value is not measurable, the acquired spectrum licenses are recorded at the book value of the assets transferred or exchanged.

Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the two reporting units, wireless and Layer3, is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach based on discounted cash flows associated with the intangible asset, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

Guarantee Liabilities

We offer a device trade-in program, Just Upgrade My Phone ("JUMP!"), which provides eligible customers a specified-price trade-in right to upgrade their device. Upon enrollment, participating customers must finance the purchase of a device on an EIP and have a qualifying T-Mobile monthly wireless service plan, which is treated as an arrangement with multiple performance obligations when entered into at or near the same time. Upon a qualifying JUMP! program upgrade, the customer's remaining EIP balance is settled provided they trade-in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee. The guarantee liability is valued based on various economic and customer behavioral assumptions, which requires judgment, including estimating the customer's remaining EIP balance at trade-in, the expected fair value of the used device at trade-in, and the probability and timing of trade-in. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. All assumptions are reviewed periodically.

Fair Value Measurements

We carry certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants

at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities;
Level 2 Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3 Unobservable inputs for which there is little or no market data, which require us to develop assumptions of what market participants would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the placement of assets and liabilities being measured within the fair value hierarchy.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts receivable from affiliates and accounts payable approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized discount and allowance for credit losses. There were no financial instruments with a carrying value materially different from their fair value, based on quoted market prices or rates for the same or similar instruments, or internal valuation models.

Derivative Financial Instruments

Derivative financial instruments are recognized as either assets or liabilities and are measured at fair value. We do not use derivatives for trading or speculative purposes.

For derivative instruments designated as cash flow hedges associated with forecasted debt issuances, changes in fair value are reported as a component of Accumulated other comprehensive loss until reclassified into Interest expense in the same period the hedged transaction affects earnings, generally over the life of the related debt. Unrealized gains on derivatives designated as cash flow hedges are recorded at fair value as assets, and unrealized losses on derivatives designated as cash flow hedges are recorded at fair value as liabilities.

Revenue Recognition (effective January 1, 2018)

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed or terminated and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent as well as certain contract terms such as down payments that reduce our exposure to credit risk. Customer credit behavior is inherently uncertain. See “Receivables and Allowance for Credit Losses”, above, for more discussion on how we assess credit risk.

- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Determining whether contingent EIP bill credits result in a substantive termination penalty may require significant judgment.

- The identification of distinct performance obligations within our service plans may require significant judgment.

- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither

control a right to the content provider's service nor control the underlying service itself are presented net because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.

- For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See "Receivables and Allowance for Credit Losses", above, for more discussion on how we assess credit risk.

- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.

- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.

- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

- For capitalized contract costs, determining the amortization period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment.

Wireless Services Revenue

We generate our wireless services revenues from providing access to, and usage of, our wireless communications network. Service revenues also include revenues earned for providing value added services to customers, such as handset insurance services. Service contracts are billed monthly either in advance or arrears, or are prepaid. Generally, service revenue is recognized as we satisfy our performance obligation to transfer service to our customers. We typically satisfy our stand-ready performance obligations, including unlimited wireless services, evenly over the contract term. For usage-based and prepaid wireless services, we satisfy our performance obligations when services are rendered.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers.

Federal Universal Service Fund ("USF") and other fees are assessed by various governmental authorities in connection with the services we provide to our customers and are included in Cost of services. When we separately bill and collect these regulatory fees from customers, they are recorded gross in Total service revenues in our Consolidated Statements of Comprehensive Income. For the years ended December 31, 2019, 2018 and 2017, we recorded approximately $93 million, $161 million and $258 million, respectively, of USF fees on a gross basis.

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (e.g., sales, use, value added, and some excise taxes).

Equipment Revenues

We generate equipment revenues from the sale or lease of mobile communication devices and accessories. For performance obligations related to equipment contracts, we typically transfer control at a point in time when the device or accessory is delivered to, and accepted by, the customer or dealer. We have elected to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We estimate variable consideration (e.g., device returns or certain payments to indirect dealers) primarily based on historical experience. Equipment sales not probable of

collection are generally recorded as payments are received. Our assessment of collectibility considers contract terms such as down payments that reduce our exposure to credit risk.

We offer certain customers the option to pay for devices and accessories in installments using an EIP. Generally, we recognize as a reduction of the total transaction price the effects of a financing component in contracts where customers purchase their devices and accessories on an EIP with a term of more than one year, including those financing components that are not considered to be significant to the contract. However, we have elected the practical expedient to not recognize the effects of a

significant financing component for contracts where we expect, at contract inception, that the period between the transfer of a performance obligation to a customer and the customer's payment for that performance obligation will be one year or less.

In addition, for customers who enroll in our JUMP! program, we recognize a liability based on the estimated fair value of the specified-price trade-in right guarantee. The fair value of the guarantee is deducted from the transaction price and the remaining transaction price is allocated to other elements of the contract, including service and equipment performance obligations. See "Guarantee Liabilities" above for further information.

JUMP! On Demand allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, all of our leased wireless devices are accounted for as operating leases and estimated contract consideration is allocated between lease elements and non-lease elements (such as service and equipment performance obligations) based on the relative standalone selling price of each performance obligation in the contract. Lease revenues are recorded as equipment revenues and recognized as earned on a straight-line basis over the lease term. Lease revenues on contracts not probable of collection are limited to the amount of payments received. See "Property and Equipment" above for further information.

Contract Balances

Generally, our devices and service plans are available at standard prices, which are maintained on price lists and published on our website and/or within our retail stores.

For contracts that involve more than one product or service that are identified as separate performance obligations, the transaction price is allocated to the performance obligations based on their relative standalone selling prices. The standalone selling price is the price at which we would sell the good or service separately to a customer and is most commonly evidenced by the price at which we sell that good or service separately in similar circumstances and to similar customers.

A contract asset is recorded when revenue is recognized in advance of our right to receive consideration (i.e., we must perform additional services in order to receive consideration). Amounts are recorded as receivables when our right to consideration is unconditional. When consideration is received, or we have an unconditional right to consideration in advance of delivery of goods or services, a contract liability is recorded. The transaction price can include non-refundable upfront fees, which are allocated to the identifiable performance obligations.

Contract assets are included in Other current assets and Other assets and contract liabilities are included in Deferred revenue in our Consolidated Balance Sheets.

Contract Modifications

Our service contracts allow customers to frequently modify their contracts without incurring penalties in many cases. Each time a contract is modified, we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, as if there is a termination of the existing contract and creation of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Contract Costs

We incur certain incremental costs to obtain a contract that we expect to recover, such as sales commissions. We record an asset when these incremental costs to obtain a contract are incurred and amortize them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

We amortize deferred costs incurred to obtain service contracts on a straight-line basis over the term of the initial contract and anticipated renewal contracts to which the costs relate, currently 24 months for postpaid service contracts. However, we have elected the practical expedient permitting expensing of costs to obtain a contract when the expected amortization period is one year or less for prepaid service contracts.

Incremental costs to obtain equipment contracts (e.g., commissions paid on device and accessory sales) are recognized when the equipment is transferred to the customer.

See Note 1 - Summary of Significant Accounting Policies included in our Annual Report on Form 10-K for the year ended December 31, 2017 for more discussion regarding the accounting policies that governed revenue recognition prior to January 1, 2018.

Advertising Expense

We expense the cost of advertising and other promotional expenditures to market our services and products as incurred. For the years ended December 31, 2019, 2018 and 2017, advertising expenses included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income were $1.6 billion, $1.7 billion and $1.8 billion, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of adjustments, net of tax, related to unrealized gains (losses) on cash flow hedges and available-for-sale securities. This is reported in Accumulated other comprehensive loss as a separate component of stockholders' equity until realized in earnings.

Stock-Based Compensation

Stock-based compensation cost for stock awards, which include restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs"), is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, over the related service period. The fair value of stock awards is based on the closing price of our common stock on the date of grant. RSUs are recognized as expense using the straight-line method. PRSUs are recognized as expense following a graded vesting schedule with their performance re-assessed and updated on a quarterly basis, or more frequently as changes in facts and circumstances warrant.

Earnings Per Share

Basic earnings per share is computed by dividing Net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of outstanding stock options, RSUs and PRSUs, calculated using the treasury stock method, and prior to the conversion of our preferred stock in December 2017, potentially dilutive common shares included mandatory convertible preferred stock calculated using the if-converted method. See Note 14 - Earnings Per Share for further information.

Variable Interest Entities

VIEs are entities that lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive the residual returns of the entity. The most common type of VIE is a special purpose entity ("SPE"). SPEs are commonly used in securitization transactions in order to isolate certain

assets and distribute the cash flows from those assets to investors. SPEs are generally structured to insulate investors from claims on the SPE's assets by creditors of other entities, including the creditors of the seller of the assets.

The primary beneficiary is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party which has both the power to direct the activities of an entity that most significantly impact the VIE's economic performance, and through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE which could potentially be significant to the VIE. We consolidate VIEs when we are deemed to be the primary beneficiary or when the VIE cannot be deconsolidated.

In assessing which party is the primary beneficiary, all the facts and circumstances are considered, including each party's role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance; and second, identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (such as asset managers and servicers) or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

Accounting Pronouncements Adopted During the Current Year

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases (Topic 842)," and has since modified the standard with several ASUs (collectively, the "new lease standard"). The new lease standard was effective for us, and we adopted the standard, on January 1, 2019.

We adopted the standard by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application and as a result did not restate the prior periods presented in the Consolidated Financial Statements.

The new lease standard provides for a number of optional practical expedients in transition. We did not elect the "package of practical expedients" and as a result reassessed under the new lease standard our prior accounting conclusions about lease identification, lease classification and initial direct costs. We elected to use hindsight for determining the reasonably certain lease term. We did not elect the practical expedient pertaining to land easements as it is not applicable to us.

The new lease standard provides practical expedients and policy elections for an entity's ongoing accounting. Generally, we elected the practical expedient to not separate lease and non-lease components in arrangements whereby we are the lessee. For arrangements in which we are the lessor of wireless devices, we did not elect this practical expedient. We did not elect the short-term lease recognition exemption, which includes the recognition of right-of-use assets and lease liabilities for existing short-term leases at transition. We have also applied this election to all active leases at transition.

The most significant judgments and impacts upon adoption of the standard include the following:

- In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained or transferred substantially all of the rights to the underlying asset through exclusivity, if we can or if we have transferred the ability to direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights.

- We recognized right-of-use assets and operating lease liabilities for operating leases that have not previously been recorded. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right-of-use asset for operating leases is based on the lease liability adjusted for the reclassification of certain balance sheet amounts such as prepaid rent and deferred rent, which we remeasured at adoption due to the application of hindsight to our lease term estimates. Deferred and prepaid rent are no longer presented separately.

- Capital lease assets previously included within Property and equipment, net were reclassified to financing lease right-of-use assets, and capital lease liabilities previously included in Short-term debt and Long-term debt were reclassified to financing lease liabilities in our Consolidated Balance Sheet.

- Certain line items in the Consolidated Statements of Cash Flows and the "Supplemental disclosure of cash flow information" have been renamed to align with the new terminology presented in the new lease standard;

“Repayment of capital lease obligations” is now presented as “Repayments of financing lease obligations” and “Assets acquired under capital lease obligations” is now presented as “Financing lease right-of-use assets obtained in exchange for lease obligations.” In the “Operating Activities” section of the Consolidated Statements of Cash Flows we have added “Operating lease right-of-use assets” and “Short and long-term operating lease liabilities” which represent the change

in the operating lease asset and liability, respectively. Additionally, in the "Supplemental disclosure of cash flow information" section of the Consolidated Statements of Cash Flows we have added "Operating lease payments," and in the "Noncash investing and financing activities" section we have added "Operating lease right-of-use assets obtained in exchange for lease obligations."

- In determining the discount rate used to measure the right-of-use asset and lease liability, we use rates implicit in the lease, or if not readily available, we use our incremental borrowing rate. Our incremental borrowing rate is based on an estimated secured rate comprised of a risk-free LIBOR rate plus a credit spread as secured by our assets. Determining a credit spread as secured by our assets may require significant judgment.

- Certain of our lease agreements include rental payments based on changes in the consumer price index ("CPI"). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

- We elected the use of hindsight whereby we applied current lease term assumptions that are applied to new leases in determining the expected lease term period for all cell sites. Upon adoption of the new lease standard and application of hindsight, our expected lease term has shortened to reflect payments due for the initial non-cancelable lease term only. This assessment corresponds to our lease term assessment for new leases and aligns with the payments that have been disclosed as lease commitments in prior years. As a result, the average remaining lease term for cell sites has decreased from approximately nine to five years based on lease contracts in effect at transition on January 1, 2019. The aggregate impact of using hindsight is an estimated decrease in Total operating expenses of $240 million in fiscal year 2019.

- We were also required to reassess the previously failed sale-leasebacks of certain T-Mobile-owned wireless communications tower sites and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized. Determining whether the transfer of control criteria has been met requires significant judgement.

    - We concluded that a sale has not occurred for the 6,200 tower sites transferred to Crown Castle International Corp. ("CCI") pursuant to a master prepaid lease arrangement; therefore, these sites will continue to be accounted for as failed sale-leasebacks.

    - We concluded that a sale should be recognized for the 900 tower sites transferred to CCI pursuant to the sale of a subsidiary and for the 500 tower sites transferred to Phoenix Tower International ("PTI"). Upon adoption on January 1, 2019, we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these 1,400 previously failed sale-leaseback tower sites and recognized a lease liability and right-of-use asset for the leaseback of the tower sites. The impacts from the change in accounting conclusion are primarily a decrease in Other revenues of $44 million and a decrease in Interest expense of $34 million in fiscal year 2019.

- Rental revenues and expenses associated with co-location tower sites are presented on a net basis under the new lease standard. These revenues and expenses were presented on a gross basis under the former lease standard.

Including the impacts from a change in the accounting conclusion on the 1,400 previously failed sale-leaseback tower sites, the cumulative effect of initially applying the new lease standard on January 1, 2019 is as follows:

	January 1, 2019		
(in millions)	Beginning Balance	Cumulative Effect Adjustment	Beginning Balance, As Adjusted
Assets			
Other current assets	$ 1,676	$ (78)	$ 1,598
Property and equipment, net	23,359	(2,339)	21,020
Operating lease right-of-use assets	—	9,251	9,251
Financing lease right-of-use assets	—	2,271	2,271
Other intangible assets, net	198	(12)	186
Other assets	1,623	(71)	1,552
Liabilities and Stockholders' Equity			
Accounts payable and accrued liabilities	7,741	(65)	7,676
Other current liabilities	787	28	815
Short-term and long-term debt	12,965	(2,015)	10,950
Tower obligations	2,557	(345)	2,212
Deferred tax liabilities	4,472	231	4,703
Deferred rent expense	2,781	(2,781)	—
Short-term and long-term operating lease liabilities	—	11,364	11,364
Short-term and long-term financing lease liabilities	—	2,016	2,016
Other long-term liabilities	967	(64)	903
Accumulated deficit	(12,954)	653	(12,301)

Including the impacts from the change in the accounting conclusion on the 1,400 previously failed sale-leaseback tower sites and the change in presentation on the income statement of the 6,200 tower sites for which a sale did not occur, the cumulative effects of initially applying the new lease standard for the year ended December 31, 2019 are estimated as follows:

- The aggregate impact is a decrease in Other revenues of $185 million, a decrease in Total operating expenses of $380 million, a decrease in Interest expense of $34 million and an increase to Net income of $175 million.
- The impact on our Consolidated Statements of Cash Flows is a decrease in Net cash provided by operating activities of $10 million and a decrease in Net cash used in financing activities of $10 million.

For arrangements where we are the lessor, including arrangements to lease devices to our service customers, the adoption of the new lease standard did not have a material impact on our financial statements as these leases are classified as operating leases.

Device lease payments are presented as Equipment revenues and recognized as earned on a straight-line basis over the lease term. Recognition of equipment revenue on lease contracts that are determined to not be probable of collection is limited to the amount of payments received. We have made an accounting policy election to exclude from the consideration in the contract all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (e.g., sales, use, value added, and some excise taxes).

At operating lease inception, leased wireless devices are transferred from Inventory to Property and equipment, net. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Returned devices transferred from Property and equipment, net, are recorded as Inventory and are valued at the lower of cost or market with any

write-down to market recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

We do not have any leasing transactions with related parties. See Note 15 - Leases for further information.

We have implemented significant new lease accounting systems, processes and internal controls over lease accounting to assist us in the application of the new lease standard.

Lease Expense

We have operating leases for cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize a right-of-use asset and lease liability for operating leases based on the net present value of future minimum lease payments. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and renewal periods that are considered reasonably certain.

We consider several factors in assessing whether renewal periods are reasonably certain of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites.

We have financing leases for certain network equipment. The financing leases do not have renewal options and contain a bargain purchase option at the end of the lease. We recognize a right-of-use asset and lease liability for financing leases based on the net present value of future minimum lease payments. Lease expense for our financing leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

Accounting Pronouncements Not Yet Adopted

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” and has since modified the standard with several ASUs (collectively, the “new credit loss standard”). The new credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The new credit loss standard will become effective for us beginning on January 1, 2020, and requires a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach).

We will adopt the new credit loss standard on January 1, 2020, and plan to recognize lifetime expected credit losses at the inception of our credit risk exposures whereas we currently recognize credit losses only when it is probable that they have been incurred. We will also recognize expected credit losses on our EIP receivables, excluding consideration of any unamortized discount on those receivables resulting from the imputation of interest. We currently offset our estimate of incurred losses on our EIP receivables by the amount of the related unamortized discounts on those receivables. We have developed an expected credit loss model and are refining the inputs including the forward-looking loss indicators. The estimated impact of the new credit loss standard on our receivables portfolio as of December 31, 2019, would be an increase to our allowance for credit losses of $85 million to $95 million, a decrease to our net deferred tax liabilities of $22 million to $25 million and an increase to our Accumulated deficit of $63 million to $70 million.

Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, “Intangibles - Goodwill and Other - Internal-Use Software (Topic 350): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.” The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We will adopt the standard on a prospective basis beginning on the effective date of January 1, 2020. Upon adoption of the standard, implementation costs are capitalized in the period incurred, which will result in an increase to Other assets in our Consolidated Balance Sheets. These capitalized amounts will be amortized over the term of the hosting arrangement to Cost of services or Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income based on the nature of the hosting arrangement. The impact of this standard on our Consolidated Financial Statements is dependent on the nature and composition of the hosting arrangements entered into subsequent to adoption.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The standard will become effective for us beginning January 1, 2021. Early adoption is permitted for us at any time. We are currently evaluating the impact this guidance will have on our Consolidated Financial Statements and the timing of adoption.
Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the Securities and Exchange Commission (the "SEC") did not have, or are not expected to have, a significant impact on our present or future Consolidated Financial Statements.

Note 2 – Business Combinations

Proposed Sprint Transactions

On April 29, 2018, we entered into a Business Combination Agreement to merge with Sprint in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock (the "Merger"). The combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to rapidly launch a broad and deep nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Neither T-Mobile nor Sprint on its own could generate comparable benefits to consumers.

The Merger and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions") have been approved by the boards of directors of T-Mobile and Sprint and the required approvals of the stockholders of each of T-Mobile and Sprint have been obtained. Immediately following the Merger, it is anticipated that Deutsche Telekom AG ("DT") and SoftBank Group Corp. ("SoftBank") will hold, directly or indirectly, on a fully diluted basis, approximately 41.5% and 27.2%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 31.3% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2019.

In connection with the entry into the Business Combination Agreement, T-Mobile USA, Inc. ("T-Mobile USA") entered into commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018 and on September 6, 2019, the "Commitment Letter"). The funding of the debt facilities provided for in the Commitment Letter is subject to the satisfaction of the conditions set forth therein, including consummation of the Merger. The proceeds of the debt financing provided for in the Commitment Letter will be used to refinance certain existing debt of us, Sprint and our and Sprint's respective subsidiaries and for post-closing working capital needs of the combined company. See Note 8 – Debt for further information.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a Financing Matters Agreement, dated as of April 29, 2018 (the "Financing Matters Agreement"), pursuant to which DT agreed, among other things, to consent to, subject to certain conditions, certain amendments to certain existing debt owed to DT, in connection with the Merger. If the Merger is consummated, we will make payments for requisite consents to DT of $13 million. There was no payment accrued as of December 31, 2019. See Note 8 – Debt for further information.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018 (the "Consent Solicitation Statement"), we obtained consents necessary to effect certain amendments to certain existing debt of us and our subsidiaries. If the Merger is consummated, we will make payments for requisite consents to third-party note holders of $95 million. There were no consent payments accrued as of December 31, 2019.

Under the terms of the Business Combination Agreement, if the Business Combination Agreement is terminated, Sprint may be required to reimburse us for 33% of the consent, bank, and other fees we paid or accrued, which totaled $18 million as of December 31, 2019. There were no reimbursements accrued as of December 31, 2019. Sprint also obtained consents necessary to effect certain amendments to certain existing debt of Sprint and its subsidiaries. In connection with receiving the requisite consents, Sprint made upfront payments to third-party note holders and related bank fees of $242 million. Under the terms of the Business Combination Agreement, if the

Business Combination Agreement is terminated, we may also be required to reimburse Sprint for 67% of the upfront consent and related bank fees it paid, which totaled $162 million as of December 31, 2019. There were no fees accrued as of December 31, 2019.

We recognized Merger-related costs of $620 million and $196 million for the years ended December 31, 2019 and 2018, respectively. These costs generally included consulting and legal fees and were recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. Payments for Merger-related costs were $442 million and $86 million for the years ended December 31, 2019 and 2018, respectively, and were recognized within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

The Business Combination Agreement contains certain termination rights for both Sprint and us. If we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to specified minimum credit ratings for the combined company on the closing date of the Merger (after giving effect to the Merger) from at least two of the three credit rating agencies, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million.

On June 18, 2018, we filed a Public Interest Statement and applications for approval of the Merger with the FCC. On July 18, 2018, the FCC issued a Public Notice formally accepting our applications and establishing a period for public comment. On May 20, 2019, to facilitate the FCC's review and approval of the FCC license transfers associated with the proposed Merger, we and Sprint filed with the FCC a written *ex parte* presentation (the "Presentation") relating to the proposed Merger. The Presentation included proposed commitments from us and Sprint. The FCC approved the Merger on November 5, 2019.

On June 11, 2019, a number of state attorneys general filed a lawsuit against us, DT, Sprint, and SoftBank in the U.S. District Court for the Southern District of New York, alleging that the Merger, if consummated, would violate Section 7 of the Clayton Act and so should be enjoined. After it was filed, several additional states joined the lawsuit. Of the states that joined the lawsuit, two have subsequently withdrawn from the suit having resolved their concerns with the Merger. We believe the plaintiffs' claims are without merit, and have defended the case vigorously. Trial concluded after two weeks of witness testimony and presentation of document evidence. We are now waiting for the trial court's ruling. On November 25, 2019, individual consumers filed a similar lawsuit in the Northern District of California. That case has been stayed pending the outcome of the New York litigation.

On July 26, 2019, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Sprint and DISH Network Corporation ("DISH"). We and Sprint are collectively referred to as the "Sellers." Pursuant to the Asset Purchase Agreement, upon the terms and subject to the conditions thereof, following the consummation of the Merger, DISH will acquire Sprint's prepaid wireless business, currently operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Telecommunications Company and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business"), and will assume certain related liabilities (the "Prepaid Transaction"). DISH will pay the Sellers $1.4 billion for the Prepaid Business, subject to a working capital adjustment. The consummation of the Prepaid Transaction is subject to the consummation of the Merger and other customary closing conditions.

At the closing of the Prepaid Transaction, the Sellers and DISH will enter into (i) a License Purchase Agreement pursuant to which (a) the Sellers will sell certain 800 MHz spectrum licenses held by Sprint to DISH for a total of approximately $3.6 billion in a transaction to be completed, subject to certain additional closing conditions, following an application for FCC approval to be filed three years following the closing of the Merger and (b) the Sellers will have the option to lease back from DISH, as needed, a portion of the spectrum sold for an additional two years following the closing of the spectrum sale transaction, (ii) a Transition Services Agreement providing for the Sellers' provision of transition services to DISH in connection with the Prepaid Business for a period of up to three years following the closing of the Prepaid Transaction, (iii) a Master Network Services Agreement providing for the Sellers' provision of network services to customers of the Prepaid Business for a period of up to seven years following the closing of the Prepaid Transaction, and (iv) an Option to Acquire Tower and Retail Assets offering DISH the option to acquire certain decommissioned towers and retail locations from the Sellers, subject to obtaining all necessary third-party consents, for a period of up to five years following the closing of the Prepaid Transaction.

On July 26, 2019, in connection with the entry into the Asset Purchase Agreement, we and the other parties to the Business Combination Agreement entered into Amendment No. 1 (the "Amendment") to the Business Combination Agreement. The Amendment extended the Outside Date (as defined in the Business Combination Agreement) to November 1, 2019, or, if the Marketing Period (as defined in the Business Combination Agreement) had started and was in effect at such date, then January 2, 2020. Because the Transactions were not completed by the Outside Date,

each of T-Mobile and Sprint currently has the right to terminate the Business Combination Agreement or the terms may be amended.

On July 26, 2019, the U.S. Department of Justice (the "DOJ") filed a complaint and a proposed final judgment (the "Proposed Consent Decree") agreed to by us, DT, Sprint, SoftBank and DISH with the U.S. District Court for the District of Columbia.

The Proposed Consent Decree would fully resolve DOJ's investigation into the Merger and would require the parties to, among other things, carry out the divestitures to be made pursuant to the Asset Purchase Agreement described above upon closing of the Merger. The Proposed Consent Decree is subject to judicial approval.

The consummation of the Merger remains subject to certain closing conditions. We expect the Merger will be permitted to close in early 2020.

Note 3 – Receivables and Allowance for Credit Losses

Our portfolio of receivables is comprised of two portfolio segments: accounts receivable and EIP receivables. Our accounts receivable segment primarily consists of amounts currently due from customers, including service and leased device receivables, other carriers and third-party retail channels.

Based upon customer credit profiles, we classify the EIP receivables segment into two customer classes of "Prime" and "Subprime." Prime customer receivables are those with lower delinquency risk and Subprime customer receivables are those with higher delinquency risk. Customers may be required to make a down payment on their equipment purchases. In addition, certain customers within the Subprime category are required to pay an advance deposit.

To determine a customer's credit profile, we use a proprietary credit scoring model that measures the credit quality of a customer using several factors, such as credit bureau information, consumer credit risk scores and service and device plan characteristics.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

(in millions)	December 31, 2019	December 31, 2018
EIP receivables, gross	$ 4,582	$ 4,534
Unamortized imputed discount	(299)	(330)
EIP receivables, net of unamortized imputed discount	4,283	4,204
Allowance for credit losses	(100)	(119)
EIP receivables, net	$ 4,183	$ 4,085
Classified on the balance sheet as:		
Equipment installment plan receivables, net	$ 2,600	$ 2,538
Equipment installment plan receivables due after one year, net	1,583	1,547
EIP receivables, net	$ 4,183	$ 4,085

To determine the appropriate level of the allowance for credit losses, we consider a number of credit quality factors, including historical credit losses and timely payment experience as well as current collection trends such as write-off frequency and severity, aging of the receivable portfolio, credit quality of the customer base and other qualitative factors such as macro-economic conditions.

We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on factors such as customer credit ratings and the length of time from the original billing date.

For EIP receivables, subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated incurred losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

The EIP receivables had weighted average effective imputed interest rates of 8.8% and 10.0% as of December 31, 2019, and 2018, respectively.

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Activity for the years ended December 31, 2019, 2018 and 2017, in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

	December 31, 2019			December 31, 2018			December 31, 2017		
(in millions)	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 67	$ 449	$ 516	$ 86	$ 396	$ 482	$ 102	$ 316	$ 418
Bad debt expense	77	230	307	69	228	297	104	284	388
Write-offs, net of recoveries	(83)	(249)	(332)	(88)	(240)	(328)	(120)	(273)	(393)
Change in imputed discount on short-term and long-term EIP receivables	N/A	136	136	N/A	250	250	N/A	252	252
Impact on the imputed discount from sales of EIP receivables	N/A	(167)	(167)	N/A	(185)	(185)	N/A	(183)	(183)
Allowance for credit losses and imputed discount, end of period	$ 61	$ 399	$ 460	$ 67	$ 449	$ 516	$ 86	$ 396	$ 482

Management considers the aging of receivables to be an important credit indicator. The following table provides delinquency status for the unpaid principal balance for receivables within the EIP portfolio segment, which we actively monitor as part of our current credit risk management practices and policies:

	December 31, 2019			December 31, 2018		
(in millions)	Prime	Subprime	Total EIP Receivables, gross	Prime	Subprime	Total EIP Receivables, gross
Current - 30 days past due	$ 2,384	$ 2,108	$ 4,492	$ 1,987	$ 2,446	$ 4,433
31 - 60 days past due	13	28	41	15	32	47
61 - 90 days past due	7	17	24	6	19	25
More than 90 days past due	7	18	25	7	22	29
Total receivables, gross	$ 2,411	$ 2,171	$ 4,582	$ 2,015	$ 2,519	$ 4,534

Note 4 – Sales of Certain Receivables

We have entered into transactions to sell certain service and EIP receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our Consolidated Financial Statements, are described below.

Sales of Service Accounts Receivable

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis (the "service receivable sale arrangement"). The maximum funding commitment of the service receivable sale arrangement is $950 million. In February 2019, the service receivable sale arrangement was amended to extend the scheduled expiration date, as well as certain third-party credit support under the arrangement, to March 2021. As of December

31, 2019 and 2018, the service receivable sale arrangement provided funding of $924 million and $774 million, respectively. Sales of receivables occur daily and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the “Service BRE”). The Service BRE does not qualify as a VIE, and due to the significant level of control we exercise over the entity, it is consolidated. Pursuant to the service receivable sale arrangement, certain of our wholly-owned subsidiaries transfer selected receivables to the Service BRE. The Service BRE then sells the receivables to an unaffiliated entity (the “Service VIE”), which was established to facilitate the sale of beneficial ownership interests in the receivables to certain third parties.

Variable Interest Entity

We determined that the Service VIE qualifies as a VIE as it lacks sufficient equity to finance its activities. We have a variable interest in the Service VIE but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Service VIE's economic performance. Those activities include committing the Service VIE to legal agreements to purchase or sell assets, selecting which receivables are purchased in the service receivable sale arrangement, determining whether the Service VIE will sell interests in the purchased service receivables to other parties, funding of the entity and servicing of receivables. We do not hold the power to direct the key decisions underlying these activities. For example, while we act as the servicer of the sold receivables, which is considered a significant activity of the Service VIE, we are acting as an agent in our capacity as the servicer and the counterparty to the service receivable sale arrangement has the ability to remove us as the servicing agent of the receivables at will with no recourse available to us. As we have determined we are not the primary beneficiary, the balances and results of the Service VIE are not included in our Consolidated Financial Statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Consolidated Balance Sheets that relate to our variable interest in the Service VIE:

(in millions)	December 31, 2019	December 31, 2018
Other current assets	$ 350	$ 339
Accounts payable and accrued liabilities	25	59
Other current liabilities	342	149

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP accounts receivable on a revolving basis (the "EIP sale arrangement"). The maximum funding commitment of the EIP sale arrangement is $1.3 billion, and the scheduled expiration date is November 2020.

As of both December 31, 2019 and 2018, the EIP sale arrangement provided funding of $1.3 billion. Sales of EIP receivables occur daily and are settled on a monthly basis.

In connection with this EIP sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity (the "EIP BRE"). Pursuant to the EIP sale arrangement, our wholly-owned subsidiary transfers selected receivables to the EIP BRE. The EIP BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity for which we do not exercise any level of control, nor does the third-party entity qualify as a VIE.

Variable Interest Entity

We determined that the EIP BRE is a VIE as its equity investment at risk lacks the obligation to absorb a certain portion of its expected losses. We have a variable interest in the EIP BRE and determined that we are the primary beneficiary based on our ability to direct the activities which most significantly impact the EIP BRE's economic performance. Those activities include selecting which receivables are transferred into the EIP BRE and sold in the EIP sale arrangement and funding of the EIP BRE. Additionally, our equity interest in the EIP BRE obligates us to absorb losses and gives us the right to receive benefits from the EIP BRE that could potentially be significant to the EIP BRE. Accordingly, we include the balances and results of operations of the EIP BRE in our Consolidated Financial Statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price, and liabilities included in our Consolidated Balance Sheets that relate to the EIP BRE:

(in millions)	December 31, 2019	December 31, 2018
Other current assets	$ 344	$ 321
Other assets	89	88
Other long-term liabilities	18	22

In addition, the EIP BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the EIP BRE, to be satisfied prior to any value in the EIP BRE becoming available to us. Accordingly, the assets of the EIP BRE may not be used to settle our general obligations and creditors of the EIP BRE have limited recourse to our general credit.

Sales of Receivables

The transfers of service receivables and EIP receivables to the non-consolidated entities are accounted for as sales of financial assets. Once identified for sale, the receivable is recorded at the lower of cost or fair value. Upon sale, we derecognize the net carrying amount of the receivables.

We recognize the cash proceeds received upon sale in Net cash provided by operating activities in our Consolidated Statements of Cash Flows. We recognize proceeds net of the deferred purchase price, consisting of a receivable from the purchasers that entitles us to certain collections on the receivables. We recognize the collection of the deferred purchase price in Net cash used in investing activities in our Consolidated Statements of Cash Flows as Proceeds related to beneficial interests in securitization transactions.

The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. We elected, at inception, to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily unobservable inputs (Level 3 inputs), including customer default rates. As of December 31, 2019, and 2018, our deferred purchase price related to the sales of service receivables and EIP receivables was $781 million and $746 million, respectively.

The following table summarizes the impact of the sale of certain service receivables and EIP receivables in our Consolidated Balance Sheets:

(in millions)	December 31, 2019	December 31, 2018
Derecognized net service receivables and EIP receivables	$ 2,584	$ 2,577
Other current assets	694	660
of which, deferred purchase price	*692*	*658*
Other long-term assets	89	88
of which, deferred purchase price	*89*	*88*
Accounts payable and accrued liabilities	25	59
Other current liabilities	342	149
Other long-term liabilities	18	22
Net cash proceeds since inception	1,944	1,879
Of which:		
Change in net cash proceeds during the year-to-date period	65	(179)
Net cash proceeds funded by reinvested collections	1,879	2,058

We recognized losses from sales of receivables, including adjustments to the receivables' fair values and changes in fair value of the deferred purchase price, of $130 million, $157 million and $299 million for the years ended December 31, 2019, 2018 and 2017, respectively, in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables and are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a

monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. While servicing the receivables, we apply the same policies and procedures to the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers. Pursuant to the EIP sale

arrangement, under certain circumstances, we are required to deposit cash or replacement EIP receivables primarily for contracts terminated by customers under our JUMP! Program.

In addition, we have continuing involvement with the sold receivables as we may be responsible for absorbing additional credit losses pursuant to the sale arrangements. Our maximum exposure to loss related to the involvement with the service receivables and EIP receivables sold under the sale arrangements was $1.1 billion as of December 31, 2019. The maximum exposure to loss, which is a required disclosure under U.S. GAAP, represents an estimated loss that would be incurred under severe, hypothetical circumstances whereby we would not receive the deferred purchase price portion of the contractual proceeds withheld by the purchasers and would also be required to repurchase the maximum amount of receivables pursuant to the sale arrangements without consideration for any recovery. We believe the probability of these circumstances occurring is remote and the maximum exposure to loss is not an indication of our expected loss.

Note 5 – Property and Equipment

The components of property and equipment were as follows:

(in millions)	Useful Lives	December 31, 2019	December 31, 2018
Buildings and equipment	Up to 40 years	$ 2,587	$ 2,428
Wireless communications systems	Up to 20 years	34,353	35,282
Leasehold improvements	Up to 12 years	1,345	1,299
Capitalized software	Up to 10 years	12,705	11,712
Leased wireless devices	Up to 18 months	1,139	1,159
Construction in progress		2,973	2,776
Accumulated depreciation and amortization		(33,118)	(31,297)
Property and equipment, net		$ 21,984	$ 23,359

We capitalize interest associated with the acquisition or construction of certain property and equipment and spectrum intangible assets. We recognized capitalized interest of $473 million, $362 million and $136 million for the years ended December 31, 2019, 2018 and 2017, respectively.

In December 2019, we sold 168 T-Mobile-owned wireless communications tower sites to an unrelated third party in exchange for net proceeds of $38 million which are included in Proceeds from sales of tower sites within Net cash used in investing activities in our Consolidated Statements of Cash Flows. A gain of $13 million was recognized as a reduction in Cost of services, exclusive of depreciation and amortization, in our Consolidated Statements of Comprehensive Income. We lease back space at certain of the sold tower sites for an initial term of ten years, followed by optional renewals.

Total depreciation expense relating to property and equipment was $6.0 billion, $6.4 billion and $5.8 billion for the years ended December 31, 2019, 2018 and 2017, respectively. Included in the total depreciation expense for the years ended December 31, 2019, 2018 and 2017 was $543 million, $940 million and $1.0 billion, respectively, related to leased wireless devices.

Asset retirement obligations are primarily for certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.
Activity in our asset retirement obligations was as follows:

(in millions)	December 31, 2019	December 31, 2018
Asset retirement obligations, beginning of year	$ 609	$ 562
Liabilities incurred	35	26
Liabilities settled	(2)	(9)
Accretion expense	32	30
Changes in estimated cash flows	(15)	—
Asset retirement obligations, end of year	$ 659	$ 609
Classified on the balance sheet as:		
Other long-term liabilities	$ 659	$ 609

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $159 million and $194 million as of December 31, 2019 and 2018, respectively.

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Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2019 and 2018, are as follows:

(in millions)	Goodwill
Historical goodwill	$ 12,449
Goodwill from acquisition of Layer3 TV	218
Accumulated impairment losses at December 31, 2018	(10,766)
Balance as of December 31, 2018	1,901
Goodwill from acquisition in 2019	29
Balance as of December 31, 2019	$ 1,930
Accumulated impairment losses at December 31, 2019	$ (10,766)

In July 2019, we completed our acquisition of a mobile marketing company, for cash consideration of $32 million. Upon closing of the transaction, the acquired company became a wholly-owned consolidated subsidiary to T-Mobile. We recorded Goodwill of approximately $29 million, calculated as the excess of the purchase price paid over the fair value of net assets acquired. The acquired goodwill was allocated to our wireless reporting unit and will be tested for impairment at this level.

The assets acquired and liabilities assumed were not material to our Consolidated Balance Sheets. The financial results from the acquisition closing date through December 31, 2019 were not material to our Consolidated Statements of Comprehensive Income. The acquisition was not material to our prior period consolidated results on a pro forma basis.

Spectrum Licenses

The following table summarizes our spectrum license activity for the years ended December 31, 2019 and 2018:

(in millions)	2019	2018
Spectrum licenses, beginning of year	$ 35,559	$ 35,366
Spectrum license acquisitions	857	138
Spectrum licenses transferred to held for sale	—	(1)
Costs to clear spectrum	49	56
Spectrum licenses, end of year	$ 36,465	$ 35,559

The following is a summary of significant spectrum transactions for the year ended December 31, 2019:

- In June 2019, the FCC announced that we were the winning bidder of 2,211 licenses in the 24 GHz and 28 GHz spectrum auctions for an aggregate price of $842 million.
    - At the inception of the 28 GHz spectrum auction in October 2018, we deposited $20 million with the FCC. Upon conclusion of the 28 GHz spectrum auction in February 2019, we made an additional payment of $19 million for the purchase price of licenses won in the auction.
    - At the inception of the 24 GHz spectrum auction in February 2019, we deposited $147 million with the FCC. Upon conclusion of the 24 GHz spectrum auction in June 2019, we made an additional payment of $656 million for the purchase price of licenses won in the auction.

The licenses are included in Spectrum licenses as of December 31, 2019, in our Consolidated Balance Sheets. Cash payments to acquire spectrum licenses and payments for costs to clear spectrum are included in Purchases of spectrum licenses and other intangible assets, including deposits in our Consolidated Statements of Cash Flows for the year ended December 31, 2019.

The following is a summary of significant spectrum transactions for the year ended December 31, 2018:

- We recorded spectrum licenses received as part of our acquisition of the remaining equity interest in Iowa Wireless Services, LLC, at their estimated fair value of approximately $87 million.

- We closed on multiple spectrum purchase agreements in which we acquired total spectrum licenses of approximately $50 million for cash consideration.
- In 2018, we signed a reciprocal long-term lease arrangement with Sprint in which both parties have the right to use a portion of spectrum owned by the other party. This executory agreement does not qualify as an acquisition of spectrum licenses, and we have not capitalized amounts related to the lease. The reciprocal long-term lease is a distinct transaction from the Merger.

Goodwill and Other Intangible Assets Impairment Assessments

Our impairment assessment of goodwill and other indefinite-lived intangible assets (spectrum licenses) resulted in no impairment as of December 31, 2019 and 2018.

Other Intangible Assets

The components of Other intangible assets were as follows:

		December 31, 2019			December 31, 2018		
(in millions)	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer lists	Up to 6 years	$ 1,104	$ (1,104)	$ —	$ 1,104	$ (1,086)	$ 18
Trademarks and patents	Up to 19 years	323	(258)	65	312	(225)	87
Other	Up to 28 years	100	(50)	50	149	(56)	93
Other intangible assets		$ 1,527	$ (1,412)	$ 115	$ 1,565	$ (1,367)	$ 198

Amortization expense for intangible assets subject to amortization was $82 million, $124 million and $163 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization are summarized below:

(in millions)
Year Ending December 31,
2020
2021
2022
2023
2024
Thereafter
Total

Note 7 – Fair Value Measurements

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates, Accounts payable and accrued liabilities, borrowings under vendor financing arrangements with our primary network equipment suppliers, and borrowings under our revolving credit facility with DT, our majority stockholder, approximate fair value due to the short-term maturities of these instruments.

Derivative Financial Instruments

Interest rate lock derivatives

Periodically, we use derivatives to manage exposure to market risk, such as interest rate risk. We designated certain derivatives as hedging instruments in a qualifying hedge accounting relationship (cash flow hedge) to help minimize significant, unplanned fluctuations in cash flows caused by interest rate volatility. We do not use derivatives for trading or speculative purposes.

We record interest rate lock derivatives on our Consolidated Balance Sheets at fair value that is derived primarily from observable market data, including yield curves. Interest rate lock derivatives were classified as Level 2 in the fair value

hierarchy. Cash flows associated with qualifying hedge derivative instruments are presented in the same category on the Consolidated Statements of Cash Flows as the item being hedged.

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of interest rate lock derivatives was a liability of $1.2 billion and $447 million as of December 31, 2019 and 2018, respectively, and was included in Other current liabilities in our Consolidated Balance Sheets. As of the years ended December 31, 2019 and 2018, no amounts were accrued or amortized into Interest expense in the Consolidated Statements of Comprehensive Income. Aggregate changes in fair value, net of tax, of $868 million and $332 million are presented in Accumulated other comprehensive loss as of December 31, 2019, and 2018, respectively.

In November 2019, we extended the mandatory termination date on our interest rate lock derivatives to June 3, 2020. In December 2019, we made net collateral transfers to certain of our derivative counterparties totaling $632 million, which included variation margin transfers to (or from) such derivative counterparties based on daily market movements. These collateral transfers are included in Other current assets in our Consolidated Balance Sheets and in Net cash related to derivative contracts under collateral exchange arrangements within Net cash used in investing activities in our Consolidated Statements of Cash Flows. The interest rate lock derivatives will be settled upon the earlier of the issuance of fixed-rate debt or the mandatory termination date. Upon settlement of the interest rate lock derivatives, we will receive, or make, a cash payment in the amount of the fair value of the cash flow hedge as of the settlement date.

Embedded derivatives

In connection with our business combination with MetroPCS, we issued senior reset notes to DT. We determined certain components of the reset feature are required to be bifurcated from the senior reset notes and separately accounted for as embedded derivative instruments.

The interest rates on our senior reset notes to DT were adjusted at the reset dates to rates defined in the applicable supplemental indentures to manage interest rate risk related to the senior reset notes. Our embedded derivatives are recorded at fair value primarily based on unobservable inputs and were classified as Level 3 in the fair value hierarchy for 2019 and 2018.

Effective April 28, 2019, we redeemed $600 million aggregate principal amount of our 9.332% Senior Reset Notes due 2023 held by DT. The notes were redeemed at a redemption price equal to 104.666% of the principal amount of the notes (plus accrued and unpaid interest thereon) and were paid on April 29, 2019. The write-off of embedded derivatives upon redemption of the DT Senior Reset Notes resulted in a gain of $11 million and is included in Other expense, net in our Consolidated Statements of Comprehensive Income. The fair value of embedded derivative instruments was $19 million as of December 31, 2018, and is included in Other long-term liabilities in our Consolidated Balance Sheets. For the years ended December 31, 2019, 2018, and 2017, we recognized $8 million, $29 million and $52 million from the gain activity related to embedded derivatives instruments in Interest expense to affiliates in our Consolidated Statements of Comprehensive Income.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 4 – Sales of Certain Receivables for further information.

The carrying amounts and fair values of our assets measured at fair value on a recurring basis included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2019		December 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Deferred purchase price assets	3	$ 781	$ 781	$ 746	$ 746

Long-term Debt

The fair value of our Senior Notes to third parties was determined based on quoted market prices in active markets, and therefore was classified as Level 1 within the fair value hierarchy. The fair values of our Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates were determined based on a discounted cash flow approach using market interest rates of instruments with similar terms and maturities and an estimate for our standalone credit risk.

Accordingly, our Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates. The fair value estimates were based on information available as of December 31, 2019, and 2018. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

The carrying amounts and fair values of our short-term and long-term debt included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2019		December 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:					
Senior Notes to third parties	1	$ 10,958	$ 11,479	$ 10,950	$ 10,945
Senior Notes to affiliates	2	9,986	10,366	9,984	9,802
Incremental Term Loan Facility to affiliates	2	4,000	4,000	4,000	3,976
Senior Reset Notes to affiliates	2	—	—	598	640

Guarantee Liabilities

We offer a device trade-in program, JUMP!, which provides eligible customers a specified-price trade-in right to upgrade their device. For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee, incorporating the expected probability and timing of handset upgrade and the estimated fair value of the handset which is returned. Accordingly, our guarantee liabilities were classified as Level 3 within the fair value hierarchy. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. Guarantee liabilities are included in Other current liabilities in our Consolidated Balance Sheets.

The carrying amounts of our guarantee liabilities measured at fair value on a non-recurring basis included in our Consolidated Balance Sheets were $62 million and $73 million as of December 31, 2019, and 2018, respectively.

The total estimated remaining gross EIP receivable balances of all enrolled handset upgrade program customers, which are the remaining EIP amounts underlying the JUMP! guarantee, including EIP receivables that have been sold, was $3.0 billion as of December 31, 2019. This is not an indication of our expected loss exposure as it does not consider the expected fair value of the used handset or the probability and timing of the trade-in.

Note 8 – Debt

Debt was as follows:

(in millions)	December 31, 2019	December 31, 2018
5.300% Senior Notes to affiliates due 2021	$ 2,000	$ 2,000
4.000% Senior Notes to affiliates due 2022	1,000	1,000
4.000% Senior Notes due 2022	500	500
Incremental term loan facility to affiliates due 2022	2,000	2,000
6.000% Senior Notes due 2023	1,300	1,300
9.332% Senior Reset Notes to affiliates due 2023	—	600
6.000% Senior Notes due 2024	1,000	1,000
6.500% Senior Notes due 2024	1,000	1,000
6.000% Senior Notes to affiliates due 2024	1,350	1,350
6.000% Senior Notes to affiliates due 2024	650	650
Incremental term loan facility to affiliates due 2024	2,000	2,000
5.125% Senior Notes to affiliates due 2025	1,250	1,250
5.125% Senior Notes due 2025	500	500
6.375% Senior Notes due 2025	1,700	1,700
6.500% Senior Notes due 2026	2,000	2,000
4.500% Senior Notes due 2026	1,000	1,000
4.500% Senior Notes to affiliates due 2026	1,000	1,000
5.375% Senior Notes due 2027	500	500
5.375% Senior Notes to affiliates due 2027	1,250	1,250
4.750% Senior Notes due 2028	1,500	1,500
4.750% Senior Notes to affiliates due 2028	1,500	1,500
Capital leases [(1)]	—	2,015
Unamortized premium on debt to affiliates	43	52
Unamortized discount on Senior Notes to affiliates	(53)	(64)
Financing arrangements for property and equipment	25	—
Debt issuance costs and consent fees	(46)	(56)
Total debt	24,969	27,547
Less: Current portion of capital leases	—	841
Less: Financing arrangements for property and equipment	25	—
Total long-term debt	$ 24,944	$ 26,706
Classified on the balance sheet as:		
Long-term debt	$ 10,958	$ 12,124
Long-term debt to affiliates	13,986	14,582
Total long-term debt	$ 24,944	$ 26,706

(1) Capital lease liabilities previously included in Short-term debt and Long-term debt were reclassified to Financing lease liabilities in our Consolidated Balance Sheet. See Note 1 – Summary of Significant Accounting Policies for additional details.

Debt to Affiliates

During the year ended December 31, 2019, we made the following note redemption:

(in millions)	Principal Amount	Write -off of Embedded Derivatives [1]	Other [2]	Redemption Date	Redemption Price
9.332% Senior Notes due 2023	$ 600	$ 11	$ 28	April 28, 2019	104.6660 %

(1) Certain components of the reset features were required to be bifurcated from the DT Senior Reset Notes and separately accounted for as embedded derivative instruments. The write-off of embedded derivatives upon redemption resulted in a gain and is included in Other expense, net in our Consolidated Statements of Comprehensive Income and in Losses on redemption of debt within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) Cash for the premium portion of the redemption price set forth in the indenture governing the DT Senior Reset Notes, plus accrued but unpaid interest on the DT Senior Reset Notes. The redemption premium was included in Other expense, net in our Consolidated Statements of Comprehensive Income and in Cash payments for debt prepayment or debt extinguishment costs in our Consolidated Statements of Cash Flows.

Incremental Term Loan Facility

In March 2018, we amended the terms of our secured term loan facility ("Incremental Term Loan Facility") with DT, our majority stockholder. Following this amendment, the applicable margin payable on LIBOR indexed loans is 1.50% under the $2.0 billion Incremental Term Loan Facility maturing on November 9, 2022 and 1.75% under the $2.0 billion Incremental Term Loan Facility maturing on January 31, 2024. The amendment also modified the Incremental Term Loan Facility to update certain covenants and other provisions to make them substantially consistent, subject to certain additional carve outs, with our most recently issued public notes. No issuance fees were incurred related to this debt facility for the years ended December 31, 2019 and 2018.

Commitment Letter

In connection with the entry into the Business Combination Agreement, T-Mobile USA entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018 and on September 6, 2019, the "Commitment Letter"), with certain financial institutions named therein that have committed to provide up to $30.0 billion in secured and unsecured debt financing, including a $4.0 billion secured revolving credit facility, a $7.0 billion secured term loan facility, and a $19.0 billion secured bridge loan facility. On September 6, 2019, T-Mobile USA amended and restated the Commitment Letter which (i) reduced the commitments under the secured term loan facility from $7.0 billion to $4.0 billion and (ii) extended the commitments thereunder through May 1, 2020. The funding of the debt facilities provided for in the Commitment Letter is subject to the satisfaction of the conditions set forth therein, including consummation of the Merger. The proceeds of the debt financing provided for in the Commitment Letter will be used to refinance certain existing debt of us, Sprint and our and Sprint's respective subsidiaries and for post-closing working capital needs of the combined company.

In connection with the financing provided for in the Commitment Letter, we expect to incur certain fees payable to the financial institutions, including certain financing fees on the secured term loan commitment. If the Merger closes, we will incur additional fees for the financial institutions structuring and providing the commitments and certain take-out fees associated with the issuance of permanent secured bond debt in lieu of the secured bridge loan. In total, we may incur up to approximately $340 million in fees associated with the Commitment Letter. We began incurring certain Commitment Letter fees on November 1, 2019, which were recognized in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. There were $12 million of fees accrued as of December 31, 2019.

Financing Matters Agreement

Pursuant to the Financing Matters Agreement, DT agreed, among other things, to consent to the incurrence by T-Mobile USA of secured debt in connection with and after the consummation of the Merger, and to provide a lock up on sales thereby as to certain senior notes of T-Mobile USA held thereby. In addition, T-Mobile USA agreed, among other things, to repay and terminate, upon closing of the Merger, the Incremental Term Loan Facility and the revolving credit facility of T-Mobile USA which are provided by DT, as well as $2.0 billion of T-Mobile USA's 5.300% Senior Notes due 2021 and $2.0 billion of T-Mobile USA's 6.000% Senior Notes due 2024. In addition, T-

Mobile USA and DT agreed, upon closing of the Merger, to amend the $1.25 billion of T-Mobile USA's 5.125% Senior Notes due 2025 and $1.25 billion of T-Mobile USA's 5.375% Senior Notes due 2027 to change the maturity dates thereof to April 15, 2021 and April 15, 2022, respectively (the "2025 and 2027 Amendments"). In connection with receiving the requisite consents, we made upfront payments to DT of $7 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt to affiliates in our Consolidated Balance Sheets. In accordance with the consents received from DT, on December 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 38th supplemental indenture to

the Indenture, pursuant to which, with respect to certain T-Mobile USA Senior Notes held by DT, the Proposed Amendments (as defined below under "Consents on Debt to Third Parties") and the 2025 and 2027 Amendments will become effective immediately prior to the consummation of the Merger. If the Merger is consummated, we will make additional payments for requisite consents to DT of $13 million. There were no additional payments accrued as of December 31, 2019 and 2018.

Consents on Debt to Third Parties

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement, we obtained consents necessary to effect certain amendments to our Senior Notes to third parties in connection with the Business Combination Agreement. Pursuant to the Consent Solicitation Statement, third-party note holders agreed, among other things, to consent to increasing the amount of Secured Indebtedness under Credit Facilities that can be incurred from the greater of $9.0 billion and 150% of Consolidated Cash Flow to the greater of $9.0 billion and an amount that would not cause the Secured Debt to Cash Flow Ratio (calculated net of cash and cash equivalents) to exceed 2.00x (the "Ratio Secured Debt Proposed Amendments") and in each case as such capitalized term is defined in the Indenture. In connection with receiving the requisite consents for the Ratio Secured Debt Proposed Amendments, we made upfront payments to third-party note holders of $17 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In addition, note holders agreed, among other things, to allow certain entities related to Sprint's existing spectrum securitization notes program ("Existing Sprint Spectrum Program") to be non-guarantor Restricted Subsidiaries, provided that the principal amount of the spectrum notes issued and outstanding under the Existing Sprint Spectrum Program does not exceed $7.0 billion and that the principal amount of such spectrum notes reduces the amount available under the Credit Facilities ratio basket, and to revise the definition of GAAP to mean generally accepted accounting principles in effect from time to time, unless the Company elects to "freeze" GAAP as of any date, and to exclude the effect of the changes in the accounting treatment of lease obligations (the "Existing Sprint Spectrum and GAAP Proposed Amendments," and together with the Ratio Secured Debt Proposed Amendments, the "Proposed Amendments"). In connection with receiving the requisite consents for the Existing Sprint Spectrum and GAAP Proposed Amendments, we made upfront payments to third-party note holders of $14 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In connection with obtaining the requisite consents, on May 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 37th supplemental indenture to the Indenture, pursuant to which, with respect to each of the Notes, the Proposed Amendments will become effective immediately prior to the consummation of the Merger.

We paid third-party bank fees associated with obtaining the requisite consents related to the Proposed Amendments of $6 million during the second quarter of 2018, which we recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. If the Merger is consummated, we will make additional payments to third-party note holders for requisite consents related to the Ratio Secured Debt Proposed Amendments of up to $54 million and additional payments to third-party note holders for requisite consents related to the Existing Sprint Spectrum and GAAP Proposed Amendments of up to $41 million. There were no payments accrued as of December 31, 2019.

Financing Arrangements

We maintain a financing arrangement with Deutsche Bank AG, which allows for up to $108 million in borrowings. Under the financing arrangement, we can effectively extend payment terms for invoices payable to certain vendors. The interest rate on the financing arrangement is determined based on LIBOR plus a specified margin per the arrangement. Obligations under the financing arrangement are included in Short-term debt in our Consolidated Balance Sheets. As of December 31, 2019 and 2018, there were no outstanding balances.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. During the year ended December 31, 2019, we utilized $800 million and repaid $775 million under the vendor financing arrangements. Invoices subject to extended payment

terms have various due dates through the first quarter of 2020. Payments on vendor financing agreements are included in Repayments of short-term debt for purchases of inventory, property and equipment, net, in our Consolidated Statements of Cash Flows. As of December 31, 2019, there was $25 million in outstanding borrowings under the vendor financing agreements which were included in Short-term debt in our Consolidated Balance Sheets. As of December 31, 2018, there was no outstanding balance.

Revolving Credit Facility

We maintain a $2.5 billion revolving credit facility with DT which is comprised of a $1.0 billion unsecured revolving credit agreement and a $1.5 billion secured revolving credit agreement. In December 2019, we amended the terms of the revolving credit facility with DT to extend the maturity date to December 29, 2022.

The proceeds and borrowings from the revolving credit facility are presented in Proceeds from borrowing on revolving credit facility and Repayments of revolving credit facility within Net cash used in financing activities in our Consolidated Statements of Cash Flows. As of December 31, 2019 and 2018, there were no outstanding borrowings under the revolving credit facility.

Standby Letters of Credit

For the purposes of securing our obligations to provide handset insurance services, we maintain an agreement for standby letters of credit with JP Morgan Chase Bank, N.A. ("JP Morgan Chase"). For purposes of securing our general purpose obligations, we maintain a letter of credit reimbursement agreement with Deutsche Bank.

The following table summarizes the outstanding standby letters of credit under each agreement:

(in millions)	December 31, 2019	December 31, 2018
JP Morgan Chase	$ 20	$ 20
Deutsche Bank	93	66
Total outstanding balance	$ 113	$ 86

Note 9 – Tower Obligations

In 2012, we conveyed to CCI the exclusive right to manage and operate approximately 7,100 T-Mobile-owned wireless communications tower sites in exchange for net proceeds of $2.5 billion (the "2012 Tower Transaction"). Rights to approximately 6,200 of the tower sites were transferred to CCI via a master prepaid lease with site lease terms ranging from 23 to 37 years ("CCI Lease Sites"), while the remaining tower sites were sold to CCI ("CCI Sales Sites"). CCI has fixed-price purchase options for the CCI Lease Sites totaling approximately $2.0 billion, exercisable at the end of the lease term. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

In 2015, we conveyed to PTI the exclusive right to manage and operate certain T-Mobile-owned wireless communications tower sites ("PTI Sales Sites") in exchange for net proceeds of approximately $140 million (the "2015 Tower Transaction"). Rights to approximately 150 of the tower sites remain operated by PTI under a management agreement. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of the tower sites were transferred to special purpose entities ("SPEs"). Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants, who lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs. Upon closing of the 2012 Tower Transaction, CCI acquired all of the equity interests in the SPE containing CCI Sales Sites and an option to acquire the CCI Lease Sites at the end of their respective lease terms and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites. Upon closing of the 2015 Tower Transaction, PTI acquired all of the equity interests in the SPEs containing PTI Sales Sites and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites.

We determined the SPEs containing the CCI Lease Sites ("Lease Site SPEs") are VIEs as our equity investment lacks the power to direct the activities that most significantly impact the economic performance of the VIEs. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not

have a controlling financial interest in the Lease Site SPEs, the balances and operating results of the Lease Site SPEs are not included in our Consolidated Financial Statements.

Due to our continuing involvement with the tower sites, we previously determined that we were precluded from applying sale-leaseback accounting. We recorded long-term financial obligations in the amount of the net proceeds received and recognized interest on the tower obligations at a rate of approximately 8% for the 2012 Tower Transaction and 5% for the 2015 Tower Transaction using the effective interest method. The tower obligations are increased by interest expense and amortized through

contractual leaseback payments made by us to CCI or PTI and through net cash flows generated and retained by CCI or PTI from operation of the tower sites. The principal payments on the tower obligations are included in Other, net within Net cash used in financing activities in our Consolidated Statements of Cash Flows**.** Our historical tower site asset costs are reported in Property and equipment, net in our Consolidated Balance Sheets and are depreciated.

Upon adoption of the new leasing standard we were required to reassess the previously failed sale-leasebacks and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized. We concluded that a sale has not occurred for the CCI Lease Sites and these sites continue to be accounted for as a failed sale-leaseback. We concluded that a sale had occurred for the CCI Sales Sites and the PTI Sales Sites and therefore we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these sites as part of the cumulative effect adjustment on January 1, 2019. See Note 1 - Summary of Significant Accounting Policies for further information.

The following table summarizes the balances of the failed sale-leasebacks in the Consolidated Balance Sheets:

(in millions)	December 31, 2019	December 31, 2018
Property and equipment, net	$ 198	$ 329
Tower obligations	2,236	2,557

Future minimum payments related to the tower obligations are approximately $160 million for the year ending December 31, 2020, $321 million in total for the years ending December 31, 2021 and 2022, $320 million in total for years ending December 31, 2023 and 2024, and $467 million in total for years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites. These contingent obligations are not included in Operating lease liabilities as any amount due is contractually owed by CCI based on the subleasing arrangement.

Note 10 – Revenue from Contracts with Customers

Disaggregation of Revenue

We provide wireless communications services to three primary categories of customers:

- Branded postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, wearables, DIGITS, or other connected devices which includes tablets and SyncUP DRIVE™;
- Branded prepaid customers generally include customers who pay for wireless communications services in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile; and
- Wholesale customers include Machine-to-Machine (“M2M”) and Mobile Virtual Network Operator (“MVNO”) customers that operate on our network but are managed by wholesale partners.

Branded postpaid service revenues, including branded postpaid phone revenues and branded postpaid other revenues, were as follows:

	Year Ended December 31,		
(in millions)	2019	2018	2017
Branded postpaid service revenues			
Branded postpaid phone revenues	$ 21,329	$ 19,745	$ 18,371
Branded postpaid other revenues	1,344	1,117	1,077
Total branded postpaid service revenues	$ 22,673	$ 20,862	$ 19,448

We operate as a single operating segment. The balances presented within each revenue line item in our Consolidated Statements of Comprehensive Income represent categories of revenue from contracts with customers disaggregated by type of product and service. Service revenues also include revenues earned for providing value added services to customers, such as handset insurance services. Revenue generated from the lease of mobile communication devices is included within Equipment revenues in our Consolidated Statements of Comprehensive Income.

Equipment revenues from the lease of mobile communication devices were as follows:

(in millions)	Year Ended Decemb	
	2019	2018
Equipment revenues from the lease of mobile communication devices	$ 599	$ 692

Contract Balances

The opening and closing balances of our contract asset and contract liability balances from contracts with customers as of December 31, 2018 and December 31, 2019, were as follows:

(in millions)	Contract Assets	Contract Liabilities
Balance as of December 31, 2018	$ 51	$ 645
Balance as of December 31, 2019	63	560
Change	$ 12	$ (85)

Contract assets primarily represent revenue recognized for equipment sales with promotional bill credits offered to customers that are paid over time and are contingent on the customer maintaining a service contract. The change in the contract asset balance includes customer activity related to new promotions, offset by billings on existing contracts and impairment which is recognized as bad debt expense. The current portion of our Contract Assets of approximately $50 million and $51 million as of December 31, 2019 and 2018, respectively, was included in Other current assets in our Consolidated Balance Sheets.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. The change in contract liabilities is primarily related to the migration of customers to unlimited rate plans. Contract liabilities are included in Deferred revenue in our Consolidated Balance Sheets.

Revenues for the years ended December 31, 2019 and 2018, include the following:

(in millions)	Year Ended December 31,	
	2019	2018
Amounts included in the beginning of year contract liability balance	$ 643	$ 710

Remaining Performance Obligations

As of December 31, 2019, the aggregate amount of transaction price allocated to remaining service performance obligations for branded postpaid contracts with promotional bill credits that result in an extended service contract is $237 million. We expect to recognize this revenue as service is provided over the extended contract term in the next 24 months.

Certain of our wholesale, roaming and other service contracts include variable consideration based on usage. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of December 31, 2019, the aggregate amount of the contractual minimum consideration for wholesale, roaming and other service contracts is $1.3 billion, $894 million and $791 million for 2020, 2021 and 2022 and beyond, respectively. These contracts have a remaining duration ranging from less than one year to ten years.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less have been excluded from the above, which primarily consists of monthly service contracts.

Contract Costs

The total balance of deferred incremental costs to obtain contracts was $906 million and $644 million as of December 31, 2019 and 2018, respectively. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs is included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income and was $604 million and $267 million for the years ended December 31, 2019 and 2018, respectively.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the years ended December 31, 2019 and 2018.

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Note 11 – Employee Compensation and Benefit Plans

Under our 2013 Omnibus Incentive Plan (the "Incentive Plan"), we are authorized to issue up to 82 million shares of our common stock. Under the Incentive Plan, we can grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), and performance awards to eligible employees, consultants, advisors and non-employee directors. As of December 31, 2019, there were approximately 19 million shares of common stock available for future grants under the Incentive Plan.

We grant RSUs to eligible employees, key executives and certain non-employee directors and performance-based restricted stock units (“PRSUs”) to eligible key executives. RSUs entitle the grantee to receive shares of our common stock upon vesting (with vesting generally occurring annually over a three year period), subject to continued service through the applicable vesting date. PRSUs entitle the holder to receive shares of our common stock at the end of a performance period of generally up to three years if the applicable performance goals are achieved and generally subject to continued service through the applicable performance period. The number of shares ultimately received by the holder of PRSUs is dependent on our business performance against the specified performance goal(s) over a pre-established performance period. We also maintain an employee stock purchase plan (“ESPP”), under which eligible employees can purchase our common stock at a discounted price.

Stock-based compensation expense and related income tax benefits were as follows:

(in millions, except shares, per share and contractual life amounts)	December 31, 2019	December 31, 2018	December 31, 2017
Stock-based compensation expense	$ 495	$ 424	$ 306
Income tax benefit related to stock-based compensation	$ 92	$ 81	$ 73
Weighted average fair value per stock award granted	$ 73.25	$ 61.52	$ 60.21
Unrecognized compensation expense	$ 515	$ 547	$ 445
Weighted average period to be recognized (years)	1.6	1.8	1.9
Fair value of stock awards vested	$ 512	$ 471	$ 503

Stock Awards

Time-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2018	11,010,635	$ 57.66	1.0	$ 700
Granted	6,099,719	73.13		
Vested	(5,862,128)	55.52		
Forfeited	(745,015)	65.87		
Nonvested, December 31, 2019	10,503,211	67.31	0.9	824

Performance-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2018	3,851,554	$ 64.03	1.6	$ 245
Granted	1,046,792	73.98		
Vested	(1,006,404)	52.47		
Forfeited	(88,403)	62.02		
Nonvested, December 31, 2019	3,803,539	69.78	1.0	300

PRSUs included in the table above are shown at target. Share payout can range from 0% to 200% based on different performance outcomes.

Payment of the underlying shares in connection with the vesting of stock awards generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. We have agreed to withhold shares of common stock otherwise issuable under the award to cover certain of these tax obligations, with the net shares issued to the employee accounted for as outstanding common stock. We withheld 2,094,555 and 2,321,827 shares of common stock to cover tax

obligations associated with the payment of shares upon vesting of stock awards and remitted cash of $156 million and $146 million to the appropriate tax authorities for the years ended December 31, 2019 and 2018, respectively.

Employee Stock Purchase Plan

Our ESPP allows eligible employees to contribute up to 15% of their eligible earnings toward the semi-annual purchase of our shares of common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the closing stock price on the first or last day of the six-month offering period, whichever price is lower. The number of shares issued under our ESPP was 2,091,650 and 2,011,794 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, the number of securities remaining available for future sale and issuance under the ESPP was 1,397,894.

Our ESPP provides for an annual increase in the aggregate number of shares of our common stock reserved for sale and authorized for issuance thereunder as of the first day of each fiscal year (beginning with fiscal year 2016) equal to the lesser of (i) 5,000,000 shares of our common stock, and (ii) the number of shares of Common Stock determined by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"). For fiscal years 2016 through 2019, the Compensation Committee determined that no such increase in shares of our common stock was necessary. However, an additional 5,000,000 shares of our common stock were automatically added to the ESPP share reserve as of January 1, 2020.

Stock Options

Stock options outstanding relate to the Metro Communications, Inc. 2010 Equity Incentive Compensation Plan, the Amended and Restated Metro Communications, Inc. 2004 Equity Incentive Compensation Plan, and the Layer3 TV, Inc. 2013 Stock Plan (collectively, the "Stock Option Plans"). No new awards have been or may be granted under the Stock Option Plans.

The following activity occurred under the Stock Option Plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding at December 31, 2018	284,811	$ 14.58	3.8
Exercised	(85,083)	15.94	
Expired/canceled	(4,786)	22.75	
Outstanding at December 31, 2019	194,942	13.80	2.9
Exercisable at December 31, 2019	180,966	13.48	2.6

Stock options exercised under the Stock Option Plans generated proceeds of approximately $1 million and $3 million for the years ended December 31, 2019 and 2018, respectively.

Employee Retirement Savings Plan

We sponsor a retirement savings plan for the majority of our employees under Section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pretax and post-tax income in accordance with specified guidelines. The plans provide that we match a percentage of employee contributions up to certain limits. Employer matching contributions were $119 million, $102 million and $87 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Note 12 – Repurchases of Common Stock

2017 Stock Repurchase Program

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the “2017 Stock Repurchase Program”). Repurchased shares are retired. The 2017 Stock Repurchase Program completed on April 29, 2018.

The following table summarizes information regarding repurchases of our common stock under the 2017 Stock Repurchase Program:

(In millions, except shares and per share price)

Year ended December 31,	Number of Shares Repurchased	Average Price Paid Per Share	Total Purchase Price
2018	16,738,758	$ 62.96	$ 1,054
2017	7,010,889	63.34	444
	23,749,647	63.07	$ 1,498

2018 Stock Repurchase Program

On April 27, 2018, our Board of Directors authorized an increase in the total stock repurchase program to $9.0 billion, consisting of the $1.5 billion in repurchases previously completed and for up to an additional $7.5 billion of repurchases of our common stock through the year ending December 31, 2020 (the "2018 Stock Repurchase Program"). The additional $7.5 billion repurchase authorization is contingent upon the termination of the Business Combination Agreement and the abandonment of the transactions contemplated under the Business Combination Agreement. There were no repurchases of our common stock under the 2018 Stock Repurchase Program in 2019 or 2018.

Under the 2018 Stock Repurchase Program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The 2018 Stock Repurchase Program does not obligate us to acquire any particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion. Repurchased shares are retired.

Stock Purchases by Affiliate

In the first quarter of 2018, DT, our majority stockholder and an affiliated purchaser, purchased 3.3 million additional shares of our common stock at an aggregate market value of $200 million in the public market or from other parties, in accordance with the rules of the SEC and other applicable legal requirements. There were no purchases in the remainder of 2018 and in 2019. We did not receive proceeds from these purchases.

Note 13 – Income Taxes

Our sources of Income before income taxes were as follows:

	Year Ended December 31,		
(in millions)	2019	2018	2017
U.S.	$ 4,557	$ 3,686	$ 3,274
Puerto Rico	46	231	(113)
Income before income taxes	$ 4,603	$ 3,917	$ 3,161

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Income tax (expense) benefit is summarized as follows:

(in millions)	Year Ended December 31, 2019	2018	2017
Current tax benefit (expense)			
Federal	$ 24	$ 39	$ —
State	(70)	(63)	(28)
Puerto Rico	2	(25)	(1)
Total current tax expense	(44)	(49)	(29)
Deferred tax benefit (expense)			
Federal	(954)	(750)	1,182
State	(125)	(160)	173
Puerto Rico	(12)	(70)	49
Total deferred tax (expense) benefit	(1,091)	(980)	1,404
Total income tax (expense) benefit	$ (1,135)	$ (1,029)	$ 1,375

The reconciliation between the U.S. federal statutory income tax rate and our effective income tax rate is as follows:

	Year Ended December 31, 2019	2018	2017
Federal statutory income tax rate	21.0 %	21.0 %	35.0 %
Effect of law and rate changes	0.4	1.9	(68.9)
Change in valuation allowance	(1.8)	(1.6)	(11.4)
State taxes, net of federal benefit	5.1	4.8	4.8
Equity-based compensation	(0.6)	(0.6)	(2.4)
Puerto Rico taxes, net of federal benefit	0.3	2.4	(1.5)
Permanent differences	1.2	1.3	0.5
Federal tax credits, net of reserves	(0.8)	(2.9)	0.3
Other, net	(0.1)	—	0.1
Effective income tax rate	24.7 %	26.3 %	(43.5)%

Significant components of deferred income tax assets and liabilities, tax effected, are as follows:

(in millions)	December 31, 2019	December 31, 2018
Deferred tax assets		
Loss carryforwards	$ 823	$ 1,526
Deferred rents	—	784
Lease liability	3,403	—
Reserves and accruals	659	668
Federal and state tax credits	331	340
Other	903	620
Deferred tax assets, gross	6,119	3,938
Valuation allowance	(129)	(210)
Deferred tax assets, net	5,990	3,728
Deferred tax liabilities		
Spectrum licenses	5,902	5,494
Property and equipment	2,506	2,434
Lease right-of-use assets	2,881	—
Other intangible assets	19	40
Other	289	232
Total deferred tax liabilities	11,597	8,200
Net deferred tax liabilities	$ 5,607	$ 4,472
Classified on the balance sheet as:		
Deferred tax liabilities	$ 5,607	$ 4,472

As of December 31, 2019, we have tax effected net operating loss ("NOL") carryforwards of $470 million for federal income tax purposes and $710 million for state income tax purposes, expiring through 2039. Federal NOLs and certain state NOLs generated in and after 2018 do not expire. As of December 31, 2019, our tax effected federal and state NOL carryforwards for financial reporting purposes were approximately $138 million and $282 million, respectively, less than our NOL carryforwards for federal and state income tax purposes, due to unrecognized tax benefits of the same amount. The unrecognized tax benefit amounts exclude indirect tax effects of $63 million in other jurisdictions.

As of December 31, 2019, we have available Alternative Minimum Tax ("AMT") credit carryforwards of $23 million. The AMT credits will be fully recovered by 2021. We also have research and development and foreign tax credit carryforwards with a combined value of $347 million for federal income tax purposes, which begin to expire in 2020.

As of December 31, 2019, 2018 and 2017, our valuation allowance was $129 million, $210 million and $273 million, respectively. The change from December 31, 2018 to December 31, 2019 primarily related to a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions resulting from legal entity reorganizations. The change from December 31, 2017 to December 31, 2018 primarily related to a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions from a change in tax status of certain subsidiaries. We will continue to monitor positive and negative evidence related to the utilization of the remaining deferred tax assets for which a valuation allowance continues to be provided. It is possible that our valuation allowance may change within the next twelve months.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in Puerto Rico. We are currently under examination by various states. Management does not believe the resolution of any of the audits will result in a material change to our financial condition, results of operations or cash flows. The IRS has concluded its audits of our federal tax returns through the 2013 tax year; however, NOL and other carryforwards for certain audited periods remain open for examination. We are generally closed to U.S. federal, state and Puerto Rico examination for years prior to 2000.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

	Year Ended December 31,		
(in millions)	**2019**	**2018**	**2017**
Unrecognized tax benefits, beginning of year	$ 462	$ 412	$ 410
Gross (decreases) increases to tax positions in prior periods	(7)	6	(10)
Gross increases due to current period business acquisitions	—	10	—
Gross increases to current period tax positions	59	34	12
Unrecognized tax benefits, end of year	$ 514	$ 462	$ 412

As of December 31, 2019 and 2018, we had $367 million and $315 million, respectively, in unrecognized tax benefits that, if recognized, would affect our annual effective tax rate. Penalties and interest on income tax assessments are included in Selling, general and administrative expenses and Interest expense, respectively, in our Consolidated Statements of Comprehensive Income. The accrued interest and penalties associated with unrecognized tax benefits are insignificant.

Note 14 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

(in millions, except shares and per share amounts)	Year Ended December 31, 2019	2018	2017
Net income	$ 3,468	$ 2,888	$ 4,536
Less: Dividends on mandatory convertible preferred stock	—	—	(55)
Net income attributable to common stockholders - basic	3,468	2,888	4,481
Add: Dividends related to mandatory convertible preferred stock	—	—	55
Net income attributable to common stockholders	$ 3,468	$ 2,888	$ 4,536
Weighted average shares outstanding - basic	854,143,751	849,744,152	831,850,073
Effect of dilutive securities:			
Outstanding stock options and unvested stock awards	9,289,760	8,546,022	9,200,873
Mandatory convertible preferred stock	—	—	30,736,504
Weighted average shares outstanding - diluted	863,433,511	858,290,174	871,787,450
Earnings per share - basic	$ 4.06	$ 3.40	$ 5.39
Earnings per share - diluted	$ 4.02	$ 3.36	$ 5.20
Potentially dilutive securities:			
Outstanding stock options and unvested stock awards	16,359	148,422	33,980

As of December 31, 2019, we had authorized 100 million shares of preferred stock, with a par value of $0.00001 per share. There was no preferred stock outstanding as of December 31, 2019 and 2018.

Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

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Note 15 - Leases

Leases (Topic 842) Disclosures

Lessee

We are lessee for non-cancelable operating and financing leases for cell sites, switch sites, retail stores and office facilities with contractual terms that generally extend through 2029. The majority of cell site leases have an initial non-cancelable term of five to ten years with several renewal options that can extend the lease term from five to thirty-five years. In addition, we have financing leases for network equipment that generally have a non-cancelable lease term of two to five years; the financing leases do not have renewal options and contain a bargain purchase option at the end of the lease.

The components of lease expense were as follows:

(in millions)	Year Ended December 31, 2019
Operating lease expense	$ 2,558
Financing lease expense:	
Amortization of right-of-use assets	523
Interest on lease liabilities	82
Total financing lease expense	605
Variable lease expense	243
Total lease expense	$ 3,406

Information relating to the lease term and discount rate is as follows:

	December 31, 2019
Weighted Average Remaining Lease Term (Years)	
Operating leases	6
Financing leases	3
Weighted Average Discount Rate	
Operating leases	4.8 %
Financing leases	4.0 %

Maturities of lease liabilities as of December 31, 2019, were as follows:

(in millions)	Operating Leases	Finance Leases
Twelve Months Ending December 31,		
2020	$ 2,754	$ 1,013
2021	2,583	733
2022	2,311	414
2023	1,908	101
2024	1,615	71
Thereafter	3,797	115
Total lease payments	14,968	2,447
Less imputed interest	2,142	144
Total	$ 12,826	$ 2,303

Interest payments for financing leases for the year ended December 31, 2019, were $82 million.

As of December 31, 2019, we have additional operating leases for cell sites and commercial properties that have not yet commenced with future lease payments of approximately $341 million.

As of December 31, 2019, we were contingently liable for future ground lease payments related to the tower obligations. These contingent obligations are not included in the above table as the amounts owed are contractually owed by CCI based on the subleasing arrangement. See Note 9 - Tower Obligations for further information.

Lessor

JUMP! On Demand allows customers to lease a device (handset or tablet) over a period of 18 months and upgrade it for a new device up to one time per month. Upon device upgrade or at lease end, customers must return or purchase their device. The purchase price at the expiration of the lease is established at lease commencement and reflects the estimated residual value of the device, which reflects the estimated fair value of the underlying asset at the end of the lease term. The JUMP! On Demand leases do not contain any residual value guarantees or variable lease payments, and there are no restrictions or covenants imposed by these leases. Leased wireless devices are included in Property and equipment, net in our Consolidated Balance Sheets.

The components of leased wireless devices under our JUMP! On Demand program were as follows:

(in millions)	December 31, 2019	December 31, 2018
Leased wireless devices, gross	$ 1,139	$ 1,159
Accumulated depreciation	(407)	(622)
Leased wireless devices, net	$ 732	$ 537

For equipment revenues from the lease of mobile communication devices, see Note 10 - Revenue from Contracts with Customers.

Future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Twelve Months Ending December 31,	
2020	$ 417
2021	99
Total	$ 516

Leases (Topic 840) Disclosures

On January 1, 2019, we adopted the new lease standard using a modified-retrospective approach by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application and did not restate the prior periods presented in our Consolidated Financial Statements. As such, prior periods presented in our Consolidated Financial Statements continue to be in accordance with the former lease standard, Topic 840 Leases. See Note 1 - Summary of Significant Accounting Policies for further information.

Operating Leases

Under the previous lease standard, we had non-cancelable operating leases for cell sites, switch sites, retail stores and office facilities. As of December 31, 2018, these leases had contractual terms expiring through 2028, with the majority of cell site leases having an initial non-cancelable term of five to ten years with several renewal options. In addition, we had operating leases for dedicated transportation lines with varying expiration terms through 2027.

Our commitments under leases existing as of December 31, 2018 were approximately $2.7 billion for the year ending December 31, 2019, $4.7 billion in total for the years ending December 31, 2020 and 2021, $3.3 billion in total for the years ending December 31, 2022 and 2023 and $3.8 billion in total for years thereafter.

Total rent expense under operating leases, including dedicated transportation lines, was $3.0 billion for the year ended December 31, 2018, and was classified as Cost of services and Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income.

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Lessor

As of December 31, 2018, the future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Year Ended December 31,	
2019	$ 419
2020	59
Total	$ 478

Capital Leases

Within property and equipment, wireless communications systems include capital lease agreements for network equipment with varying expiration terms through 2033. Capital lease assets and accumulated amortization were $3.1 billion and $867 million as of December 31, 2018.

As of December 31, 2018, the future minimum payments required under capital leases, including interest and maintenance, over their remaining terms are summarized below:

(in millions)
Year Ended December 31,
2019
2020
2021
2022
2023
Thereafter
Total
Included in Total
Interest
Maintenance

Note 16 – Commitments and Contingencies

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms that generally extend through 2035. In addition, we have commitments to purchase and lease spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

Our purchase commitments are approximately $3.6 billion for the year ending December 31, 2020, $3.3 billion in total for the years ending December 31, 2021 and 2022, $1.6 billion in total for the years ending December 31, 2023 and 2024 and $1.4 billion in total for the years thereafter.

In 2018, we signed a reciprocal long-term spectrum lease with Sprint. The lease includes an offsetting amount to be received from Sprint for the lease of our spectrum. Lease payments began in the fourth quarter of 2018. The

minimum commitment under this lease as of December 31, 2019, is $481 million and is included in the purchase obligations above. The reciprocal long-term lease is a distinct transaction from the Merger.

Under the previous lease standard certain of our network backhaul arrangements were accounted for as operating leases. Obligations under these agreements were included within our operating lease commitments as of December 31, 2018.

These agreements no longer qualify as leases under the new lease standard. Our commitments under these agreements as of December 31, 2019, were approximately $164 million for the year ending December 31, 2020, $267 million in total for the years ended December 31, 2021 and 2022, $171 million in total for the years ended December 31, 2023 and 2024, and $196 million in total for years thereafter. The commitments under these agreements are included in the purchase commitments above.

Interest rate lock derivatives

We have entered into interest rate lock derivatives with notional amounts of $9.6 billion. These interest rate lock derivatives were designated as cash flow hedges to reduce variability in cash flows due to changes in interest payments attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. The fair value of interest rate lock derivatives as of December 31, 2019, was a liability of $1.2 billion and is included in Other current liabilities in our Consolidated Balance Sheets. See Note 7 – Fair Value Measurements for further information.

Renewable Energy Purchase Agreements

In April 2019, T-Mobile USA entered into a Renewable Energy Purchase Agreement ("REPA") with a third party that is based on the expected operation of a solar photovoltaic electrical generation facility located in Texas and will remain in effect until the fifteenth anniversary of the facility's entry into commercial operation. Commercial operation of the facility is expected to occur in July 2021. The REPA consists of an energy forward agreement that is net settled based on energy prices and the energy output generated by the facility. We have determined that the REPA does not meet the definition of a derivative because the expected energy output of the facility may not be reliably estimated (the arrangement lacks a notional amount). The REPA does not contain any unconditional purchase obligations because amounts under the agreement are not fixed and determinable. Our participation in the REPA did not require an upfront investment or capital commitment. We do not control the activities that most significantly impact the energy-generating facility, nor do we direct the use of, or receive specific energy output from, the facility.

Contingencies and Litigation

Litigation Matters

On June 11, 2019, a number of state attorneys general filed a lawsuit against us, DT, Sprint, and SoftBank in the U.S. District Court for the Southern District of New York, alleging that the Merger, if consummated, would violate Section 7 of the Clayton Act and so should be enjoined. The trial concluded after two weeks of witness testimony and presentation of document evidence. We are now waiting for the trial court's ruling. See Note 2 – Business Combinations for further information.

In addition to the litigation associated with the Transactions discussed above, we are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. The Litigation Matters described above have progressed to various stages and some of them may proceed to trial, arbitration, hearing or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate, which is reflected in the Consolidated Financial Statements but that is not considered to be, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including but not limited to uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. While we do not expect that the ultimate resolution of these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, an unfavorable outcome of some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

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Note 17 – Additional Financial Information

Supplemental Consolidated Balance Sheets Information

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are summarized as follows:

(in millions)	December 31, 2019	December 31, 2018
Accounts payable	$ 4,322	$ 5,487
Payroll and related benefits	802	709
Property and other taxes, including payroll	682	642
Interest	227	227
Commissions	251	243
Network decommissioning	—	65
Toll and interconnect	156	157
Advertising	127	76
Other	179	135
Accounts payable and accrued liabilities	$ 6,746	$ 7,741

Book overdrafts included in accounts payable and accrued liabilities were $463 million and $630 million as of December 31, 2019 and 2018, respectively.

Supplemental Consolidated Statements of Comprehensive Income Information

Related Party Transactions

We have related party transactions associated with DT or its affiliates in the ordinary course of business, which are included in the Consolidated Financial Statements.

The following table summarizes the impact of significant transactions with DT or its affiliates included in Operating expenses in the Consolidated Statements of Comprehensive Income:

	Year Ended Dec	
(in millions)	2019	2018
Discount related to roaming expenses	$ (9)	$
Fees incurred for use of the T-Mobile brand	88	
Expenses for telecommunications and IT services	—	
International long distance agreement	39	

We have an agreement with DT for the reimbursement of certain administrative expenses, which were $11 million for each of the years ended December 31, 2019, 2018 and 2017.

Note 18 – Guarantor Financial Information

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties issued by T-Mobile USA (“Issuer”) is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile (“Parent”) and certain of the Issuer’s 100% owned subsidiaries (“Guarantor Subsidiaries”).

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures and credit facilities governing the long-term debt contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to incur more debt,

pay dividends and make distributions, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuer to loan funds or make payments to Parent. However, the Issuer and Guarantor Subsidiaries are allowed to make certain permitted payments to the Parent under the terms of the indentures and the supplemental indentures.

On October 23, 2018, SLMA LLC was formed as a limited liability company in Delaware to serve as an escrow subsidiary to facilitate the contemplated issuance of notes by Parent in connection with the Transactions. SLMA LLC is an indirect, 100% owned finance subsidiary of Parent, as such term is used in Rule 3-10(b) of Regulation S-X, and has been designated as an unrestricted subsidiary under the Issuer's existing debt securities. Any debt securities that may be issued from time to time by SLMA LLC will be fully and unconditionally guaranteed by Parent.

In 2019, certain Non-Guarantor Subsidiaries became Guarantor Subsidiaries. Certain prior period amounts have been reclassified to conform to the current period's presentation.

Presented below is the condensed consolidating financial information as of December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018 and 2017.

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Condensed Consolidating Balance Sheet Information
December 31, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 5	$ 1	$ 1,350	$ 172	$ —	$ 1,528
Accounts receivable, net	—	—	1,616	272	—	1,888
Equipment installment plan receivables, net	—	—	2,600	—	—	2,600
Accounts receivable from affiliates	—	—	20	—	—	20
Inventory	—	—	964	—	—	964
Other current assets	—	646	975	684	—	2,305
Total current assets	5	647	7,525	1,128	—	9,305
Property and equipment, net [1]	—	—	21,790	194	—	21,984
Operating lease right-of-use assets	—	—	10,933	—	—	10,933
Financing lease right-of-use assets	—	—	2,715	—	—	2,715
Goodwill	—	—	1,930	—	—	1,930
Spectrum licenses	—	—	36,465	—	—	36,465
Other intangible assets, net	—	—	115	—	—	115
Investments in subsidiaries, net	28,898	51,306	—	—	(80,204)	—
Intercompany receivables and note receivables	—	3,464	—	—	(3,464)	—
Equipment installment plan receivables due after one year, net	—	—	1,583	—	—	1,583
Other assets	—	18	1,797	239	(163)	1,891
Total assets	$ 28,903	$ 55,435	$ 84,853	$ 1,561	$ (83,831)	$ 86,921
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 252	$ 6,236	$ 258	$ —	$ 6,746
Payables to affiliates	—	145	42	—	—	187
Short-term debt	—	25	—	—	—	25
Deferred revenue	—	—	631	—	—	631
Short-term operating lease liabilities	—	—	2,287	—	—	2,287
Short-term financing lease liabilities	—	—	957	—	—	957
Other current liabilities	—	1,171	139	363	—	1,673
Total current liabilities	—	1,593	10,292	621	—	12,506
Long-term debt	—	10,958	—	—	—	10,958
Long-term debt to affiliates	—	13,986	—	—	—	13,986
Tower obligations [1]	—	—	75	2,161	—	2,236
Deferred tax liabilities	—	—	5,770	—	(163)	5,607
Operating lease liabilities	—	—	10,539	—	—	10,539
Financing lease liabilities	—	—	1,346	—	—	1,346
Negative carrying value of subsidiaries, net	—	—	864	—	(864)	—
Intercompany payables and debt	114	—	2,968	382	(3,464)	—
Other long-term liabilities	—	—	937	17	—	954
Total long-term liabilities	114	24,944	22,499	2,560	(4,491)	45,626
Total stockholders' equity (deficit)	28,789	28,898	52,062	(1,620)	(79,340)	28,789
Total liabilities and stockholders' equity	$ 28,903	$ 55,435	$ 84,853	$ 1,561	$ (83,831)	$ 86,921

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 9 – Tower Obligations for further information.

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Condensed Consolidating Balance Sheet Information
December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 2	$ 1	$ 1,082	$ 118	$ —	$ 1,203
Accounts receivable, net	—	—	1,510	259	—	1,769
Equipment installment plan receivables, net	—	—	2,538	—	—	2,538
Accounts receivable from affiliates	—	—	11	—	—	11
Inventory	—	—	1,084	—	—	1,084
Other current assets	—	—	1,032	644	—	1,676
Total current assets	2	1	7,257	1,021	—	8,281
Property and equipment, net [1]	—	—	23,113	246	—	23,359
Goodwill	—	—	1,901	—	—	1,901
Spectrum licenses	—	—	35,559	—	—	35,559
Other intangible assets, net	—	—	198	—	—	198
Investments in subsidiaries, net	25,314	46,516	—	—	(71,830)	—
Intercompany receivables and note receivables	—	5,174	—	—	(5,174)	—
Equipment installment plan receivables due after one year, net	—	—	1,547	—	—	1,547
Other assets	—	7	1,540	217	(141)	1,623
Total assets	$ 25,316	$ 51,698	$ 71,115	$ 1,484	$ (77,145)	$ 72,468
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 228	$ 7,263	$ 250	$ —	$ 7,741
Payables to affiliates	—	157	43	—	—	200
Short-term debt	—	—	841	—	—	841
Deferred revenue	—	—	698	—	—	698
Other current liabilities	—	447	164	176	—	787
Total current liabilities	—	832	9,009	426	—	10,267
Long-term debt	—	10,950	1,174	—	—	12,124
Long-term debt to affiliates	—	14,582	—	—	—	14,582
Tower obligations [1]	—	—	384	2,173	—	2,557
Deferred tax liabilities	—	—	4,613	—	(141)	4,472
Deferred rent expense	—	—	2,781	—	—	2,781
Negative carrying value of subsidiaries, net	—	—	676	—	(676)	—
Intercompany payables and debt	598	—	4,258	318	(5,174)	—
Other long-term liabilities	—	20	926	21	—	967
Total long-term liabilities	598	25,552	14,812	2,512	(5,991)	37,483
Total stockholders' equity (deficit)	24,718	25,314	47,294	(1,454)	(71,154)	24,718
Total liabilities and stockholders' equity	$ 25,316	$ 51,698	$ 71,115	$ 1,484	$ (77,145)	$ 72,468

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 9 – Tower Obligations for further information.

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 32,268	$ 3,003	$ (1,277)	$ 33,994
Equipment revenues	—	—	10,053	3	(216)	9,840
Other revenues	—	19	1,109	203	(167)	1,164
Total revenues	—	19	43,430	3,209	(1,660)	44,998
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,733	—	(111)	6,622
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	10,908	1,207	(216)	11,899
Selling, general and administrative	—	16	14,467	989	(1,333)	14,139
Depreciation and amortization	—	—	6,564	52	—	6,616
Total operating expense	—	16	38,672	2,248	(1,660)	39,276
Operating income	—	3	4,758	961	—	5,722
Other income (expense)						
Interest expense	—	(454)	(88)	(185)	—	(727)
Interest expense to affiliates	—	(409)	(20)	—	21	(408)
Interest income	—	22	20	3	(21)	24
Other (expense) income, net	—	(13)	6	(1)	—	(8)
Total other expense, net	—	(854)	(82)	(183)	—	(1,119)
Income (loss) before income taxes	—	(851)	4,676	778	—	4,603
Income tax expense	—	—	(965)	(170)	—	(1,135)
Earnings of subsidiaries	3,468	4,319	31	—	(7,818)	—
Net income	$ 3,468	$ 3,468	$ 3,742	$ 608	$ (7,818)	$ 3,468
Net income	$ 3,468	$ 3,468	$ 3,742	$ 608	$ (7,818)	$ 3,468
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	(536)	(536)	186	—	350	(536)
Total comprehensive income	$ 2,932	$ 2,932	$ 3,928	$ 608	$ (7,468)	$ 2,932

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 30,637	$ 2,333	$ (978)	$ 31,992
Equipment revenues	—	—	10,209	1	(201)	10,009
Other revenues	—	29	1,113	228	(61)	1,309
Total revenues	—	29	41,959	2,562	(1,240)	43,310
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,283	24	—	6,307
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	11,239	1,010	(202)	12,047
Selling, general and administrative	—	11	13,296	892	(1,038)	13,161
Depreciation and amortization	—	—	6,422	64	—	6,486
Total operating expenses	—	11	37,240	1,990	(1,240)	38,001
Operating income	—	18	4,719	572	—	5,309
Other income (expense)						
Interest expense	—	(528)	(114)	(193)	—	(835)
Interest expense to affiliates	—	(522)	(21)	—	21	(522)
Interest income	—	23	16	1	(21)	19
Other (expense) income, net	—	(87)	33	—	—	(54)
Total other expense, net	—	(1,114)	(86)	(192)	—	(1,392)
Income (loss) before income taxes	—	(1,096)	4,633	380	—	3,917
Income tax expense	—	—	(950)	(79)	—	(1,029)
Earnings of subsidiaries	2,888	3,984	32	—	(6,904)	—
Net income	$ 2,888	$ 2,888	$ 3,715	$ 301	$ (6,904)	$ 2,888
Net income	$ 2,888	$ 2,888	$ 3,715	$ 301	$ (6,904)	$ 2,888
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	(332)	(332)	116	—	216	(332)
Total comprehensive income	$ 2,556	$ 2,556	$ 3,831	$ 301	$ (6,688)	$ 2,556

Index for Notes to the Consolidated Financial Statements

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 28,894	$ 2,113	$ (847)	$ 30,160
Equipment revenues	—	—	9,620	—	(245)	9,375
Other revenues	—	3	879	212	(25)	1,069
Total revenues	—	3	39,393	2,325	(1,117)	40,604
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,076	24	—	6,100
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	10,849	1,003	(244)	11,608
Selling, general and administrative	—	—	12,276	856	(873)	12,259
Depreciation and amortization	—	—	5,914	70	—	5,984
Gains on disposal of spectrum licenses	—	—	(235)	—	—	(235)
Total operating expenses	—	—	34,880	1,953	(1,117)	35,716
Operating income	—	3	4,513	372	—	4,888
Other income (expense)						
Interest expense	—	(811)	(109)	(191)	—	(1,111)
Interest expense to affiliates	—	(560)	(23)	—	23	(560)
Interest income	1	29	10	—	(23)	17
Other income (expense), net	—	(88)	16	(1)	—	(73)
Total other income (expense), net	1	(1,430)	(106)	(192)	—	(1,727)
Income (loss) before income taxes	1	(1,427)	4,407	180	—	3,161
Income tax expense (benefit)	—	—	1,527	(152)	—	1,375
Earnings (loss) of subsidiaries	4,535	5,962	(57)	—	(10,440)	—
Net income	4,536	4,535	5,877	28	(10,440)	4,536
Dividends on preferred stock	(55)	—	—	—	—	(55)
Net income attributable to common stockholders	$ 4,481	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,481
Net income	$ 4,536	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,536
Other comprehensive loss, net of tax						
Other comprehensive loss, net of tax	7	7	7	—	(14)	7
Total comprehensive income	$ 4,543	$ 4,542	$ 5,884	$ 28	$ (10,454)	$ 4,543

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (752)	$ 11,338	$ (3,207)	$ (555)	$ 6,824
Investing activities						
Purchases of property and equipment	—	—	(6,391)	—	—	(6,391)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(967)	—	—	(967)
Proceeds from sales of tower sites	—	—	38	—	—	38
Proceeds related to beneficial interests in securitization transactions	—	—	37	3,839	—	3,876
Net cash related to derivative contracts under collateral exchange arrangements	—	(632)	—	—	—	(632)
Acquisition of companies, net of cash acquired	—	(32)	1	—	—	(31)
Other, net	—	(12)	(6)	—	—	(18)
Net cash (used in) provided by investing activities	—	(676)	(7,288)	3,839	—	(4,125)
Financing activities						
Proceeds from borrowing on revolving credit facility, net	—	2,340	—	—	—	2,340
Repayments of revolving credit facility	—	—	(2,340)	—	—	(2,340)
Repayments of financing lease obligations	—	—	(798)	—	—	(798)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(775)	—	—	(775)
Repayments of long-term debt	—	—	(600)	—	—	(600)
Intercompany advances, net	1	(912)	934	(23)	—	—
Tax withholdings on share-based awards	—	—	(156)	—	—	(156)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(28)	—	—	(28)
Intercompany dividend paid	—	—	—	(555)	555	—
Other, net	2	—	(19)	—	—	(17)
Net cash provided (used in) by financing activities	3	1,428	(3,782)	(578)	555	(2,374)
Change in cash and cash equivalents	3	—	268	54	—	325
Cash and cash equivalents						
Beginning of period	2	1	1,082	118	—	1,203
End of period	$ 5	$ 1	$ 1,350	$ 172	$ —	$ 1,528

Index for Notes to the Consolidated Financial Statements

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (1,254)	$ 10,414	$ (5,041)	$ (220)	$ 3,899
Investing activities						
Purchases of property and equipment	—	—	(5,536)	(5)	—	(5,541)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(127)	—	—	(127)
Proceeds related to beneficial interests in securitization transactions	—	—	53	5,353	—	5,406
Acquisition of companies, net of cash	—	—	(338)	—	—	(338)
Equity investment in subsidiary	—	—	(43)	—	43	—
Other, net	—	(7)	28	—	—	21
Net cash (used in) provided by investing activities	—	(7)	(5,963)	5,348	43	(579)
Financing activities						
Proceeds from issuance of long-term debt	—	2,494	—	—	—	2,494
Proceeds from borrowing on revolving credit facility, net	—	6,265	—	—	—	6,265
Repayments of revolving credit facility	—	—	(6,265)	—	—	(6,265)
Repayments of financing lease obligations	—	—	(700)	—	—	(700)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(3,349)	—	—	(3,349)
Repurchases of common stock	(1,071)	—	—	—	—	(1,071)
Intercompany advances, net	995	(7,498)	6,530	(27)	—	—
Equity investment from parent	—	—	43	—	(43)	—
Tax withholdings on share-based awards	—	—	(146)	—	—	(146)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(212)	—	—	(212)
Intercompany dividend paid	—	—	—	(220)	220	—
Other, net	4	—	(56)	—	—	(52)
Net cash (used in) provided by financing activities	(72)	1,261	(4,455)	(247)	177	(3,336)
Change in cash and cash equivalents	(72)	—	(4)	60	—	(16)
Cash and cash equivalents						
Beginning of period	74	1	1,086	58	—	1,219
End of period	$ 2	$ 1	$ 1,082	$ 118	$ —	$ 1,203

Index for Notes to the Consolidated Financial Statements

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ 1	$ (1,613)	$ 9,761	$ (4,218)	$ (100)	$ 3,831
Investing activities						
Purchases of property and equipment	—	—	(5,237)	—	—	(5,237)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(5,828)	—	—	(5,828)
Proceeds related to beneficial interests in securitization transactions	—	—	43	4,276	—	4,319
Equity investment in subsidiary	(308)	—	—	—	308	—
Other, net	—	—	1	—	—	1
Net cash (used in) provided by investing activities	(308)	—	(11,021)	4,276	308	(6,745)
Financing activities						
Proceeds from issuance of long-term debt	—	10,480	—	—	—	10,480
Proceeds from borrowing on revolving credit facility, net	—	2,910	—	—	—	2,910
Repayments of revolving credit facility	—	—	(2,910)	—	—	(2,910)
Repayments of financing lease obligations	—	—	(486)	—	—	(486)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(10,230)	—	—	(10,230)
Repurchases of common stock	(427)	—	—	—	—	(427)
Intercompany advances, net	484	(14,817)	14,300	33	—	—
Equity investment from parent	—	308	—	—	(308)	—
Tax withholdings on share-based awards	—	—	(166)	—	—	(166)
Dividends on preferred stock	(55)	—	—	—	—	(55)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(188)	—	—	(188)
Intercompany dividend paid	—	—	—	(100)	100	—
Other, net	21	—	(16)	—	—	5
Net cash provided by (used in) financing activities	23	(1,119)	4	(67)	(208)	(1,367)
Change in cash and cash equivalents	(284)	(2,732)	(1,256)	(9)	—	(4,281)
Cash and cash equivalents						
Beginning of period	358	2,733	2,342	67	—	5,500
End of period	$ 74	$ 1	$ 1,086	$ 58	$ —	$ 1,219

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Supplementary Data

Quarterly Financial Information (Unaudited)

(in millions, except share and per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2019					
Total revenues	$ 11,080	$ 10,979	$ 11,061	$ 11,878	$ 44,998
Operating income	1,476	1,541	1,471	1,234	5,722
Net income	908	939	870	751	3,468
Net income attributable to common stockholders	908	939	870	751	3,468
Earnings per share					
Basic	$ 1.07	$ 1.10	$ 1.02	$ 0.88	$ 4.06
Diluted	$ 1.06	$ 1.09	$ 1.01	$ 0.87	$ 4.02
Weighted average shares outstanding					
Basic	851,223,498	854,368,443	854,578,241	856,294,467	854,143,751
Diluted	858,643,481	860,135,593	862,690,751	864,158,739	863,433,511
2018					
Total revenues	$ 10,455	$ 10,571	$ 10,839	$ 11,445	$ 43,310
Operating income	1,282	1,450	1,440	1,137	5,309
Net income	671	782	795	640	2,888
Net income attributable to common stockholders	671	782	795	640	2,888
Earnings per share					
Basic	$ 0.78	$ 0.92	$ 0.94	$ 0.75	$ 3.40
Diluted	$ 0.78	$ 0.92	$ 0.93	$ 0.75	$ 3.36
Weighted average shares outstanding					
Basic	855,222,664	847,660,488	847,087,120	849,102,785	849,744,152
Diluted	862,244,084	852,040,670	853,852,764	856,344,347	858,290,174

Earnings per share is computed independently for each quarter and the sum of the quarters may not equal earnings per share for the full year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our periodic reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-K.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Form 10-K.

Changes in Internal Control over Financial Reporting

Beginning January 1, 2019, we adopted the new lease standard and implemented significant new lease accounting systems, processes and internal controls over lease accounting to assist us in the application of the new lease standard. Other than as discussed above, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions, providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles, providing reasonable assurance that receipts and expenditures are made in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report herein.

Item 9B. Other Information

None.

PART III. OTHER INFORMATION

Item 10. Directors, Executive Officers and Corporate Governance

We maintain a code of ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, and Controller, which is a “Code of Ethics for Senior Financial Officers” as defined by applicable rules of the SEC. This code is publicly available on our website at investor.t-mobile.com. If we make any amendments to this code other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of this code we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at investor.t-mobile.com or in a Current Report on Form 8-K filed with the SEC.

The remaining information required by this item, including information about our Directors, Executive Officers and Audit Committee, will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or be included in an amendment to this Report.

Item 11. Executive Compensation

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 14. Principal Accounting Fees and Services

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as a part of this Form 10-K

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flows
Consolidated Statement of Stockholders' Equity
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

See the Index to Exhibits immediately following "Item 16. Form 10-K Summary" of this Form 10-K.

Item 16. Form 10–K Summary

None**.**

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INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
2.1	Business Combination Agreement, dated as of October 3, 2012, by and among MetroPCS Communications, Inc., Deutsche Telekom AG, T-Mobile Zwischenholding GMBH, T-Mobile Global Holding GMBH and T-Mobile USA, Inc.	8-K	10/3/2012	2.1	
2.2	Consent Solicitation Letter Agreement, dated December 5, 2012, by and among MetroPCS Communications, Inc. and Deutsche Telekom AG, amending Exhibit G to the Business Combination Agreement.	8-K	12/7/2012	2.1	
2.3	Amendment No. 1 to the Business Combination Agreement by and among Deutsche Telekom AG, T-Mobile USA, Inc., T-Mobile Global Zwischenholding GmbH, T-Mobile Global Holding GmbH and MetroPCS Communications, Inc., dated April 14, 2013.	8-K	4/15/2013	2.1	
2.4	Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V. and SoftBank Group Corp.	8-K	04/30/2018	2.1	
2.5	Amendment No. 1, dated as of July 26, 2019, to the Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp.	8-K	7/26/2019	2.2	
2.6	Asset Purchase Agreement, dated as of July 26, 2019, by and among T-Mobile US, Inc., Sprint Corporation and DISH Network Corporation	8-K	7/26/2019	2.1	
3.1	Fourth Amended and Restated Certificate of Incorporation.	8-K	5/2/2013	3.1	
3.2	Fifth Amended and Restated Bylaws.	8-K	5/2/2013	3.2	
3.3	Sixth Amended and Restated Bylaws of T-Mobile US, Inc.	8-K	10/11/2019	3.1	
3.4	Certificate of Designations of 5.50% Mandatory Convertible Preferred Stock, Series A, of T-Mobile US, Inc., dated December 12, 2014.	8-K	12/15/2014	3.1	
3.5	Certificate of Elimination of 5.5% Mandatory Convertible Preferred Stock, Series A, Par Value $0.00001 Per Share, dated February 15, 2018.	8-K	2/22/2018	3.1	
4.1	Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.1	
4.2	Eleventh Supplemental Indenture, dated as of May 1, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.12	
4.3	Fourteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.125% Senior Note due 2022.	8-K	11/22/2013	4.1	
4.4	Fifteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.500% Senior Note due 2024.	8-K	11/22/2013	4.2	
4.5	Sixteenth Supplemental Indenture, dated as of August	10-Q	10/28/2014	4.3	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.6	Seventeenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.000% Senior Notes due 2023.	8-K	9/5/2014	4.1	
4.7	Eighteenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.375% Senior Notes due 2025.	8-K	9/5/2014	4.2	
4.8	Nineteenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.3	
4.9	Twentieth Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.500% Senior Notes due 2026.	8-K	11/5/2015	4.1	
4.10	Twenty-First Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.000% Senior Notes due 2024.	8-K	4/1/2016	4.1	
4.11	Twenty-Third Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022.	8-K	3/16/2017	4.1	
4.12	Twenty-Fourth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2025.	8-K	3/16/2017	4.2	
4.13	Twenty-Fifth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027.	8-K	3/16/2017	4.3	
4.14	Twenty-Sixth Supplemental Indenture, dated as of April 27, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022-1.	8-K	4/28/2017	4.1	
4.15	Twenty-Seventh Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.125% Senior Note due 2025-1.	8-K	4/28/2017	4.2	
4.16	Twenty-Eighth Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027-1.	8-K	4/28/2017	4.3	
4.17	Twenty-Ninth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.300% Senior Notes due 2021.	8-K	5/9/2017	4.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.18	Thirtieth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/9/2017	4.2	
4.19	Thirty-Second Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026.	8-K	1/25/2018	4.1	
4.20	Thirty-Third Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028.	8-K	1/25/2018	4.2	
4.21	Noteholder Agreement dated as of April 28, 2013, by and between Deutsche Telekom AG and T-Mobile USA, Inc.	8-K	5/2/2013	4.13	
4.22	Thirty-Fourth Supplemental Indenture, dated as of April 26, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	5/1/2018	4.5	
4.23	Thirty-Fifth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026-1.	8-K	5/4/2018	4.1	
4.24	Thirty-Sixth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028-1.	8-K	5/4/2018	4.2	
4.25	Thirty-Seventh Supplemental Indenture, dated as of May 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	5/21/2018	4.1	
4.26	Thirty-Eighth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	12/21/2018	4.1	
4.27	Thirty-Ninth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	10-K	2/7/2019	4.41	
4.28	Fortieth Supplemental Indenture, dated as of September 27, 2019, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2019	4.1	
4.29	Description of Securities				X
10.1	Master Agreement, dated as of September 28, 2012, among T-Mobile USA, Inc., Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.1	
10.2	Amendment No. 1, dated as of November 30, 2012, to Master Agreement, dated as of November 30, 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.2	
10.3	Settlement and Amendment No. 2, dated as of May 8, 2014, to Master Agreement, dated as of November 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-K	2/7/2019	10.3	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.4	Master Prepaid Lease, dated as of November 30, 2012, by and among T-Mobile USA Tower LLC, T-Mobile West Tower LLC, T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.3	
10.5	MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.4	
10.6	First Amendment, dated as of November 30, 2012, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.5	
10.7	Second Amendment, dated as of October 31, 2014, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc.	10-K	2/7/2019	10.7	
10.8	Sale Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.6	
10.9	First Amendment, dated as of November 30, 2012, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.7	
10.10	Second Amendment, dated as of October 31, 2014, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-K	2/7/2019	10.10	
10.11	Settlement Technical Closing Agreement, dated as of October 1, 2014, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-K	2/7/2019	10.11	
10.12	Management Agreement, dated as of November 30, 2012, by and among Suncom Wireless Operating Company, L.L.C., Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh,	10-Q	8/8/2013	10.8	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.13	Stockholder's Agreement dated as of April 30, 2013 by and between MetroPCS Communications, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.1	
10.14	Waiver of Required Approval Under Section 3.6(a) of the Stockholder's Agreement, dated August 7, 2013, between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	8/8/2013	10.10	
10.15	License Agreement dated as of April 30, 2013 by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.2	
10.16	Supplemental Agreement, effective as of June 3, 2019, to the License Agreement, dated as of April 30, 2013, by and between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	7/26/2019	10.5	
10.17	Receivables Sale and Conveyancing Agreement, dated as of February 26, 2014, among T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	8-K	3/4/2014	10.1	
10.18	Joinder and First Amendment to the Receivables Sale and Conveyancing Agreement, dated as of November 28, 2014, among Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-K	2/19/2015	10.55	
10.19	Joinder and Second Amendment to the Receivables Sale and Conveyancing Agreement, dated as of January 9, 2015, among SunCom Wireless Operating Company, LLC, Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-Q	4/28/2015	10.5	
10.20	Receivables Sale and Contribution Agreement, dated as of February 26, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	8-K	3/4/2014	10.2	
10.21	First Amendment to the Receivables Sale and Contribution Agreement, dated as of November 28, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/19/2015	10.56	
10.22	Second Amendment to the Receivables Sale and Contribution Agreement, dated as of January 9, 2015, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	4/28/2015	10.6	
10.23	Third Amendment to the Receivables Sale and Contribution Agreement, dated as of November 30, 2016, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/14/2017	10.33	
10.24	Fourth Amendment to the Receivables Sale and Contribution Agreement, dated as of May 5, 2017, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	7/20/2017	10.1	
10.25	Fourth Amended and Restated Master Receivables Purchase Agreement, dated as of February 26, 2019, among T-Mobile Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Giroznetrale, as bank purchasing agent, MUFG Bank (Europe) N.V., Germany Branch, as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors.	8-K	3/4/2019	10.1	
10.26	Term Loan Credit Agreement, dated as of November 9, 2015, among T-Mobile USA, Inc., the lenders party	8-K	11/12/2015	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.27	Amendment No.1 to the Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.3	
10.28	Amendment No.2 to the Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.4	
10.29	Amendment No.3 to the Term Loan Credit Agreement, dated as of March 28, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.5	
10.30	Amendment No.4 to the Term Loan Credit Agreement, dated as of July 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	7/27/2017	10.1	
10.31	Amendment No. 5 to the Term Loan Credit Agreement, dated as of March 29, 2018, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	3/30/2018	10.1	
10.32	First Incremental Facility Amendment, dated as of December 29, 2016, to the Term Loan Credit Agreement, dated as of November 9, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto, the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	12/30/2016	10.3	
10.33	Second Incremental Facility Amendment, dated as of January 25, 2017, to the Term Loan Credit Agreement, dated as of November 9, 2015, as amended by that certain First Incremental Facility Amendment dated as of December 29, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto, the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	1/25/2017	10.1	
10.34	Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/30/2018	10.2	
10.35	Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	10/30/2018	10.1	
10.36	First Amendment, dated as of December 21, 2018, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto	10-K	2/7/2019	10.45	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.37	Purchase Agreement, dated as of March 6, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	3/7/2016	1.1	
10.38	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of March 6, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.1	
10.39	Purchase Agreement, dated as of April 25, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/26/2016	1.1	
10.40	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 25, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.2	
10.41	Purchase Agreement, dated as of April 29, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/29/2016	1.1	
10.42	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 29, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.3	
10.43	Purchase Agreement, dated as of March 13, 2017, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	3/16/2017	10.1	
10.44	Purchase Agreement, dated as of January 22, 2018, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	1/25/2018	10.1	
10.45	Unsecured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.	8-K	12/30/2016	10.1	
10.46	Amendment No. 1, dated as of March 29, 2018, to the Unsecured Revolving Credit Agreement, dated as of December 29, 2016, among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Telekom AG, as administrative agent and lender.	8-K	3/30/2018	10.3	
10.47	Secured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.	8-K	12/30/2016	10.2	
10.48	Amendment No. 1, dated as of March 29, 2018, to the Secured Revolving Credit Agreement, dated as of December 29, 2016, among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Telekom AG, as administrative agent and lender.	8-K	3/30/2018	10.2	
10.49*	Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan.	S-1/A	2/27/2007	10.1(a)	
10.50*	MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan.	Schedule 14A	4/19/2010	Annex A	
10.51*	Form Change in Control Agreement for MetroPCS Communications, Inc.	10-Q	8/9/2010	10.2	
10.52*	Form Change in Control Agreement Amendment for MetroPCS Communications, Inc.	10-Q	10/30/2012	10.1	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.53*	MetroPCS Communications, Inc. Employee Non-qualified Stock Option Award Agreement relating to the MetroPCS Communications, Inc. Amended and Restated 2004 Equity Incentive Compensation Plan.	10-K	3/1/2013	10.9(a)	
10.54*	Form MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan Employee Non-Qualified Stock Option Award Agreement.	10-K	2/29/2012	10.12	
10.55*	Amended and Restated Employment Agreement, dated as of December 20, 2017, between T-Mobile US, Inc. and J. Braxton Carter.	10-K	2/8/2018	10.69	
10.56*	First Amendment, dated as of April 28, 2018, to Amended and Restated Employment Agreement, dated as of December 20, 2017, between T-Mobile US, Inc. and J. Braxton Carter.	10-Q	5/1/2018	10.12	
10.57*	Second Amendment, dated as of March 25, 2019, to Amended and Restated Employment Agreement, dated as of December 20, 2017, between T-Mobile US, Inc. and J. Braxton Carter.	10-Q	10/28/2019	10.1	
10.58*	Third Amendment to Amended and Restated Employment Agreement, effective as of November 15, 2019, between T-Mobile US, Inc. and J. Braxton Carter.				X
10.59*	Amended and Restated Employment Agreement, dated as of March 28, 2017, between T-Mobile US, Inc. and John J. Legere.	10-Q	4/24/2017	10.7	
10.60*	First Amendment, dated as of April 28, 2018, to Amended and Restated Employment Agreement, dated as of April 1, 2017, between T-Mobile US, Inc. and John Legere.	10-Q	5/1/2018	10.10	
10.61*	Employment Agreement, effective November 15, 2019, between T-Mobile US, Inc. and Michael Sievert.				X
10.62*	Letter Agreement, dated as of February 19, 2018, between T-Mobile US, Inc. and David R. Carey.	10-Q	7/26/2019	10.1	
10.63*	Compensation Term Sheet, dated as of April 28, 2018, by and between T-Mobile US, Inc. and David R. Carey.	10-Q	7/26/2019	10.2	
10.64*	Letter Agreement, dated as of April 28, 2018, between T-Mobile US, Inc. and David R. Carey.	10-Q	7/26/2019	10.3	
10.65*	Compensation Term Sheet between Neville Ray and T-Mobile US, Inc., effective as of November 15, 2019.				X
10.66*	Form of Severance Letter Agreement.	10-Q	5/1/2018	10.9	
10.67*	Form of Indemnification and Advancement Agreement.	10-K	2/8/2018	10.76	
10.68*	T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan (As Amended and Restated Effective as of January 1, 2014).	10-K	2/25/2014	10.39	
10.69*	First Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan	10-K	2/7/2019	10.75	
10.70*	T-Mobile US, Inc. Executive Continuity Plan as Amended and Restated Effective as of January 1, 2014.	8-K	10/25/2013	10.1	
10.71*	T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	10-Q	8/8/2013	10.20	
10.72*	Amendment to T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	Schedule 14A	4/26/2018	Annex A	
10.73*	T-Mobile USA, Inc. 2011 Long-Term Incentive Plan.	10-Q	8/8/2013	10.21	
10.74*	Annual Incentive Award Notice under the 2013 Omnibus Incentive Plan.				X
10.75*	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	8-K	6/4/2013	10.2	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.76*	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.				X
10.77*	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.				X
10.78*	T-Mobile US, Inc. 2014 Employee Stock Purchase Plan.	S-8	2/19/2015	99.1	
10.79*	Amended Director Compensation Program effective as of May 1, 2013 (amended June 4, 2014 and further amended on June 1, 2015, June 16, 2016, June 13, 2017 and June 13, 2019).	10-Q	7/26/2019	10.4	
10.80*	Support Agreement, dated as of April 29, 2018, by and among SoftBank Group Corp., SoftBank Group Capital Limited, Starburst I, Inc., Galaxy Investment Holdings, Inc., T-Mobile US, Inc., and Deutsche Telekom AG.	8-K	04/30/2018	10.1	
10.81	Second Amended and Restated Commitment Letter, dated as of September 6, 2019, by and among T-Mobile USA, Inc. and the financial institutions party thereto.	8-K	9/9/2019	10.1	
10.82	Financing Matters Agreement, dated as of April 29, 2018, by and between T-Mobile USA, Inc. and Deutsche Telekom AG.	8-K	04/30/2018	10.3	
21.1	Subsidiaries of Registrant.				X
23.1	Consent of PricewaterhouseCoopers LLP.				X
24.1	Power of Attorney, pursuant to which amendments to this Form 10-K may be filed (included on the signature page contained in Part IV of the Form 10-K).				
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).				

*	Indicates a management contract or compensatory plan or arrangement.
**	Furnished herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

February 6, 2020

/s/ John J. Legere
John J. Legere
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints John J. Legere, J. Braxton Carter and David A. Miller, and each or any of them, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements (including post-effective amendments) to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 6, 2020.

Signature	Title
/s/ John J. Legere John J. Legere	Chief Executive Officer and Director (Principal Executive Officer)
/s/ G. Michael Sievert G. Michael Sievert	President and Chief Operating Officer Director
/s/ J. Braxton Carter J. Braxton Carter	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Peter Osvaldik Peter Osvaldik	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)
/s/ Timotheus Höttges Timotheus Höttges	Chairman of the Board

/s/ Srikant Datar Director

Srikant Datar

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/s/ Lawrence H. Guffey Lawrence H. Guffey	Director
/s/ Christian P. Illek Christian P. Illek	Director
/s/ Srini Gopalan Srini Gopalan	Director
/s/ Bruno Jacobfeuerborn Bruno Jacobfeuerborn	Director
/s/ Raphael Kübler Raphael Kübler	Director
/s/ Thorsten Langheim Thorsten Langheim	Director
/s/ Teresa A. Taylor Teresa A. Taylor	Director
/s/ Kelvin R. Westbrook Kelvin R. Westbrook	Director

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-33409

tmuslogo.jpg

T-MOBILE US, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**20-0836269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12920 SE 38th Street, Bellevue, Washington	**98006-1350**
(Address of principal executive offices)	(Zip Code)

(425) 378-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.00001 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of June 30, 2018, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $18.3 billion based on the closing sale price as reported on the NASDAQ Global Select Market. As of February 4, 2019, there were 850,221,464 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K will be incorporated by reference from certain portions of the definitive Proxy Statement for the Registrant's Annual Meeting of Stockholders, which definitive Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A or will be included in an amendment to this Report.

T-Mobile US, Inc.
Form 10-K
For the Year Ended December 31, 2018

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of this Form 10-K, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- the failure to obtain, or delays in obtaining, required regulatory approvals for the merger (the "Merger") with Sprint Corporation ("Sprint"), pursuant to the Business Combination Agreement with Sprint and other parties therein (the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the Transactions, or the failure to satisfy any of the other conditions to the Transactions on a timely basis or at all;

- the occurrence of events that may give rise to a right of one or both of the parties to terminate the Business Combination Agreement;

- adverse effects on the market price of our common stock or on our operating results because of a failure to complete the Merger in the anticipated timeframe or at all;

- inability to obtain the financing contemplated to be obtained in connection with the Transactions on the expected terms or timing or at all;

- the ability of us, Sprint and the combined company to make payments on debt or to repay existing or future indebtedness when due or to comply with the covenants contained therein;

- adverse changes in the ratings of our or Sprint's debt securities or adverse conditions in the credit markets;

- negative effects of the announcement, pendency or consummation of the Transactions on the market price of our common stock and on our or Sprint's operating results, including as a result of changes in key customer, supplier, employee or other business relationships;

- significant costs related to the Transactions, including financing costs and unknown liabilities of Sprint or that may arise;

- failure to realize the expected benefits and synergies of the Transactions in the expected timeframes or at all;

- costs or difficulties related to the integration of Sprint's network and operations into our network and operations;

- the risk of litigation or regulatory actions related to the Transactions;

- the inability of us, Sprint or the combined company to retain and hire key personnel;

- the risk that certain contractual restrictions contained in the Business Combination Agreement during the pendency of the Transactions could adversely affect our or Sprint's ability to pursue business opportunities or strategic transactions;

- adverse economic or political conditions in the U.S. and international markets;

- competition, industry consolidation, and changes in the market for wireless services, which could negatively affect our ability to attract and retain customers;

- the effects of any future merger, investment, or acquisition involving us, as well as the effects of mergers, investments, or acquisitions in the technology, media and telecommunications industry;

- challenges in implementing our business strategies or funding our operations, including payment for additional spectrum or network upgrades;

- the possibility that we may be unable to renew our spectrum licenses on attractive terms or acquire new spectrum licenses at reasonable costs and terms;

- difficulties in managing growth in wireless data services, including network quality;

- material changes in available technology and the effects of such changes, including product substitutions and deployment costs and performance;

- the timing, scope and financial impact of our deployment of advanced network and business technologies;

- the impact on our networks and business from major technology equipment failures;

- breaches of our and/or our third-party vendors' networks, information technology ("IT") and data security, resulting in unauthorized access to customer confidential information;

- natural disasters, terrorist attacks or similar incidents;
- unfavorable outcomes of existing or future litigation;
- any changes in the regulatory environments in which we operate, including any increase in restrictions on the ability to operate our networks and changes in data privacy laws;
- any disruption or failure of our third parties' or key suppliers' provisioning of products or services;
- material adverse changes in labor matters, including labor campaigns, negotiations or additional organizing activity, and any resulting financial, operational and/or reputational impact;
- changes in accounting assumptions that regulatory agencies, including the Securities and Exchange Commission ("SEC"), may require, which could result in an impact on earnings;
- changes in tax laws, regulations and existing standards and the resolution of disputes with any taxing jurisdictions;
- the possibility that the reset process under our trademark license results in changes to the royalty rates for our trademarks;
- the possibility that we may be unable to adequately protect our intellectual property rights or be accused of infringing the intellectual property rights of others;
- our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective; and
- interests of a majority stockholder may differ from the interests of other stockholders.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-K, unless the context indicates otherwise, references to "T-Mobile," "T-Mobile US," "our Company," "the Company," "we," "our," and "us" refer to T-Mobile US, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We intend to also use the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and the @JohnLegere Twitter (https://twitter.com/JohnLegere), Facebook and Periscope accounts, which Mr. Legere also uses as means for personal communications and observations, as means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD. The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on our investor relations website.

PART I.

Item 1. Business

Business Overview and Strategy

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we've disrupted the wireless communication services industry by listening to our customers and providing them with added value and an exceptional experience, including implementing signature initiatives that changed the wireless industry forever. We ended annual service contracts, overages, unpredictable international roaming fees, data buckets and more. Customer response to our Un-carrier

strategy has allowed us to grow into the third largest wireless provider in the United States. We will continue our relentless focus on customers and are determined to bring the Un-carrier to every potential customer in the United States.

Our relentless focus on customer experience through increased investment in network expansion, customer care, distribution expansion, and digital initiatives has strengthened our customer growth and increased customer retention and satisfaction, including the growing success of new customer segments and rate plans such as T-Mobile ONE 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials as well as continued growth in existing and Greenfield markets. We continue to invest and innovate in these areas to deliver our customers the best value in the industry. Everything we do is powered by our nationwide 4G Long-Term Evolution ("LTE") network, and we are rapidly preparing for the next generation of 5G services. Going forward, it is this network that will allow us to deliver innovative new products and services with the same customer focused and industry disrupting mentality that has redefined wireless service in the United States.

History

T-Mobile USA, Inc. ("T-Mobile USA"), a Delaware corporation, was formed in 1994 as VoiceStream Wireless PCS ("VoiceStream"), a subsidiary of Western Wireless Corporation ("Western Wireless"). VoiceStream was spun off from Western Wireless in 1999, acquired by Deutsche Telekom AG ("DT") in 2001 and renamed T-Mobile USA, Inc. in 2002.

In 2013, T-Mobile US, Inc., a Delaware corporation, was formed through the business combination of T-Mobile USA and MetroPCS Communications, Inc. ("MetroPCS"). The business combination was accounted for as a reverse acquisition with T-Mobile USA as the accounting acquirer. Accordingly, T-Mobile USA's historical financial statements became the historical financial statements of the combined company.

In September 2018, we announced the rebranding of our prepaid brand, MetroPCS, as Metro™ by T-Mobile.

Business

We provide wireless services to 79.7 million postpaid, prepaid and wholesale customers and generate revenue by providing affordable wireless communication services to these customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses relate to acquiring and retaining high-quality customers, providing a full range of devices, compensating employees, and operating and expanding our network. We provide service, devices and accessories across our flagship brands, T-Mobile and Metro by T-Mobile, through our owned and operated retail stores, as well as through our websites (www.T-Mobile.com and www.MetroPCS.com) and customer care channels. In addition, we sell devices to dealers and other third-party distributors for resale through independent third-party retail outlets and a variety of third-party websites. The information on our websites is not part of this Form 10-K. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

In 2018, we completed the acquisition of television innovator Layer3 TV, Inc. ("Layer3 TV"). This transaction represented an opportunity to acquire a complementary service to our existing wireless service to advance our video strategy. For more information, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

On April 29, 2018, we entered into the Business Combination Agreement with Sprint to merge in an all-stock transaction. The combined company will be named "T-Mobile," and as a result of the Merger, is expected to be able to rapidly launch a nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. The Merger is subject to regulatory approvals and certain other customary closing conditions. We expect to receive regulatory approval in the first half of 2019. For more information regarding our Business Combination Agreement, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Customers

We provide wireless communication services to three primary categories of customers:

- Branded postpaid customers generally include customers who are qualified to pay after receiving wireless communication services utilizing phones, DIGITS or connected devices which includes tablets, wearables and SyncUp DRIVE™;

- Branded prepaid customers generally include customers who pay for wireless communication services in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile; and

- Wholesale customers include Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers that operate on our network but are managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communication services to branded postpaid and branded prepaid customers. Our ability to acquire and retain branded postpaid and prepaid customers is

important to our business in the generation of service revenues, equipment revenues and other revenues. In 2018, our service revenues generated by providing wireless communication services by customer category were:

- 65% Branded postpaid customers;
- 30% Branded prepaid customers; and
- 5% Wholesale customers and Roaming and other services.

All of our revenues for the years ended December 31, 2018, 2017, and 2016 were earned in the United States, including Puerto Rico and the U.S. Virgin Islands.

Services and Products

We provide wireless communication services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, tablets and other mobile communication devices, which are manufactured by various suppliers.

Our primary service plan offering, which allows customers to subscribe for wireless communication services separately from the purchase of a device is our T-Mobile ONE plan ("T-Mobile ONE"), which includes:

- Unlimited talk, unlimited text and unlimited high-speed 4G LTE data on their device, where monthly wireless service fees and sales taxes are included in the advertised monthly recurring charge;
- Video that typically streams at DVD (480p) quality and tethering is at maximum 3G speeds;
- The ability for customers to keep their price for service until they decide to change it;
- The ability for qualifying T-Mobile ONE customers on family plans to opt in for a standard monthly Netflix service plan at no additional cost; and
- The ability for customers to choose to add on additional features for an additional cost on T-Mobile ONE Plus, where customers also receive:
    - Unlimited high definition video streaming;
    - 20 GB of high-speed 4G LTE tethering;
    - Voicemail to Text, NameID and unlimited Gogo in-flight internet passes on capable domestic flights; and
    - Up to two times faster speeds when traveling abroad in 210+ countries and destinations.

Depending on their credit profile, customers are qualified either for postpaid or prepaid service.

Our device options for customers on T-Mobile ONE, and previously on Simple Choice plans, include:

- for qualifying customers, depending on their credit profile, the option of financing all or a portion of the device purchase price at the time of sale over an installment period of up to 36 months using an EIP.
- for qualifying customers who finance their initial device with an EIP, an option to enroll in our Just Upgrade My Phone ("JUMP!®") program to later upgrade their device. Upon a qualifying JUMP! upgrade, the customer's remaining EIP balance is settled provided they trade-in their used device at the time of upgrade in good working condition and purchase a new device from us on a new EIP.
- JUMP! On Demand™ includes a low monthly payment that covers the cost of leasing a new device and gives qualified customers the freedom to exchange it for a new device up to one time per month for no extra fee. Upon device upgrade or at lease end, customers must return their device in good working condition or purchase their device. Customers that choose to purchase their device have the option to finance their device over a nine-month EIP.

Network

We continue to expand the footprint and increase the capacity of our network to better serve our customers. Our advancements in network technology and our spectrum resources ensure we can continue to increase the capabilities of our 4G LTE network as we prepare for our nationwide deployment of 5G.

Spectrum Growth

We provide wireless communication services utilizing mid-band spectrum licenses, such as Advanced Wireless Services ("AWS") and Personal Communications Service ("PCS"), and low-band spectrum licenses utilizing our 600 MHz and 700 MHz spectrum.

- We owned an average of 110 MHz of spectrum nationwide as of December 31, 2018, comprised of an average of 31 MHz in the 600 MHz band, 10 MHz in the 700 MHz band, 29 MHz in the 1900 MHz PCS band and 40 MHz in the AWS band. We also own millimeter wave spectrum that comprises an average of 264 MHz covering over 110 million points of presence ("POPs") in the 28 GHz band and 105 MHz covering nearly 45 million POPs in the 39 GHz band.

We will evaluate future spectrum purchases in current and upcoming auctions and in the secondary market to augment our current spectrum position.

- As of December 31, 2018, we owned a nationwide average of 31 MHz of 600 MHz low-band spectrum. We now own approximately 41 MHz of low-band spectrum (600 MHz and 700 MHz), covering 100% of the U.S.
    - We are building out 5G across the US, including deployment in six of the top 10 markets, including New York and Los Angeles, in 2018. This network will be ready for the introduction of the first standards-based 5G smartphones in 2019. We plan on the delivery of a nationwide standards-based network next year.
    - In 2018, we entered into two multi-year contracts that will support the deployment of a nationwide 5G network. In July 2018, we and Nokia entered into a multi-year $3.5 billion contract for Nokia to provide us with complete end-to-end 5G technology, software and services. In September 2018, we and Ericsson announced a multi-year $3.5 billion contract in which Ericsson will provide us with the latest 5G New Radio hardware and software compliant with 3rd Generation Partnership Project ("3GPP") standards.
    - We have started deployment of 600 MHz spectrum on an aggressive schedule. As of December 31, 2018, we were live in more than 2,700 cities and towns in 43 states and Puerto Rico covering hundreds of thousands of square miles. Combining 600 and 700 MHz spectrum, we have deployed low band spectrum to 301 million POPs.
    - We have actively engaged with broadcasters to accelerate the Federal Communications Commission ("FCC") spectrum clearance timelines, entering into 95 agreements with several parties. These agreements are expected to, in aggregate, accelerate clearing, bringing the total clearing target to approximately 272 million POPs by year-end 2019. As of December 31, 2018, we had cleared approximately 135 million POPs. We remain committed to assisting broadcasters occupying 600 MHz spectrum to move to new frequencies.
    - We currently have 29 devices compatible with 600 MHz including the latest iPhone generation.
    - We expect our 600 MHz spectrum holdings will be used to deploy America's first nationwide standards-based 5G network next year. 600 MHz 4G LTE radios are software upgradeable to support 5G as it becomes available later this year.
- Over the last year, we have entered into and closed on various agreements for the acquisition and exchange of 700 MHz A-Block, AWS and PCS spectrum licenses. See Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets of the Notes to the Consolidated Financial Statements for further information.
- We intend to opportunistically acquire spectrum licenses in private party transactions and future FCC spectrum license auctions.

Network Coverage Growth

- We continue to expand our coverage breadth and, as of December 31, 2018, covered more than 325 million people with 4G LTE.
- As of December 31, 2018, we had equipment deployed on approximately 64,000 macro towers and 21,000 distributed antenna system ("DAS") and small cell sites. We remain on plan to roll out approximately 20,000 small cells through 2019.

Network Speed Leadership

We offer the fastest nationwide 4G LTE upload and download speeds in the United States. The fourth quarter of 2018 is the 20th consecutive quarter we have led the industry in both categories based on the results of millions of user-generated speed tests.

Network Capacity Growth

We continue to expand our capacity through the re-farming of existing spectrum and implementation of new technologies including Voice over LTE ("VoLTE"), Carrier Aggregation, 4x4 multiple-input and multiple-output ("MIMO"), 256 Quadrature Amplitude Modulation ("QAM") and Licensed Assisted Access ("LAA").

- VoLTE comprised 87% of total voice calls as of December 31, 2018, compared to 80% as of December 31, 2017. Moving voice traffic to VoLTE frees up spectrum and allows for the transition of spectrum currently used for 2G and 3G to 4G LTE. We are leading the U.S. wireless industry in the rate of VoLTE adoption.

- Carrier aggregation is live for our customers in 923 markets. This advanced technology delivers superior speed and

performance by bonding multiple discrete spectrum channels together.

- 4x4 MIMO is currently available in 564 markets. This technology effectively delivers twice the speed and incremental network capacity to customers by doubling the number of data paths between the cell site and a customer's device. We started deploying massive MIMO (FD-capable and 5G with future software upgrades) in selected locations in late 2018.

- We have rolled out 256 QAM in 988 markets. 256 QAM increases the number of bits delivered per transmission to enable faster speeds. We are the first carrier globally to have rolled out the combination of carrier aggregation, 4x4 MIMO and 256 QAM. This trifecta of standards has been rolled out to more than 500 markets.

- We have also started rolling out LAA, a technology which utilizes unlicensed 5 GHz spectrum to augment available bandwidth. The first LAA small cell went live in New York City in the fourth quarter of 2017 and the technology has since been rolled out to nearly 1,700 cell sites, the vast majority being small cells. Deployments of LAA have also commenced in 28 cities including Los Angeles, Philadelphia, Washington DC, Atlanta, Houston, Las Vegas, San Diego and New Orleans. In areas where LAA has been deployed, customers with capable handsets have observed real-life speeds in excess of 500 Mbps.

- In July 2018, we launched our Narrowband Internet of Things ("NB-IoT") service nationwide, making us the first to launch NB-IoT in the U.S. and the first in the world to launch NB-IoT in the guard bands for improved efficiency. Built on the 3GPP standard, NB-IoT is a low power, wide area network LTE-advanced technology that provides a pathway to 5G Internet of Things and enables many comparable benefits like low power usage, long battery life and low device cost.

Competition

The wireless telecommunications industry is highly competitive. We are the third largest provider of postpaid service plans and the largest provider of prepaid service plans in the U.S. as measured by customers. Our competitors include other national carriers, such as AT&T Inc. ("AT&T"), Verizon Communications, Inc. ("Verizon") and Sprint. AT&T and Verizon are significantly larger than us and enjoy greater resources and scale advantages as compared to us. In addition, our competitors include numerous smaller regional carriers, existing mobile virtual network operators ("MVNOs"), including TracFone Wireless, Inc., Comcast Corporation ("Comcast") and Charter Communications, Inc., and future MVNOs, such as Altice USA, Inc., many of which offer or plan to offer no-contract, postpaid and prepaid service plans. Competitors also include providers who offer similar communication services, such as voice, messaging and data services, using alternative technologies or services. Competitive factors within the wireless telecommunications industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies, availability of additional spectrum licenses and regulatory changes. Some competitors have shown a willingness to use aggressive pricing as a source of differentiation. Other competitors have sought to add ancillary services, like mobile video, to enhance their offerings. Taken together, the competitive factors we face continue to put pressure on growth and margins as companies compete to retain the current customer base and continue to add new customers.

Employees

As of December 31, 2018, we employed approximately 52,000 full-time and part-time employees, including network, retail, administrative and customer support functions.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our licenses and authorizations, the sale, transfer and acquisition of certain licenses, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements and proceedings that affect our operations and that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net neutrality, disabilities access, privacy and cybersecurity, consumer protection, and the universal service and Lifeline programs. Many of these and other issues are being considered in

ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or results of operations. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Wireless communications providers must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as

adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10-15 years depending on the particular licenses. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition.

Additionally, Congress' and the FCC's allocation of additional spectrum for broadband commercial mobile radio service ("CMRS"), which includes cellular, PCS, miscellaneous wireless services and specialized mobile radio, could significantly increase competition. We cannot assess the impact that any developments that may occur in the U.S. economy or any future spectrum allocations by the FCC may have on license values. FCC spectrum auctions and other market developments may adversely affect the market value of our licenses in the future. A significant decline in the value of our licenses could adversely affect our financial condition and results of operations. In addition, the FCC periodically reviews its policies on how to evaluate carriers' spectrum holdings. A change in these policies could affect spectrum resources and competition among us and other carriers.

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest albeit subject to review. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our Company by DT. This declaratory ruling, and our licenses, are conditioned on DT's and the Company's compliance with a network security agreement with the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland Security. Failure to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation of our spectrum licenses.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communication providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of devices while driving, zoning and land use. Additionally, after the FCC's adoption of the 2017 "Restoring Internet Freedom" Order, a number of states have sought to impose state-specific net neutrality and privacy requirements on providers' broadband services. The FCC ruling broadly preempts such state efforts, which are inconsistent with the FCC's federal deregulatory approach, and there are pending court challenges that will determine if such state enactments are lawful. While most states are largely seeking to codify the repealed federal rules, there are differences in some states, notably California, which has passed separate privacy and net neutrality legislation. There are efforts on the Hill to push for federal legislation to codify uniform federal privacy and net neutrality requirements, while also ensuring the preemption of separate state requirements, including the California laws. If not rescinded, separate state requirements will impose significant business costs and could also result in increased litigation costs and enforcement risks. State authority over wireless broadband services will remain unsettled until final action by the courts or Congress.

In addition, the Federal Trade Commission ("FTC") and other federal agencies have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown and changes to regulations, or the applicability of regulations, could result in higher operating and capital expenses, or reduced revenues in the future.

Available Information

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically at www.sec.gov. Our Form 10-K and all other reports and amendments filed with or furnished to the SEC are also publicly available free of charge on the investor relations section of our website at investor.t-mobile.com as soon as reasonably practicable after these materials are filed with or furnished to the SEC. Our corporate governance guidelines, code of ethics for senior financial officers, code of business conduct, and charters for the audit, compensation, nominating and corporate governance and executive committees of our Board of

Directors are also posted on the investor relations section of our website at investor.t-mobile.com. The information on our websites is not part of this or any other report we file with, or furnish to, the SEC.

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Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our Company. Our business, financial condition, liquidity, or operating results, as well as the price of our common stock and other securities, could be materially adversely affected by any of these risks.

Risks Related to Our Business and the Wireless Industry

Competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers and adversely affect our business, financial condition, and operating results.

We have multiple wireless competitors, some of which have greater resources than us and compete for customers based principally on service/device offerings; price; network coverage, speed and quality and customer service. We expect market saturation to continue to cause the wireless industry's customer growth rate to be moderate in comparison with historical growth rates, or possibly negative, leading to ongoing competition for customers. We also expect that our customers' appetite for data services will place increasing demands on our network capacity. This competition and our capacity will continue to put pressure on pricing and margins as companies compete for potential customers. Our ability to compete will depend on, among other things, continued absolute and relative improvement in network quality and customer service, effective marketing and selling of products and services, innovation, attractive pricing, and cost management, all of which will involve significant expenses.

Joint ventures, mergers, acquisitions and strategic alliances in the wireless sector have resulted in and are expected to result in larger competitors competing for a limited number of customers. The two largest national wireless communication providers currently serve a significant percentage of all wireless customers and hold significant spectrum and other resources. Our largest competitors may be able to enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, refusal of our large competitors to provide critical access to resources and inputs, such as roaming services on reasonable terms could improve their position within the wireless broadband mobile services industry.

We face intense and increasing competition from other service providers as industry sectors converge, such as cable, telecom services and content, satellite, and other service providers. Companies like Comcast and AT&T (with acquisitions of DirecTV and Time Warner, Inc.) will have the scale and assets to aggressively compete in a converging industry. Verizon, through its acquisitions of AOL, Inc. and Yahoo! Inc. is also a significant competitor focusing on premium content offerings to diversify outside of core wireless. Further, some of our competitors now provide content services in addition to voice and broadband services, and consumers are increasingly accessing video content from Internet-based providers and applications, all of which create increased competition in this area. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of our larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, such as 5G, could make it more difficult for us to continue to attract and retain customers, and may adversely affect our competitive position and ability to grow, which would have a material adverse effect on our business, financial condition and operating results.

The scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use, may adversely affect our business, financial condition and operating results.

We will need to acquire additional spectrum in order to continue our customer growth, expand and deepen our coverage, maintain our quality of service, meet increasing customer demands and deploy new technologies. We will be at a competitive disadvantage and possibly experience erosion in the quality of service in certain markets if we fail to gain access to necessary spectrum before reaching network capacity. As a result, we are actively seeking to make additional investment in spectrum, which could be significant.

The continued interest in, and acquisition of, spectrum by existing carriers and others may reduce our ability to acquire and/or increase the cost of acquiring spectrum in the secondary market or negatively impact our ability to gain access to spectrum through other means, including government auctions. We may need to enter into spectrum sharing or leasing arrangements, which are subject to certain risks and uncertainties and may involve significant expenditures. Gaining access to the spectrum we won in the FCC 600 MHz auction in 2017 may take up to three

years or more. Any material delay could adversely impact our ability to implement our plans and efforts to improve our network. In addition, our return on investment in spectrum depends on our ability to attract additional customers and to provide additional services and usage to existing customers. As a result, the return on any investment in spectrum that we make may not be as much as we anticipate or take longer than

expected. Additionally, we may be unable to secure the spectrum we need in any auction we may elect to participate in or in the secondary market, on favorable terms or at all.

The FCC may impose conditions on the use of new wireless broadband mobile spectrum that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas. Additional conditions that may be imposed by the FCC include heightened build-out requirements, limited license terms or renewal rights, and clearing obligations that may make it less attractive or less economical to acquire spectrum. In addition, rules may be established for future government spectrum auctions that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

If we cannot acquire needed spectrum from the government or otherwise, if competitors acquire spectrum that will allow them to provide services competitive with our services, or if we cannot deploy services over acquired spectrum on a timely basis without burdensome conditions, at reasonable cost, and while maintaining network quality levels, then our ability to attract and retain customers and our business, financial condition and operating results could be materially adversely affected.

If we are unable to take advantage of technological developments on a timely basis, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Significant technological changes continue to impact the communications industry. In general, these technological changes enhance communications and enable a broader array of companies to offer services competitive with ours. In order to grow and remain competitive with new and evolving technologies in our industry, we will need to adapt to future changes in technology, continually invest in our network, increase network capacity, enhance our existing offerings, and introduce new offerings to address our current and potential customers' changing demands. Enhancing our network, such as deploying 5G, is subject to risk from equipment changes and migration of customers from existing spectrum bands and the potential inability to secure spectrum necessary to deploy advanced technologies. Adopting new and sophisticated technologies may result in implementation issues such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, customer dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. In general, the development of new services in the wireless telecommunications industry will require us to anticipate and respond to the continuously changing demands of our customers, which we may not be able to do accurately or timely. If our new services fail to retain or gain acceptance in the marketplace or if costs associated with these services are higher than anticipated, this could have a material adverse effect on our business, financial condition and operating results.

We could be harmed by data loss or other security breaches, whether directly or indirectly.

Our business, like that of most retailers and wireless companies, involves the receipt, storage, and transmission of our customers' confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions and intellectual property ("Confidential Information"). Unauthorized access to Confidential Information may be difficult to anticipate, detect, or prevent, particularly given that the methods of unauthorized access constantly change and evolve. We are subject to the threat of unauthorized access or disclosure of Confidential Information by state-sponsored parties, malicious actors, third parties or employees, errors or breaches by third-party suppliers, or other security incidents that could compromise the confidentiality and integrity of Confidential Information. In August 2018, we notified affected customers of an incident involving unauthorized access to certain customer contact information (not involving credit card information, financial data, social security numbers or passwords). While we do not believe the August 2018 security incident was material, we expect to continue to be the target of cyber-attacks, data breaches, or security incidents, which may in the future have a material adverse effect on our business, reputation, financial condition, and operating results.

Cyber-attacks, such as denial of service and other malicious attacks, could disrupt our internal systems and applications, impair our ability to provide services to our customers, and have other adverse effects on our business and that of others who depend on our services. As a telecommunications carrier, we are considered a critical infrastructure provider and therefore may be more likely to be the target of such attacks. Such attacks against companies may be perpetrated by a variety of groups or persons, including those in jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we provide confidential, proprietary and personal information to third-party service providers as part of our business operations. These third-party service providers have experienced data breaches and other attacks that included unauthorized access to Confidential Information in the past, and face security challenges common to all parties that collect and process information. Past data breaches include a breach of the networks of one of our credit decisioning providers in

September 2015, during which a subset of records containing current and potential customer information was acquired by an external party.

Our procedures and safeguards to prevent unauthorized access to sensitive data and to defend against attacks seeking to disrupt our services must be continually evaluated and revised to address the ever-evolving threat landscape. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third-party supplier environments. If we or our third-party suppliers are subject to such attacks or security breaches, we may incur significant costs or other material financial impact, which may not be covered by, or may exceed the coverage limits of, our cyber insurance, be subject to regulatory investigations, sanctions and private litigation, experience disruptions to our operations or suffer damage to our reputation. Any future cyber-attacks, data breaches, or security incidents may have a material adverse effect on our business, financial condition, and operating results.

System failures and business disruptions may allow unauthorized use of or interference with our network and other systems which could materially adversely affect our reputation and financial condition.

To be successful, we must provide our customers with reliable, trustworthy service and protect the communications, location, and personal information shared or generated by our customers. We rely upon both our systems and networks and the systems and networks of other providers and suppliers to provide and support our services and, in some cases, protect our customers' information and our information. Failure of our or others' systems, networks, or infrastructure may prevent us from providing reliable service or may allow for the unauthorized use of or interference with our networks and other systems or for the compromise of customer information. Examples of these risks include:

- human error such as responding to deceptive communications or unintentionally executing malicious code;
- physical damage, power surges or outages, or equipment failure, including those as a result of severe weather, natural disasters, terrorist attacks, political instability and volatility, and acts of war;
- theft of customer and/or proprietary information offered for sale for competitive advantage or corporate extortion;
- unauthorized access to our IT and business systems or to our network and critical infrastructure and those of our suppliers and other providers;
- supplier failures or delays; and
- system failures or outages of our business systems or communications network.

Such events could cause us to lose customers, lose revenue, incur expenses, suffer reputational damage, and subject us to litigation or governmental investigation. Remediation costs could include liability for information loss, repairing infrastructure and systems, and/or costs of incentives offered to customers. Our insurance may not cover, or be adequate to fully reimburse us for, costs and losses associated with such events.

We are in the process of implementing a new billing system, which will support a portion of our subscribers, while maintaining our legacy billing system. Any unanticipated difficulties, disruption, or significant delays could have adverse operational, financial, and reputational effects on our business.

We are currently implementing a new customer billing system, which involves a new third-party supported platform and utilization of a phased deployment approach. Post implementation, we plan to operate both the existing and new billing systems in parallel to aid in the transition to the new system until all phases of the conversion are complete.

The implementation may cause major system or business disruptions, or we may fail to implement the new billing system in a timely or effective manner. In addition, the third-party billing services supporting vendor may experience errors, cyber-attacks, or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of this billing services system could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers, or negatively impact overall

customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, material weaknesses in our internal control over financial reporting, and reputational damage.

We rely on third parties to provide products and services for the operation of our business, and the failure or inability of such parties to provide these products or services could adversely affect our business, financial condition, and operating results.

We depend heavily on suppliers, their subcontractors, and other third parties for us to efficiently operate our business. Due to the complexity of our business, it is not unusual to engage a diverse set of suppliers to help us develop, maintain, and

troubleshoot products and services such as network components, software development services, and billing and customer service support. Some of our suppliers may provide services from outside of the United States, which carries additional regulatory and legal obligations. We commonly rely on suppliers to provide us with contractual assurances and to disclose accurate information regarding risks associated with their provision of products or services in accordance with our policies and standards, including our Supplier Code of Conduct and our third party-risk management practices. The failure of our suppliers to comply with our expectations and standards could have a material adverse effect on our business, financial condition, and operating results.

Many of the products and services we use are available through multiple sources and suppliers. However, there are a limited number of suppliers who can support or provide billing services, voice and data communications transport services, network infrastructure, equipment, handsets, other devices, and payment processing services, among other products and services. Disruptions or failure of such suppliers to adequately perform could have a material adverse effect on our business, financial condition, and operating results.

In the past, our suppliers, contractors, service providers and third-party retailers may not have always performed at the levels we expected or at the levels required by their contracts. Our business could be severely disrupted if critical suppliers, contractors, service providers, or third-party retailers fail to comply with their contracts or become unable to continue providing goods or services. Our business could also be disrupted if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier or if we are required to replace the supplied products or services with those from another source, especially if the replacement becomes necessary on short notice. Any such disruptions could have a material adverse effect on our business, financial condition, and operating results.

Economic, political, and market conditions may adversely affect our business, financial condition, and operating results, as well as our access to financing on favorable terms or at all.

Our business, financial condition, and operating results are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, economic growth, energy costs, and other macro-economic factors. Difficult, or worsening, general economic conditions could have a material adverse effect on our business, financial condition, and operating results.

Market volatility, political and economic uncertainty, and weak economic conditions, such as a recession or economic slowdown, may materially adversely affect our business, financial condition, and operating results in a number of ways. Our services and device financing plans are available to a broad customer base, a significant segment of which may be more vulnerable to weak economic conditions, particularly our subprime customers. We may have greater difficulty in gaining new customers within this segment, and existing customers may be more likely to terminate service and default on device financing plans due to an inability to pay.

Weak economic conditions and credit conditions may also adversely impact our suppliers and dealers, some of which have filed for or may be considering bankruptcy, or may experience cash flow or liquidity problems, or are unable to obtain or refinance credit such that they may no longer be able to operate. Any of these could adversely impact our ability to distribute, market, or sell our products and services.

In addition, instability in the global financial markets could lead to periodic volatility in the credit, equity, and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

The agreements governing our indebtedness and other financing arrangements include restrictive covenants that limit our operating flexibility.

The agreements governing our indebtedness and other financing arrangements impose significant operating and financial restrictions on us. These restrictions, subject in certain cases to customary baskets, exceptions, and incurrence-based ratio tests, may limit our or our subsidiaries' ability to pursue strategic business opportunities and engage in certain transactions, including the following:

- incurring additional indebtedness and issuing preferred stock;

- paying dividends, redeeming capital stock, or making other restricted payments or investments;
- selling or buying assets, properties, or licenses;
- developing assets, properties, or licenses that we have or in the future may procure;
- creating liens on assets securing indebtedness or other obligations;

- participating in future FCC auctions of spectrum or private sales of spectrum;
- engaging in mergers, acquisitions, business combinations, or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit our ability to obtain debt financing, engage in share repurchases, refinance or pay principal on our outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements and other financing arrangements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving our lenders the right to terminate any commitments they had made to provide us with further funds and to require us to repay all amounts then outstanding. Any of these events could have a material adverse effect on our business, financial condition, and operating results.

Our significant indebtedness could adversely affect our business, financial condition and operating results.

Our ability to make payments on our debt, to repay our existing indebtedness when due, to fund our capital-intensive business and operations, and to make significant planned capital expenditures will depend on our ability to generate cash in the future, which is in turn subject to the operational risks described elsewhere in this report. Our debt service obligations could have material adverse effects on our business, financial condition, and operating results, including by:

- limiting our flexibility in planning for, or reacting to, changes in our business or the communications industry or pursuing growth opportunities;
- reducing the amount of cash available for other operational or strategic needs; and
- placing us at a competitive disadvantage to competitors who are less leveraged than we are.

Some of our debt has a variable rate of interest linked to various indices and only some of our exposure is hedged. If the changes in indices result in interest rate increases, our debt service requirements will increase, which could adversely affect our cash flow and operating results. In particular, some or all of our variable-rate indebtedness may use the London Inter-Bank Offered Rate ("LIBOR") or similar rates as a benchmark for establishing the rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequence of these developments cannot be entirely predicted but could include an increase in the cost of our variable rate indebtedness. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could result in a loss of investor confidence regarding our financial statements or may have a material adverse effect on our business.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we along with our independently registered public accounting firm are required to report on the effectiveness of our internal control over financial reporting. We rely heavily on IT systems as an important part of our internal controls in order to operate, transact, and otherwise manage our business, as well as provide effective and timely reporting of our financial results. Failure to design and maintain effective internal controls, including those over our IT systems, could constitute a material weakness that could result in inaccurate financial statements, inaccurate disclosures, or failure to prevent fraud. If we or our independent registered

public accounting firm were unable to conclude that we have effective internal control over financial reporting, investor confidence regarding our financial statements and our business could be materially adversely affected.

Our financial condition and operating results will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription, or dealer fraud. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as national retailers, dealers, and others, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operating results.

We rely on highly-skilled personnel throughout all levels of our business. Our business could be harmed if we are unable to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture.

The market for highly-skilled workers and leaders in our industry is extremely competitive. We believe that our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented and highly-skilled personnel for all areas of our organization. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, changes to U.S. immigration policy, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our Company and our industry, and the effectiveness of our compensation programs. Our continued ability to compete effectively depends on our ability to retain and motivate our existing employees and to attract new employees. If we do not succeed in retaining and motivating our existing key employees and attracting new key personnel, we may not be able to meet our business plan and, as a result, our revenue growth and profitability may be materially adversely affected.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm our business.

We may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with our business;
- difficulties in effectively integrating the financial and operational systems of the business involved in any such transaction into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction expenses in connection with any such transaction, whether consummated or not;
- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction;
- acquisition financing may not be available on reasonable terms or at all and any such financing could significantly increase our outstanding indebtedness or otherwise affect our capital structure or credit ratings; and
- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from the transaction, which could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

For any or all of these reasons, our pursuit of an acquisition, investment, or merger may have a material adverse effect on our business, financial condition, and operating results.

Risks Related to Legal and Regulatory Matters

Changes in regulations or in the regulatory framework under which we operate could adversely affect our business, financial condition and operating results.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communication systems, as do some state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and the resolution of issues of interference between spectrum bands. Additionally, the FTC and other federal and state agencies have asserted that they have jurisdiction over some consumer protection, and elimination and prevention of anticompetitive business practices with respect to the provision of wireless

products and services. We are subject to regulatory oversight by various federal, state and local agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to: roaming, interconnection, spectrum allocation and licensing, facilities siting, pole attachments, intercarrier compensation, Universal Service Fund ("USF"), net neutrality, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including handset financing and insurance activities.

We cannot assure you that the FCC or any other federal, state or local agencies will not adopt regulations or take enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations. For example, under the Obama administration, the FCC established net neutrality and privacy regimes that applied to our operations. Both sets of rules potentially subjected some of our initiatives and practices to more burdensome requirements and heightened scrutiny by federal and state regulators, the public, edge providers, and private litigants regarding whether such initiatives or practices are compliant. While the FCC rules are now largely rolled back under the Trump administration, some state legislators and regulators are seeking to replace them with state laws, perpetuating uncertainty regarding the regulatory environment around these issues.

In addition, states are increasingly focused on the quality of service and support that wireless communication providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. We also face potential investigations by, and inquiries from or actions by state public utility commissions. We also cannot assure you that Congress will not amend the Communications Act, from which the FCC obtains its authority, and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business. Additionally, California passed the California Consumer Privacy Act (the "CCPA") in June 2018, putting into place new data privacy rights for consumers, effective in January 2020. Legislators have stated that they intend to propose amendments to the CCPA before it goes into effect, and it remains unclear what, if any, modifications will be made to this legislation or how it will be interpreted. We will likely have to incur significant implementation costs to ensure compliance with the CCPA, and we could see increased litigation costs once the law goes into effect. If we are unable to put proper controls and procedures in place to ensure compliance, it could have an adverse effect on our business. Other states are considering similar legislation, which, if passed, could create more risks and potential costs for us.

Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and operating results. We could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such non-compliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, financial condition, and operating results.

Unfavorable outcomes of legal proceedings may adversely affect our business, financial condition and operating results.

We are regularly involved in a number of legal proceedings before various state and federal courts, the FCC, the FTC, other federal agencies, and state and local regulatory agencies, including state attorneys general. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energy of management and other key personnel. The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition and operating results.

We offer highly regulated financial services products. These products expose us to a wide variety of state and federal regulations.

The financing of devices, through our EIP and JUMP! On Demand programs, has expanded our regulatory compliance obligations. Failure to remain compliant with applicable regulations, may increase our risk exposure in the following areas:

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consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including but not limited to the Consumer Financial Protection Bureau, state attorneys general, the FCC and the FTC; and

- regulatory fines, penalties, enforcement actions, civil litigation, and/or class action lawsuits.

Failure to comply with applicable regulations and the realization of any of these risks could have a material adverse effect on our business, financial condition, and operating results.

We may not be able to adequately protect the intellectual property rights on which our business depends or may be accused of infringing intellectual property rights of third parties.

We rely on a combination of patent, service mark, trademark, and trade secret laws and contractual restrictions to establish and protect our proprietary rights, all of which offer only limited protection. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. We may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to ours. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We cannot be sure that any legal actions against such infringers will be successful, even when our rights have been infringed. We cannot assure you that our pending or future patent applications will be granted or enforceable, or that the rights granted under any patent that may be issued will provide us with any competitive advantages. In addition, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or will provide adequate protection of our brands. We do not have insurance coverage for intellectual property losses, and as such, a charge for an anticipated settlement or an adverse ruling awarding damages represents an unplanned loss event. Any of these factors could have a material adverse effect on our business, financial condition, and operating results.

Third parties may claim we infringe their intellectual property rights. We are a defendant in numerous intellectual property lawsuits, including patent infringement lawsuits, which exposes us to the risk of adverse financial impact either by way of significant settlement amounts or damage awards. As we adopt new technologies and new business systems and provide customers with new products and/or services, we may face additional infringement claims. These claims could require us to cease certain activities or to cease selling relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources, and expose us to significant damages awards or settlements, any or all of which could have a material adverse effect on our operations and financial condition. In addition to litigation directly involving our Company, our vendors and suppliers can be threatened with patent litigation and/or subjected to the threat of disruption or blockage of sale, use, or importation of products, posing the risk of supply chain interruption to particular products and associated services which could have a material adverse effect on our business, financial condition and operating results.

Our business may be impacted by new or amended tax laws or regulations, judicial interpretations of same or administrative actions by federal, state, and/or local taxing authorities.

In connection with the products and services we sell, we calculate, collect, and remit various federal, state, and local taxes, fees and regulatory charges (“tax” or “taxes”) to numerous federal, state and local governmental authorities, including federal USF contributions and common carrier regulatory fees. In addition, we incur and pay state and local taxes and fees on purchases of goods and services used in our business.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws (such as the U.S. Tax Cuts and Jobs Act of 2017) may be uncertain and subject to differing interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services. Changes in tax laws could also impact revenue reported on tax inclusive plans.

In the event that we have incorrectly described, disclosed, determined, calculated, assessed, or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state, and/or local municipalities were to significantly increase taxes on our network, operations, or services, or seek to impose new taxes, it could have a material adverse effect on our business, financial condition and operating results.

Our wireless licenses are subject to renewal and may be revoked in the event that we violate applicable laws.

Our existing wireless licenses are subject to renewal upon the expiration of the 10-year or 15-year period for which they are granted. Historically, the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. In addition, our licenses are subject to our compliance with the

terms set forth in the agreement pertaining to national security among us, DT, the Federal Bureau of Investigation, the Department of Justice and the Department of Homeland Security. The failure of DT or the Company to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation or non-renewal of our spectrum licenses. If we fail to timely file to renew any wireless license or fail to meet any regulatory requirements for renewal, including construction and

substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. Accordingly, we cannot assure you that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, financial condition, and operating results.

Our business could be adversely affected by findings of product liability for health or safety risks from wireless devices and transmission equipment, as well as by changes to regulations or radio frequency emission standards.

We do not manufacture the devices or other equipment that we sell, and we depend on our suppliers to provide defect-free and safe equipment. Suppliers are required by applicable law to manufacture their devices to meet certain governmentally imposed safety criteria. However, even if the devices we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for any harm caused by products we sell if such products are later found to have design or manufacturing defects. We generally seek to enter into indemnification agreements with the manufacturers who supply us with devices to protect us from losses associated with product liability, but we cannot guarantee that we will be fully protected against all losses associated with a product that is found to be defective.

Allegations have been made that the use of wireless handsets and wireless transmission equipment, such as cell towers, may be linked to various health concerns, including cancer and brain tumors. Lawsuits have been filed against manufacturers and carriers in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, the FCC has from time to time gathered data regarding wireless handset emissions and its assessment of this issue may evolve based on its findings. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. These allegations may lead to changes in regulatory standards. There have also been other allegations regarding wireless technology, including allegations that wireless handset emissions may interfere with various electronic medical devices (including hearing aids and pacemakers), airbags and anti-lock brakes. Defects in the products of our suppliers, such as the 2016 recall by a handset original equipment manufacturer on one of its smartphone devices, could have a material adverse effect on our business, financial condition and operating results.

Additionally, there are safety risks associated with the use of wireless devices while operating vehicles or equipment. Concerns over any of these risks and the effect of any legislation, rules or regulations that have been and may be adopted in response to these risks could limit our ability to sell our wireless services.

Risks Related to Ownership of our Common Stock

We are controlled by DT, whose interests may differ from the interests of our other stockholders.

DT beneficially owns and possesses majority voting power of the fully diluted shares of our common stock. Through its control of the voting power of our common stock and the rights granted to DT in our certificate of incorporation and the Stockholder's Agreement, DT controls the election of our directors and all other matters requiring the approval of our stockholders. By virtue of DT's voting control, we are a "controlled company," as defined in The NASDAQ Stock Market LLC ("NASDAQ") listing rules, and are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

In addition, our certificate of incorporation and the Stockholder's Agreement restrict us from taking certain actions without DT's prior written consent as long as DT beneficially owns 30% or more of the outstanding shares of our common stock, including:

- the incurrence of debt (excluding certain permitted debt) if our consolidated ratio of debt to cash flow, as defined in the indenture dated April 28, 2013, for the most recently ended four full fiscal quarters for which financial statements are available would exceed 5.25 to 1.0 on a pro forma basis;

- the acquisition of any business, debt or equity interests, operations or assets of any person for consideration in excess of $1.0 billion;
- the sale of any of our or our subsidiaries' divisions, businesses, operations or equity interests for consideration in excess of $1.0 billion;
- the incurrence of secured debt (excluding certain permitted secured debt);

- any change in the size of our Board of Directors;
- the issuances of equity securities in excess of 10% of our outstanding shares or to repurchase debt held by DT;
- the repurchase or redemption of equity securities or the declaration of extraordinary or in-kind dividends or distributions other than on a pro rata basis; and
- the termination or hiring of our chief executive officer.

These restrictions could prevent us from taking actions that our Board of Directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

DT effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our certificate of incorporation, a sale or merger of our Company and other transactions requiring stockholder approval under Delaware law. DT's controlling interest may have the effect of making it more difficult for a third party to acquire, or discouraging a third party from seeking to acquire, the Company. DT may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counter-party in a number of commercial arrangements, and may make decisions adverse to the interests of our other stockholders.

In addition, we license certain trademarks from DT, including the right to use the trademark "T-Mobile" as a name for the Company and our flagship brand, under a trademark license agreement with DT. As described in more detail in our proxy statement under the heading "Transactions with Related Persons and Approval", we are obligated under the trademark license agreement to pay DT a royalty in an amount equal to 0.25%, which we refer to as the royalty rate, of the net revenue (as defined in the trademark license) generated by products and services we sell under the licensed trademarks. The trademark license agreement includes a royalty rate adjustment mechanism that would have occurred in early 2018 and potentially resulted in a new royalty rate effective in January 2019. The license agreement includes a royalty rate adjustment mechanism that has been postponed until the conclusion of the proposed Sprint Merger. The current royalty rate will remain effective until that time. The royalty rate under the license agreement will be adjusted retroactively if the Business Combination Agreement is terminated. We also have the right to terminate the trademark license upon one year's prior notice. An increase in the royalty rate or termination of the trademark license could have a material adverse effect on our business, financial condition and operating results.

Future sales or issuances of our common stock, including sales by DT, could have a negative impact on our stock price.

We cannot predict the effect, if any, that market sales of shares or the availability of shares of our common stock will have on the prevailing trading price of our common stock from time to time. Sales or issuances of a substantial number of shares of our common stock could cause our stock price to decline and could result in dilution of your shares.

We and DT are parties to the Stockholder's Agreement pursuant to which DT is free to transfer its shares in public sales without notice, as long as such transactions would not result in the transferee owning 30% or more of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transferee makes a binding offer to purchase all of the other outstanding shares on the same price and terms. The Stockholder's Agreement does not otherwise impose any other restrictions on the sales of common stock by DT. Moreover, we have filed a shelf registration statement with respect to the common stock and certain debt securities held by DT, which would facilitate the resale by DT of all or any portion of the shares of our common stock it holds. The sale of shares of our common stock by DT (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease in our stock price. In addition, even if DT does not sell a large number of its shares into the market, its right to transfer a large number of shares into the market may depress our stock price.

Our stock price may be volatile and may fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

The trading prices of the securities of communications companies historically have been highly volatile, and the trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in reaction to a number of events and factors that may include, among other things:

- our or our competitors' actual or anticipated operating and financial results;
- introduction of new products and services by us or our competitors or changes in service plans or pricing by us or our competitors;
- analyst projections, predictions and forecasts, analyst target prices for our securities and changes in, or our failure to meet, securities analysts' expectations;

- transaction in our common stock by major investors;
- share repurchases by us or purchases by DT;
- DT's financial performance, results of operation, or actions implied or taken by DT;
- entry of new competitors into our markets or perceptions of increased price competition, including a price war;
- our performance, including subscriber growth, and our financial and operational metric performance;
- market perceptions relating to our services, network, handsets, and deployment of our LTE platform and our access to iconic handsets, services, applications, or content;
- market perceptions of the wireless communications industry and valuation models for us and the industry;
- conditions or trends in the Internet and the industry sectors in which we operate;
- changes in our credit rating or future prospects;
- changes in interest rates;
- changes in our capital structure, including issuance of additional debt or equity to the public;
- the availability or perceived availability of additional capital in general and our access to such capital;
- actual or anticipated consolidation, or other strategic mergers or acquisition activities involving us or our competitors, or other participants in related or adjacent industries, or market speculations regarding such activities, including the pending Merger and views of market participants regarding the likelihood the conditions to the Merger will be satisfied and the anticipated benefits of the Merger will be realized;
- disruptions of our operations or service providers or other vendors necessary to our network operations;
- the general state of the U.S. and world politics and economies; and
- availability of additional spectrum, whether by the announcement, commencement, bidding and closing of auctions for new spectrum or the acquisition of companies that own spectrum, and the extent to which we or our competitors succeed in acquiring additional spectrum.

In addition, the stock market has been volatile in the recent past and has experienced significant price and volume fluctuations, which may continue for the foreseeable future. This volatility has had a significant impact on the trading price of securities issued by many companies, including companies in the communications industry. These changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and to fund our previously authorized stock repurchase program if the Merger fails to close.

Our previously announced stock repurchase program, and any subsequent stock purchase program put in place from time to time, could affect the price of our common stock, increase the volatility of our common stock and could diminish our cash reserves. Such repurchase program may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

We may have in place from time to time, a stock repurchase program. Any such stock repurchase program adopted will not obligate the Company to repurchase any dollar amount or number of shares of common stock and may be

suspended or discontinued at any time, which could cause the market price of our common stock to decline. The timing and actual number of shares repurchased under any such stock repurchase program depends on a variety of factors including the timing of open trading windows, the price of our common stock, corporate and regulatory requirements and other market conditions. We may effect repurchases under any stock repurchase program from time to time in the open market, in privately negotiated transactions or otherwise, including accelerated stock repurchase arrangements. Repurchases pursuant to any such stock repurchase program could affect our stock price and increase its volatility. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock. Although our stock repurchase program is intended to enhance stockholder value, short-term stock price fluctuations could reduce the program's effectiveness. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. See Note 12 – Repurchases of Common Stock of the Notes to the Consolidated Financial Statements included in Part II of this Form 10-K for further information.

Risks Related to the Proposed Transactions

The closing of the Transactions is subject to a number of conditions, including the receipt of approvals from various governmental entities, which may not approve the Transactions, may delay the approvals for, or may impose conditions or restrictions on, jeopardize or delay completion of, or reduce or delay the anticipated benefits of, the Transactions, and if these conditions are not satisfied or waived, the Transactions will not be completed.

The completion of the Transactions is subject to a number of conditions, including, among others, obtaining certain governmental authorizations, consents, orders or other approvals, including the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the receipt of required approvals from the FCC and any state and territorial public utility commissions or similar state and foreign regulatory bodies, and the absence of any injunction prohibiting the Transactions or any legal requirements enacted by a court or other governmental entity preventing the completion of the Transactions. There is no assurance that these required authorizations, consents, orders or other approvals will be obtained or that they will be obtained in a timely manner, or whether they will be subject to required actions, conditions, limitations or restrictions on the combined company's business, operations or assets. If any such required actions, conditions, limitations or restrictions are imposed, they may jeopardize or delay completion of the Transactions, reduce or delay the anticipated benefits of the Transactions or allow the parties to the Business Combination Agreement to terminate the Business Combination Agreement, which could result in a material adverse effect on our or the combined company's business, financial condition or operating results. In addition, the completion of the Transactions is also subject to T-Mobile USA having specified minimum credit ratings on the closing date of the Transactions (after giving effect to the Merger) from at least two of three specified credit rating agencies, subject to certain qualifications. In the event that we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to the specified minimum credit ratings, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million. If the Transactions are not completed by April 29, 2019 (subject to extension to July 29, 2019, and further extension to October 29, 2019, if the only conditions not satisfied or waived (other than those conditions that by their terms are to be satisfied at the closing, which conditions are then capable of being satisfied) are conditions relating to the required regulatory and other governmental consents and the absence of restraints), either we or Sprint may terminate the Business Combination Agreement. The Business Combination Agreement may also be terminated if the other conditions to closing are not satisfied, and we and Sprint may also mutually decide to terminate the Business Combination Agreement.

Failure to complete the Merger could negatively impact us and our business, assets, liabilities, prospects, outlook, financial condition or results of operations.

If the Merger is not completed for any reason, we may be subject to a number of material risks. The price of our common stock may decline to the extent that its current market price reflects a market assumption that the Merger will be completed. In addition, some costs related to the Transactions must be paid by us whether or not the Transactions are completed. Furthermore, we may experience negative reactions from our stockholders, customers, employees, suppliers, distributors, retailers, dealers and others who deal with us, which could have an adverse effect on our business, financial condition and results of operations.

In addition, it is expected that if the Merger is not completed, we will continue to lack the network, scale and financial resources of the current market share leaders in, and other companies that have more recently begun providing, wireless services. Further, if the Merger is not completed, it is expected that we will not be able to deploy a nationwide 5G network on the same scale and on the same timeline as the combined company, and therefore will continue to be limited in their respective abilities to compete effectively in the 5G era.

We are subject to various uncertainties, including litigation and contractual restrictions and requirements while the Transactions are pending that could disrupt our or the combined company's business and adversely affect our or the combined company's business, assets, liabilities, prospects, outlook, financial condition and results of operations.

Uncertainty about the effect of the Transactions on employees, customers, suppliers, vendors, distributors, dealers and retailers may have an adverse effect on us or the combined company. These uncertainties may impair the ability to attract, retain and motivate key personnel during the pendency of the Transactions and, if the Transactions are

completed, for a period of time thereafter, as existing and prospective employees may experience uncertainty about their future roles with the combined company. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business following the completion of the Transactions could be negatively impacted. We or the combined company may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent. Additionally, these uncertainties could cause customers, suppliers, distributors, dealers, retailers and others to seek to change or cancel existing business relationships

with us or the combined company or fail to renew existing relationships. Suppliers, distributors and content and application providers may also delay or cease developing for us or the combined company new products that are necessary for the operations of its business due to the uncertainty created by the Transactions. Competitors may also target our existing customers by highlighting potential uncertainties and integration difficulties that may result from the Transactions.
The Business Combination Agreement also restricts us, without Sprint's consent, from taking certain actions outside of the ordinary course of business while the Transactions are pending, including, among other things, certain acquisitions or dispositions of businesses and assets, entering into or amending certain contracts, repurchasing or issuing securities, making capital expenditures and incurring indebtedness, in each case subject to certain exceptions. These restrictions may have a significant negative impact on our business, results of operations and financial condition.

Management and financial resources have been diverted and will continue to be diverted toward the completion of the Transactions. We have incurred, and expect to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the Transactions. These costs could adversely affect our or the combined company's financial condition and results of operations.

In addition, we and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings and litigation matters that arise from time to time, and it is possible that an unfavorable resolution of these matters could adversely affect us and our results of operations, financial condition and cash flows and the results of operations, financial condition and cash flows of the combined company.

The Business Combination Agreement contains provisions that restrict the ability of our Board to pursue alternatives to the Transactions.

The Business Combination Agreement contains non-solicitation provisions that restrict our ability to solicit, initiate, knowingly encourage or knowingly take any other action designed to facilitate, any inquiries regarding, or the making of, any proposal the completion of which would constitute an alternative transaction for purposes of the Business Combination Agreement. In addition, the Business Combination Agreement does not permit us to terminate the Business Combination Agreement in order to enter into an agreement providing for, or to complete, such an alternative transaction.

Our directors and officers may have interests in the Transactions different from the interests of our stockholders.

Certain of our directors and executive officers negotiated the terms of the Business Combination Agreement. Our directors and executive officers may have interests in the Transactions that are different from, or in addition to, those of our stockholders. These interests include, but are not limited to, the continued service of certain of our directors as directors of the combined company, the continued employment of certain of our executive officers by the combined company, severance agreements and amended employment terms and other rights held by our directors and executive officers, and provisions in the Business Combination Agreement regarding continued indemnification of and advancement of expenses to our directors and officers.

Risks Related to Integration and the Combined Company

Although we expect that the Transactions will result in synergies and other benefits, those synergies and benefits may not be realized or may not be realized within the expected time frame.

Our ability to realize the anticipated benefits of the Transactions will depend, to a large extent, on the combined company's ability to integrate our and Sprint's businesses in a manner that facilitates growth opportunities and achieves the projected standalone cost savings and revenue growth trends identified by each company without adversely affecting current revenues and investments in future growth. In addition, some of the anticipated synergies are not expected to occur for a significant time period following the completion of the Transactions and will require substantial capital expenditures in the near term to be fully realized. Even if the combined company is able to integrate the two companies successfully, the anticipated benefits of the Transactions, including the expected synergies and network benefits, may not be realized fully or at all or may take longer to realize than expected.

Our business and Sprint's business may not be integrated successfully or such integration may be more difficult, time consuming or costly than expected. Operating costs, customer loss and business disruption, including difficulties in maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected following the Transactions. Revenues following the Transactions may be lower than expected.

The combination of two independent businesses is complex, costly and time-consuming and may divert significant management attention and resources to combining our and Sprint's business practices and operations. This process may disrupt

our business. The failure to meet the challenges involved in combining the two businesses and to realize the anticipated benefits of the Transactions could cause an interruption of, or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company. The overall combination of our and Sprint's businesses may also result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of customer and other business relationships. The difficulties of combining the operations of the companies include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating operations and systems, including intellectual property and communications systems, administrative and information technology infrastructure and financial reporting and internal control systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- differences in control environments, cultures, and auditor expectations may result in future weaknesses and deficiencies while we work to integrate the companies and align guidelines and practices;
- alignment of key performance measurements may result in a greater need to communicate and manage clear expectations while we work to integrate the companies and align guidelines and practices;
- difficulties in integrating employees and attracting and retaining key personnel;
- challenges in retaining existing customers and obtaining new customers;
- difficulties in achieving anticipated cost savings, synergies, accretion targets, business opportunities, financing plans and growth prospects from the combination;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- the impact of the additional debt financing expected to be incurred in connection with the Transactions;
- the transition of management to the combined company management team, and the need to address possible differences in corporate cultures and management philosophies;
- contingent liabilities that are larger than expected; and
- potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Transactions.

Some of these factors are outside of our control and/or will be outside the control of the combined company, and any one of them could result in lower revenues, higher costs and diversion of management time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of our and Sprint's businesses are integrated successfully, the full benefits of the Merger may not be realized, including, among others, the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame or at all. Further, additional unanticipated costs may be incurred in the integration of our and Sprint's businesses. All of these factors could cause dilution to the earnings per share of the combined company, decrease or delay the projected accretive effect of the Merger, and negatively impact the price of our common stock following the Merger. As a result, it cannot be assured that the combination of T-Mobile and Sprint will result in the realization of the full benefits expected from the Transactions within the anticipated time frames or at all.

The indebtedness of the combined company following the completion of the Transactions will be substantially greater than the indebtedness of each of T-Mobile and Sprint on a standalone basis prior to the execution of the Business Combination Agreement. This increased level of indebtedness could adversely affect the combined company's business flexibility and increase its borrowing costs.

In connection with the Transactions, we and Sprint have conducted, and expect to conduct, certain pre-Merger financing transactions, which will be used in part to prepay a portion of our and Sprint's existing indebtedness and to fund liquidity needs. After giving effect to the pre-Merger financing transactions and the Transactions, we anticipate that the combined company will have consolidated indebtedness of up to approximately $75.0 billion to $77.0 billion, based on estimated December 31, 2018 debt and cash balances and excluding tower obligations.

Our substantially increased indebtedness following the Transactions will have the effect, among other things, of reducing our flexibility to respond to changing business, economic, market and industry conditions and increasing the amount of cash required to meet interest payments. In addition, this increased level of indebtedness following the Transactions may reduce funds available to support efforts to combine our and Sprint's businesses and realize the expected benefits of the Transactions, and may also reduce funds available for capital expenditures, share repurchases and other activities that may put the combined company at a competitive disadvantage relative to other companies with lower debt levels. Further, it may be necessary for the combined company to incur substantial additional indebtedness in the future, subject to the restrictions contained in its debt instruments, which could increase the risks associated with the capital structure of the combined company.

Because of the substantial indebtedness of the combined company following the completion of the Transactions, there is a risk that the combined company may not be able to service its debt obligations in accordance with their terms.

The ability of the combined company to service its substantial debt obligations following the Transactions will depend in part on future performance, which will be affected by business, economic, market and industry conditions and other factors, including the ability of the combined company to achieve the expected benefits of the Transactions. There is no guarantee that the combined company will be able to generate sufficient cash flow to service its debt obligations when due. If the combined company is unable to meet such obligations or fails to comply with the financial and other restrictive covenants contained in the agreements governing such debt obligations, it may be required to refinance all or part of its debt, sell important strategic assets at unfavorable prices or make additional borrowings. The combined company may not be able to, at any given time, refinance its debt, sell assets or make additional borrowings on commercially reasonable terms or at all, which could have a material adverse effect on its business, financial condition and results of operations after the Transactions.

Some or all of the combined company's variable-rate indebtedness may use the LIBOR as a benchmark for establishing the rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequence of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

The agreements governing the combined company's indebtedness and other financings will include restrictive covenants that limit the combined company's operating flexibility.

The agreements governing the combined company's indebtedness and other financings will impose material operating and financial restrictions on the combined company. These restrictions, subject in certain cases to customary baskets, exceptions and maintenance and incurrence-based financial tests, may limit the combined company's ability to engage in transactions and pursue strategic business opportunities, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock or making other restricted payments or investments;
- selling or buying assets, properties or licenses;
- developing assets, properties or licenses which the combined company has or in the future may procure;
- creating liens on assets securing indebtedness or other obligations;
- participating in future FCC auctions of spectrum or private sales of spectrum;
- engaging in mergers, acquisitions, business combinations or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit the combined company's ability to obtain debt financing, make share repurchases, refinance or pay principal on its outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in its operating environment or the economy. Any future indebtedness that the combined company incurs may contain similar or more restrictive covenants. Any failure to comply with the restrictions of the combined company's debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other

agreements, giving the combined company's lenders the right to terminate any commitments they had made to provide it with further funds and to require the combined company to repay all amounts then outstanding.

The financing of the Transactions is not assured.

Although we have received debt financing commitments from lenders to provide various financing arrangements to facilitate the Transactions, the obligation of the lenders to provide these facilities is subject to a number of conditions and the financing of the Transactions may not be obtained on the expected terms or at all.

In particular, we have received commitments for $30.0 billion in debt financing to fund the Transactions which is comprised of (i) a $4.0 billion secured revolving credit facility, (ii) a $7.0 billion term loan credit facility and (iii) a $19.0 billion secured bridge loan facility. Our reliance on the financing from the $19.0 billion secured bridge loan facility commitment is intended to be reduced through one or more secured note offerings or other long-term financings prior to the merger closing. However, there can be no assurance that we will be able to issue any such secured notes or other long-term financings on terms we find acceptable or at all, especially in light of the recent debt market volatility, in which case we may have to exercise some or all of the commitments under the secured bridge facility to fund the Transactions. Accordingly, the costs of financing for the Transactions may be higher than expected.

Credit rating downgrades could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

Credit ratings impact the cost and availability of future borrowings, and, as a result, cost of capital. Our current ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our debt obligations or, following the completion of the Transactions, obligations to the combined company's obligors. Each rating agency reviews these ratings periodically and there can be no assurance that such ratings will be maintained in the future. A downgrade in the rating of us and/or Sprint could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

We have incurred, and will incur, direct and indirect costs as a result of the Transactions.

We have incurred, and will incur, substantial expenses in connection with and as a result of completing the Transactions, and over a period of time following the completion of the Transactions, the combined company also expects to incur substantial expenses in connection with integrating and coordinating our and Sprint's businesses, operations, policies and procedures. A portion of the transaction costs related to the Transactions will be incurred regardless of whether the Transactions are completed. While we have assumed that a certain level of transaction expenses will be incurred, factors beyond our control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses will exceed the costs historically borne by us. These costs could adversely affect our financial condition and results of operations prior to the Transactions and the financial condition and results of operations of the combined company following the Transactions.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2018, our significant properties that we primarily lease and use in connection with switching centers, data centers, call centers and warehouses were as follows:

	Approximate Number	Approximate Size in Square Feet
Switching centers	61	1,300,000
Data centers	6	500,000
Call center	17	1,300,000
Warehouses	21	500,000

As of December 31, 2018, we primarily leased:

- Approximately 64,000 macro towers and 21,000 distributed antenna system and small cell sites.
- Approximately 2,200 T-Mobile and Metro by T-Mobile retail locations, including stores and kiosks ranging in size from approximately 100 square feet to 17,000 square feet.
-

Office space totaling approximately 1,000,000 square feet for our corporate headquarters in Bellevue, Washington. In January 2019, we executed leases totaling approximately 170,000 additional square feet for our corporate headquarters. We use these offices for engineering and administrative purposes.

- Office space throughout the U.S., totaling approximately 1,700,000 square feet, for use by our regional offices primarily for administrative, engineering and sales purposes.

Item 3. Legal Proceedings

See Note 15 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 4. Mine Safety Disclosures

None.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TMUS." As of December 31, 2018, there were 265 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2013 to December 31, 2018.

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	At December 31,					
	2013	2014	2015	2016	2017	2018
T-Mobile US, Inc.	$ 100.00	$ 80.08	$ 116.29	$ 170.96	$ 188.79	$ 189.09
S&P 500	100.00	113.69	115.26	129.05	157.22	150.33
NASDAQ Composite	100.00	114.62	122.81	133.19	172.11	165.84
Dow Jones US Mobile Telecommunications TSM	100.00	89.33	93.68	119.39	122.09	145.29

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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Item 6. Selected Financial Data

The following selected financial data are derived from our consolidated financial statements. The data below should be read together with Risk Factors included in Part I, Item 1A, Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 and Financial Statements and Supplementary Data included in Part II, Item 8 of this Form 10-K.

Selected Financial Data

(in millions, except per share and customer amounts)	As of and for the Year Ended December 31,				
	2018 [1]	2017	2016	2015	2014
Statement of Operations Data					
Total service revenues	$ 31,992	$ 30,160	$ 27,844	$ 24,821	$ 22,375
Total revenues	43,310	40,604	37,490	32,467	29,920
Operating income	5,309	4,888	4,050	2,479	1,772
Total other expense, net	(1,392)	(1,727)	(1,723)	(1,501)	(1,359)
Income tax (expense) benefit[2]	(1,029)	1,375	(867)	(245)	(166)
Net income	2,888	4,536	1,460	733	247
Net income attributable to common stockholders	2,888	4,481	1,405	678	247
Earnings per share					
Basic	$ 3.40	$ 5.39	$ 1.71	$ 0.83	$ 0.31
Diluted	3.36	5.20	1.69	0.82	0.30
Balance Sheet Data					
Cash and cash equivalents	$ 1,203	$ 1,219	$ 5,500	$ 4,582	$ 5,315
Property and equipment, net	23,359	22,196	20,943	20,000	16,245
Spectrum licenses	35,559	35,366	27,014	23,955	21,955
Total assets	72,468	70,563	65,891	62,413	56,639
Total debt, excluding tower obligations	27,547	28,319	27,786	26,243	21,946
Stockholders' equity	24,718	22,559	18,236	16,557	15,663
Statement of Cash Flows and Operational Data					
Net cash provided by operating activities [3]	$ 3,899	$ 3,831	$ 2,779	$ 1,877	$ 1,957
Purchases of property and equipment	(5,541)	(5,237)	(4,702)	(4,724)	(4,317)
Purchases of spectrum licenses and other intangible assets, including deposits	(127)	(5,828)	(3,968)	(1,935)	(2,900)
Proceeds related to beneficial interests in securitization transactions [3]	5,406	4,319	3,356	3,537	2,228
Net cash (used in) provided by financing activities [3]	(3,336)	(1,367)	463	3,413	2,485
Total customers (in thousands)[4]	79,651	72,585	71,455	63,282	55,018

(1) On January 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all the related amendments (collectively, the "new revenue standard"), using the modified retrospective method with the cumulative effect of initially applying the guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(2) In December 2017, the Tax Cuts and Jobs Act of 2017 ("TCJA") was signed into legislation. The TCJA included numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction took place on January 1, 2018. We recognized a net tax benefit of $2.2 billion associated with the enactment of the TCJA in Income tax (expense) benefit in our Consolidated Statements of Comprehensive Income in the fourth quarter of 2017, primarily due to a re-measurement of deferred tax assets and liabilities.

(3) On January 1, 2018, we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" (the "new cash flow standard") which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to Investing activities of approximately $5.4 billion, $4.3 billion, $3.4 billion, $3.5 billion and $2.2 billion for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively, in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted

the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $212 million, $188 million and $39 million for the years ended December 31, 2018, 2017 and 2014, respectively, in our Consolidated Statements of Cash Flows. There were no cash payments for debt prepayment and debt extinguishment costs during the years ended December 31, 2016 and 2015. We have applied the new cash flow standard retrospectively to all periods presented.

(4) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The objectives of our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are to provide users of our Consolidated Financial Statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is provided as a supplement to, and should be read together with, our audited Consolidated Financial Statements for the three years ended December 31, 2018, included in Part II, Item 8 of this Form 10-K. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Business Overview

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we've disrupted the wireless communication services industry by listening to our customers and providing them with added value and an exceptional experience, including implementing signature initiatives that changed the wireless industry forever. These Un-carrier initiatives include the following launched during 2018:

- In August 2018, we introduced Un-carrier Next, a new initiative that radically changes the structure of our customer service department and solves several significant pain points for customers. Postpaid customers will get directly through to a human when they call customer support, and that human will be one member of a "Team of Experts" devoted to that customer and other customers in their geographic region. No bots, no bouncing, no BS.
- Un-carrier Next also provided customers exclusive access to a free one-year Pandora Plus subscription via the T-Mobile Tuesdays App in August 2018. In addition, we announced an exclusive multi-year partnership with Live Nation, the world's largest live entertainment company, giving Un-carrier customers rock star status at Live Nation amphitheater and arena concerts, including access to last-minute reserve seats in sold-out sections and discounted tickets.

In September 2018, in connection with the rebranding of our prepaid brand, MetroPCS, as Metro by T-Mobile, we introduced new unlimited rate plans with tiers that feature added benefits of Google One and Amazon Prime as well as an expanded selection of the latest and greatest smartphones. Gone are the outdated perceptions that prepaid service is synonymous with limited coverage, cheap flip phones or bad credit.

Our ability to acquire and retain branded customers is important to our business in the generation of revenues and we believe our Un-carrier strategy, along with ongoing network improvements, has been successful in attracting and retaining customers as evidenced by continued branded customer growth and improved branded postpaid phone and branded prepaid customer churn.

	Year Ended December 31,			2018 Versus 2017		2017 Versus 2016	
(in thousands)	2018	2017	2016	# Change	% Change	# Change	% Change
Net customer additions							
Branded postpaid customers	4,459	3,620	4,097	839	23 %	(477)	(12 %)

Branded prepaid customers	460	855	2,508	(395)	(46 %)	(1,653)	(66 %)
Total branded customers	4,919	4,475	6,605	444	10 %	(2,130)	(32 %)

	Year Ended December 31,			Bps Change 2018 Versus 2017	Bps Change 2017 Versus 2016
	2018	2017	2016		
Branded postpaid phone churn	1.01 %	1.18 %	1.30 %	-17 bps	-12 bps
Branded prepaid churn	3.96 %	4.04 %	3.88 %	-8 bps	16 bps

Proposed Sprint Transaction

On April 29, 2018, we entered into the Business Combination Agreement to merge with Sprint in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. The combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to rapidly launch a nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Immediately following the Merger, it is anticipated that DT and SoftBank Group Corp. will hold, directly or indirectly, on a fully diluted basis, approximately 41.7% and 27.4%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 30.9% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2018. The Merger is subject to regulatory approvals and certain other customary closing conditions. We expect to receive regulatory approval in the first half of 2019.

For more information regarding our Business Combination Agreement, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Acquisitions

- On January 1, 2018, we closed on our previously announced Unit Purchase Agreement to acquire the remaining equity in Iowa Wireless Services, LLC ("IWS"), a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. We accounted for our acquisition of IWS as a business combination and recognized a bargain purchase gain of approximately $25 million as part of our purchase price allocation and a gain on our previously held equity interest of approximately $15 million in Other income, net in 2018.

- On January 22, 2018, we completed our acquisition of television innovator Layer3 TV for cash consideration of $318 million. Upon closing of the transaction, Layer3 TV became a wholly-owned consolidated subsidiary. Layer3 TV acquires and distributes digital entertainment programming primarily through the internet to residential customers, offering direct to home digital television and multi-channel video programming distribution services. This transaction represented an opportunity to acquire a complementary service to our existing wireless service to advance our video strategy. We accounted for the purchase of Layer3 TV as a business combination and recognized $218 million of goodwill as part of our purchase price allocation.

For more information regarding our acquisitions, see Note 2 – Business Combinations of the Notes to the Consolidated Financial Statements.

Accounting Pronouncements Adopted During the Current Year

Revenue Recognition

On January 1, 2018, we adopted the new revenue standard. See Note 10 – Revenue from Contracts with Customers of the Notes to the Consolidated Financial Statements for information regarding the new revenue standard and Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for information regarding recently issued accounting standards.

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The impact of our adoption of the new revenue standard is presented in Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements and in the following table which presents a comparison of selected financial information under both the new revenue standard and the previous revenue standard for the year ended December 31, 2018:

	Year Ended December 31, 2018		
	Previous Revenue Standard	New Revenue Standard	Change
GAAP financial measures			
Branded postpaid service revenues (in millions)	$ 20,887	$ 20,862	$ (25)
Branded prepaid service revenues (in millions)	9,608	9,598	(10)
Net income (in millions)	2,593	2,888	295
Performance measures			
Branded postpaid phone ARPU	$ 46.45	$ 46.40	$ (0.05)
Branded postpaid ABPU	58.49	58.44	(0.05)
Branded prepaid ARPU	38.56	38.53	(0.03)
Non-GAAP financial measure			
Adjusted EBITDA (in millions)	$ 12,000	$ 12,398	$ 398

Statement of Cash Flows

On January 1, 2018, we adopted the new cash flow standard which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to Investing activities in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities in our Consolidated Statements of Cash Flows. We have applied the new cash flow standard retrospectively to all periods presented. For additional information regarding the new cash flow standard and the impact of our adoption, see "Selected Financial Data" and Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements.

Financial Instruments

In January 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-01, "Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities." The standard addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard became effective for us, and we adopted the standard, on January 1, 2018. The standard requires the impact of adoption to be recorded to retained earnings under a modified retrospective approach. The implementation of this standard did not have a material impact on our Consolidated Financial Statements.

Income Taxes

In October 2016, the FASB issued ASU 2016-16, "Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory." The standard requires that the income tax impact of intra-entity sales and transfers of property, except for inventory, be recognized when the transfer occurs. The standard became effective for us, and we adopted the standard, on January 1, 2018. The standard requires any deferred taxes not yet recognized on intra-entity transfers to be recorded to retained earnings under a modified retrospective approach. The implementation of this standard did not have a material impact on our Consolidated Financial Statements.

Derivatives and Hedging

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvement to Accounting for Hedging Activities." The standard modified the guidance for the designation and measurement of qualifying hedging relationships and the presentation of hedge results. We adopted this standard on October 1, 2018, and have applied the standard to hedging transactions prospectively.

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Hurricane Impacts

During 2018, we recognized $61 million in costs related to hurricanes, including $36 million in incremental costs to maintain services primarily in Puerto Rico related to hurricanes that occurred in 2017 and $25 million related to hurricanes that occurred in 2018. Additional costs related to a hurricane that occurred in 2018 are expected to be immaterial in the first quarter of 2019.

During 2018, we received reimbursement payments from our insurance carriers of $307 million related to hurricanes, of which $93 million was previously accrued for as a receivable as of December 31, 2017.

We have accrued insurance recoveries related to a hurricane that occurred in 2018 of approximately $5 million for the year ended December 31, 2018 as an offset to the costs incurred within Cost of services in our Consolidated Statements of Comprehensive Income and as an increase to Other current assets in our Consolidated Balance Sheets.

The following table shows the impacts of hurricanes to our results, operating metrics and non-GAAP financial measures for the years ended December 31, 2018 and 2017. There were no significant hurricane impacts in 2016.

	Year Ended December 31, 2018			Year Ended December 31, 2017		
(in millions, except per share amounts)	**Gross**	**Reim-bursement**	**Net**	**Gross**	**Reim-bursement**	**Net**
Increase (decrease)						
Revenues						
Branded postpaid revenues	$ —	$ —	$ —	$ (37)	$ —	$ (37)
Of which, branded postpaid phone revenues	—	—	—	*(35)*	—	*(35)*
Branded prepaid revenues	—	—	—	(11)	—	(11)
Total service revenues	—	—	—	(48)	—	(48)
Equipment revenues	—	—	—	(8)	—	(8)
Other revenues	—	71	71	—	—	—
Total revenues	—	71	71	(56)	—	(56)
Operating expenses						
Cost of services	59	(135)	(76)	198	(93)	105
Cost of equipment sales	1	—	1	4	—	4
Selling, general and administrative	1	(13)	(12)	36	—	36
Of which, bad debt expense	—	—	—	*20*	—	*20*
Total operating expenses	61	(148)	(87)	238	(93)	145
Operating income (loss)	(61)	219	158	(294)	93	(201)
Net income (loss)	$ (41)	$ 140	$ 99	$ (193)	$ 63	$ (130)
Earnings per share						
Basic	$ (0.05)	$ 0.17	$ 0.12	$ (0.23)	$ 0.07	$ (0.16)
Diluted	(0.05)	0.17	0.12	(0.22)	0.07	(0.15)
Operating metrics						
Bad debt expense and losses from sales of receivables as a percentage of total revenues	—	—	—	0.05 %	— %	0.05 %
Branded postpaid phone ARPU	$ —	$ —	$ —	$ (0.09)	$ —	$ (0.09)
Branded postpaid ABPU	—	—	—	(0.08)	—	(0.08)
Branded prepaid ARPU	—	—	—	(0.05)	—	(0.05)
Non-GAAP financial measures						
Adjusted EBITDA	$ (61)	$ 219	$ 158	$ (294)	$ 93	$ (201)

Results of Operations

Highlights for the years ended December 31, 2018, compared to the same period in 2017

- Total revenues of $43.3 billion for the year ended December 31, 2018 increased $2.7 billion, or 7%, primarily driven by growth in service and equipment revenues as further discussed below.

- Service revenues of $32.0 billion for the year ended December 31, 2018 increased $1.8 billion, or 6%, primarily due to growth in our average branded customer base driven by the continued growth in existing and Greenfield markets including the growing success of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials, along with lower churn, growth in connected devices and the success of our Metro by T-Mobile brand.

- Equipment revenues of $10.0 billion for the year ended December 31, 2018 increased $634 million, or 7%, primarily due to a higher average revenue per device sold and a positive impact from the new revenue standard of $393 million, partially offset by a decrease in the number of devices sold, excluding purchased leased devices, lower volumes of purchased leased devices at the end of the lease term and lower lease revenues.

- Operating income of $5.3 billion for the year ended December 31, 2018 increased $421 million, or 9%, primarily due to higher Total revenues, partially offset by higher Selling, general and administrative expenses, Depreciation and amortization, Cost of equipment sales, Cost of services and lower Gains on disposal of spectrum licenses. Operating income for the year ended December 31, 2018 included the positive impacts from the adoption of the new revenue standard of $398 million and from insurance reimbursements related to hurricanes, net of costs incurred, of $158 million as well as the negative impact of Costs associated with the Transactions of $196 million. Operating income also included gains on disposal of spectrum licenses of $235 million and the negative impact from hurricanes of $201 million for the year ended December 31, 2017.

- Net income of $2.9 billion for the year ended December 31, 2018 decreased $1.6 billion, or 36%, primarily due to higher Income tax (expense) benefit, partially offset by higher Operating income and lower Other income (expense), net. Net income for the year ended December 31, 2018 included the positive impacts from the adoption of the new revenue standard of $295 million and from insurance reimbursements related to hurricanes, net of costs, of $99 million as well as the negative impact of Costs associated with the Transactions of $180 million. Net income also included the negative impact from hurricanes of $130 million and net, after-tax gains on disposal of spectrum licenses of $174 million for the year ended December 31, 2017.

- Adjusted EBITDA of $12.4 billion for the year ended December 31, 2018 increased $1.2 billion, or 11%, primarily due to higher Operating income driven by the factors described above. See "Performance Measures" for additional information.

- Net cash provided by operating activities of $3.9 billion for the year ended December 31, 2018 increased $68 million, or 2%. See "Liquidity and Capital Resources" for additional information.

- Free Cash Flow of $3.6 billion for the year ended December 31, 2018 increased $827 million, or 30%. See "Liquidity and Capital Resources" for additional information.

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Set forth below is a summary of our consolidated financial results:

(in millions)	Year Ended December 31, 2018	2017	2016	2018 Versus 2017 $ Change	% Change	2017 Versus 2016 $ Change	% Change
Revenues							
Branded postpaid revenues	$ 20,862	$ 19,448	$ 18,138	$ 1,414	7 %	$ 1,310	7 %
Branded prepaid revenues	9,598	9,380	8,553	218	2 %	827	10 %
Wholesale revenues	1,183	1,102	903	81	7 %	199	22 %
Roaming and other service revenues	349	230	250	119	52 %	(20)	(8) %
Total service revenues	31,992	30,160	27,844	1,832	6 %	2,316	8 %
Equipment revenues	10,009	9,375	8,727	634	7 %	648	7 %
Other revenues	1,309	1,069	919	240	22 %	150	16 %
Total revenues	43,310	40,604	37,490	2,706	7 %	3,114	8 %
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	6,307	6,100	5,731	207	3 %	369	6 %
Cost of equipment sales	12,047	11,608	10,819	439	4 %	789	7 %
Selling, general and administrative	13,161	12,259	11,378	902	7 %	881	8 %
Depreciation and amortization	6,486	5,984	6,243	502	8 %	(259)	(4) %
Cost of MetroPCS business combination	—	—	104	—	NM	(104)	(100) %
Gains on disposal of spectrum licenses	—	(235)	(835)	235	(100) %	600	(72) %
Total operating expense	38,001	35,716	33,440	2,285	6 %	2,276	7 %
Operating income	5,309	4,888	4,050	421	9 %	838	21 %
Other income (expense)							
Interest expense	(835)	(1,111)	(1,418)	276	(25) %	307	(22) %
Interest expense to affiliates	(522)	(560)	(312)	38	(7) %	(248)	79 %
Interest income	19	17	13	2	12 %	4	31 %
Other income (expense), net	(54)	(73)	(6)	19	(26) %	(67)	NM
Total other expense, net	(1,392)	(1,727)	(1,723)	335	(19) %	(4)	— %
Income before income taxes	3,917	3,161	2,327	756	24 %	834	36 %
Income tax (expense) benefit	(1,029)	1,375	(867)	(2,404)	(175) %	2,242	(259) %
Net income	$ 2,888	$ 4,536	$ 1,460	$ (1,648)	(36) %	$ 3,076	211 %
Statement of Cash Flows Data							
Net cash provided by operating activities	$ 3,899	$ 3,831	$ 2,779	$ 68	2 %	$ 1,052	38 %
Net cash used in investing activities	(579)	(6,745)	(2,324)	6,166	(91) %	(4,421)	190 %
Net cash (used in) provided by financing activities	(3,336)	(1,367)	463	(1,969)	144 %	(1,830)	(395) %
Non-GAAP Financial Measures							
Adjusted EBITDA	$ 12,398	$ 11,213	$ 10,639	$ 1,185	11 %	$ 574	5 %
Free Cash Flow	3,552	2,725	1,433	827	30 %	1,292	90 %

NM - Not Meaningful

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The following discussion and analysis is for the year ended December 31, 2018, compared to the same period in 2017 unless otherwise stated.

Total revenues increased $2.7 billion, or 7%, as discussed below.

Branded postpaid revenues increased $1.4 billion, or 7%, primarily from:

- Higher average branded postpaid phone customers, primarily from growth in our customer base driven by the continued growth in existing and Greenfield markets including the growing success of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials, along with lower churn; and
- Higher average branded postpaid other customers; partially offset by
- Lower branded postpaid phone Average Revenue Per User ("ARPU"). See "Branded Postpaid Phone ARPU" in the "Performance Measures" section of this MD&A; and
- The negative impact of the new revenue standard of $25 million, primarily due to the impact of certain promotions previously recognized as a reduction in equipment revenues now recognized as a reduction in branded postpaid revenues, partially offset by certain equipment revenues reclassified to branded postpaid revenues.

Branded prepaid revenues increased $218 million, or 2%, primarily from:

- Higher average branded prepaid customers driven by the success of our Metro by T-Mobile brand; partially offset by
- Lower branded prepaid ARPU. See "Branded Prepaid APRU" in the "Performance Measures" section of this MD&A; and
- The negative impact of the new revenue standard of $10 million, primarily due to the impact of certain promotions previously recognized as a reduction in equipment revenues now recognized as a reduction in branded prepaid revenues.

Wholesale revenues increased $81 million, or 7%, primarily from the continued success of our MVNO partnerships.

Roaming and other service revenues increased $119 million, or 52%, primarily from an increase in international and domestic roaming revenues.

Equipment revenues increased $634 million, or 7%, primarily from:

- An increase of $1.1 billion in device sales revenues, excluding purchased leased devices, primarily due to:
    - Higher average revenue per device sold due to an increase in the high-end device mix; and

- A positive impact from the new revenue standard of $393 million primarily related to:
    - Commission costs of $438 million previously recorded as a reduction in Equipment revenues now recorded as Selling, general and administrative expenses and certain promotions previously recorded as a reduction in Equipment revenues now recorded as a reduction in Service revenues; partially offset by
    - Certain promotional bill credits now capitalized as contract assets and certain Equipment revenues now recognized as Service revenues; partially offset by
- A 6% decrease in the number of devices sold, excluding purchased leased devices; partially offset by

- A decrease of $310 million from lower volumes of purchased leased devices at the end of the lease term; and

- A decrease of $185 million in lease revenues from JUMP! On Demand customers preferring affordable device options on leasing programs with lower monthly lease payments and shifting focus to our EIP financing option for high-end devices.

Under our JUMP! On Demand program, upon device upgrade or at lease end, customers must return or purchase their device. Revenue for purchased leased devices is recorded as equipment revenues when revenue is recognition criteria have been met.

Other revenues increased $240 million, or 22%, primarily due to revenue share agreements with third parties, the positive impact from $71 million in insurance reimbursements related to the hurricanes, and higher amortized imputed discount on EIP receivables due to continued growth in EIP sales.

Our operating expenses consist of the following categories:

- **Cost of services** primarily includes costs directly attributable to providing wireless service through the operation of our network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs. In addition, certain costs for customer appreciation programs are included in Cost of services.

- **Cost of equipment sales** primarily includes costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, costs related to returned and purchased leased devices, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.

- **Selling, general and administrative** primarily includes costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include commissions paid to dealers and retail employees for activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense, losses from sales of receivables and back office administrative support activities.

Operating expenses increased $2.3 billion, or 6%, primarily from higher Selling, general and administrative expenses, Depreciation and amortization expense, Cost of equipment sales, Cost of services, and lower Gains on disposal of spectrum licenses as discussed below.

Cost of services increased $207 million, or 3%, primarily from:

- Higher lease, employee-related and repair and maintenance expenses associated with network expansion; and

- The impact from the new revenue standard of $74 million primarily related to certain contract fulfillment costs reclassified to Cost of services from Selling, general and administrative expenses; partially offset by

- Lower regulatory program costs; and

- The positive impact from insurance reimbursements related to hurricanes, net of costs, of $76 million in the year ended December 31, 2018, compared to costs incurred related to hurricanes, net of insurance recoveries, of $105 million for the year ended December 31, 2017.

Cost of equipment sales increased $439 million, or 4%, primarily from:

- An increase of $947 million in device cost of equipment sales, excluding purchased leased devices, primarily due to:

  -

A higher average cost per device sold, primarily due to an increase in the high-end device mix; partially offset by

- A 6% decrease in the number of devices sold, excluding purchased lease devices. This increase was partially offset by

- A decrease of $342 million in leased device cost of equipment sales, primarily from lower volumes of purchased leased devices at the end of the lease term; and

- A decrease of $178 million primarily due to lower inventory adjustments and lower warranty program costs.

Under our JUMP! On Demand program, upon device upgrade or at the end of the lease term, customers must return or purchase their device. The cost of purchased leased devices is recorded as Cost of equipment sales. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales.

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Selling, general and administrative expenses increased $902 million, or 7%, primarily from:

- Higher employee-related costs and costs related to managed services;
- Higher commissions driven by compensation structure and channel mix changes; and
- Costs associated with the Transactions of $196 million; partially offset by
- The positive impact from the new revenue standard of $96 million, primarily due to:
    - Capitalized commission costs in excess of the related amortization of $495 million; and
    - Certain contract fulfillment costs reclassified to Cost of services from Selling, general and administrative expenses partially offset by
    - Commission costs of $438 million previously recorded as a reduction in Equipment revenues now recognized in Selling, general and administrative expense;
- Lower bad debt expense and losses from sales of receivables reflecting our ongoing focus on managing customer quality;
- Lower promotional and advertising costs;
- Lower handset repair services costs due to lower demand for repaired phones for the fulfillment of warranty and insurance claims following the introduction of the AppleCare+ Program in the third quarter of 2017; and
- The positive impact from insurance reimbursements related to hurricanes, net of costs, of $12 million in the year ended December 31, 2018, compared to costs incurred related to hurricanes of $36 million for the year ended December 31, 2017.

Depreciation and amortization increased $502 million, or 8%, primarily from:

- The continued build-out of our 4G LTE network and deployment of low band spectrum and 5G compatible radios; and
- The implementation of the first component of our new billing system; partially offset by
- Lower depreciation expense related to our JUMP! On Demand program resulting from an increase in the affordable device mix. Under our JUMP! On Demand program, the cost of a leased wireless device is depreciated to its estimated residual value over the period expected to provide utility to us.

Gains on disposal of spectrum licenses were $0 for the year ended December 31, 2018, as compared to $235 million for the year ended December 31, 2017, due to gains from spectrum license transactions with AT&T and Verizon in 2017.

Operating income, the components of which are discussed above, increased $421 million, or 9%, for the year ended December 31, 2018 and included:

- The net positive impacts from the new revenue standard of $398 million; and
- The positive impact from insurance reimbursements related to hurricanes, net of costs, of $158 million, compared to a negative impact of $201 million in the same period in 2017; partially offset by
- Gains on disposal of spectrum licenses of $235 million in 2017. There were no gains on disposal of spectrum licenses in 2018; and
- Costs associated with the Transactions of $196 million.

Interest expense decreased $276 million, or 25%, primarily from:

- Redemption in April 2017 of aggregate principal amount of $6.8 billion of Senior Notes, with various interest rates and maturity dates;
- Redemption in January 2018 of $1.0 billion of 6.125% Senior Notes due 2022;
- Redemption in April 2018 of aggregate principal amount of $2.4 billion of Senior Notes due 2023, with various interest rates and maturity dates; and
- Increase in capitalized interest costs of $100 million primarily due to the build out of our network to utilize our 600 MHz spectrum licenses in the year ended December 31, 2018, compared to the year ended December 31, 2017;

partially offset by

- Issuance in March 2017 of aggregate principal amount of $1.5 billion of Senior Notes, with various interest rates and maturity dates;
- Issuance in January 2018 of $1.0 billion of public 4.500% Senior Notes due 2026; and
- Issuance in January 2018 of $1.5 billion of public 4.750% Senior Notes due 2028.

See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

Interest expense to affiliates decreased $38 million, or 7%, primarily from:

- A decrease from lower interest rates achieved through refinancing in April 2017 of a total of $2.5 billion of Senior Reset Notes;
- A decrease from lower interest rates achieved through refinancing in April 2018 of a total of $2.5 billion of Senior Reset Notes; and
- Increase in capitalized interest costs of $126 million primarily due to build out of our network to utilize our 600 MHz spectrum licenses in the year ended December 31, 2018, compared to the year ended December 31, 2017; partially offset by
- Issuance in January 2017 of $4.0 billion of Incremental Secured Term Loan facility, which refinanced $1.98 billion of outstanding senior secured term loans;
- Issuance in May 2017 of aggregate principal amount of $4.0 billion of Senior Notes, with various interest rates and maturity dates;
- Issuance in April 2017 of aggregate principal amount of $3.0 billion of Senior Notes, with various interest rates and maturity dates; and
- Issuance in September 2017 of aggregate principal amount of $500 million of 5.375% Senior Notes due 2027.

See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

Other income (expense), net decreased $19 million, or 26%, primarily from:

- A $30 million gain on sale of certain investments;
- A $25 million bargain purchase gain as part of our purchase price allocation of the IWS acquisition; and
- A $15
million gain on our previously held equity interest in IWS; partially offset by
- A $36 million increase in losses on early redemption of debt, including:
    -

An $86 million loss on early redemption of $2.5 billion in DT Senior Reset Notes in April 2018; and

- A $32 million loss on early redemption of $1.0 billion of 6.125% Senior Notes due 2022 in January 2018; partially offset by
- A $73 million net loss on early redemption of aggregate principal amount of $8.25 billion in Senior Notes, with various interest rates and maturity dates, during the year ended December 31, 2017; and
- A $13 million loss on refinancing of $1.98 billion of outstanding senior secured term loans in January 2017.

Income tax expense increased $2.4 billion, or 175%, primarily from:

- The impact of the TCJA, which resulted in a net tax benefit of $2.2 billion in 2017, substantially due to a re-measurement of deferred tax assets and liabilities; and
- Higher income before taxes in 2018.

See Note 13 – Income Taxes of the Notes to the Consolidated Financial Statements for further information.

Net income, the components of which are discussed above, decreased $1.6 billion, or 36%, and included:

- The impact of the TCJA as discussed above;
- Costs associated with the Transactions of $180 million; and
- Gains on disposal of spectrum licenses of $174 million in 2017. There were no gains on disposal of spectrum licenses in 2018; partially offset by
- The net positive impact from the new revenue standard of $295 million; and
- Insurance reimbursements related to the hurricanes, net of costs, of $99 million, compared to costs of $130 million in the same period in 2017.

Guarantor Subsidiaries

The financial condition and results of operations of the Parent, Issuer and Guarantor Subsidiaries is substantially similar to our consolidated financial condition. The most significant components of the financial condition of our Non-Guarantor Subsidiaries were as follows:

(in millions)	December 31, 2018	December 31, 2017	Change	
			$	%
Other current assets	$ 645	$ 628	$ 17	3 %
Property and equipment, net	297	306	(9)	(3 %)
Goodwill	218	—	218	NM
Tower obligations	2,173	2,198	(25)	(1 %)
Total stockholders' deficit	(1,142)	(1,454)	312	(21 %)

NM - Not Meaningful

The most significant components of the results of operations of our Non-Guarantor Subsidiaries were as follows:

(in millions)	Year Ended December 31,		Change	
	2018	2017	$	%
Service revenues	$ 2,339	$ 2,113	$ 226	11 %
Cost of equipment sales	1,011	1,003	8	1 %
Selling, general and administrative	985	856	129	15 %
Total comprehensive income	193	28	165	589 %

The change to the results of operations of our Non-Guarantor Subsidiaries for the year ended December 31, 2018 was primarily from:

- Higher Service revenues primarily due to an increase in activity of the non-guarantor subsidiary that provides device insurance, primarily driven by growth in our customer base and higher average revenue related to the new device protection product launched at the end of August 2018; partially offset by

- Higher Selling, general and administrative expenses primarily due to operating costs from the non-guarantor Layer3 TV subsidiary acquired in the first quarter of 2018, an increase in customer notification expenses related to the new insurance product launched at the end of August 2018, and an increase in program expenses related to Apple Care Service Fees, partially offset by lower valuation losses in the non-guarantor subsidiary involved in the EIP sale arrangement; and

- Higher Cost of equipment sales primarily due to an increase in higher cost devices used for device insurance claims fulfillment, partially offset by an increase in device liquidations and a decrease in device non-return fees charged to customers.

All other results of operations of the Parent, Issuer and Guarantor Subsidiaries are substantially similar to the Company's consolidated results of operations. See Note 17 – Guarantor Financial Information of the Notes to the Consolidated Financial Statements.

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Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.

Total Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Branded customers generally include customers that are qualified either for postpaid service utilizing phones, DIGITS or connected devices which includes tablets, wearables and SyncUp DRIVE, where they generally pay after receiving service, or prepaid service, where they generally pay in advance. Wholesale customers include M2M and MVNO customers that operate on our network but are managed by wholesale partners.

The following table sets forth the number of ending customers:

(in thousands)	December 3 2018	December 3 2017	December 3 2016	2018 Versus 2017		2017 Versus 2016	
				# Change	% Change	# Change	% Change
Customers, end of period							
Branded postpaid phone customers [1][2]	37,224	34,114	31,297	3,110	9 %	2,817	9 %
Branded postpaid other customers [2]	5,295	3,933	3,130	1,362	35 %	803	26 %
Total branded postpaid customers	42,519	38,047	34,427	4,472	12 %	3,620	11 %
Branded prepaid customers [1]	21,137	20,668	19,813	469	2 %	855	4 %
Total branded customers	63,656	58,715	54,240	4,941	8 %	4,475	8 %
Wholesale customers [3]	15,995	13,870	17,215	2,125	15 %	(3,345)	(19 %)
Total customers, end of period	79,651	72,585	71,455	7,066	10 %	1,130	2 %
Adjustments to branded postpaid phone customers [4]	—	—	(1,365)	—	— %	1,365	(100 %)
Adjustments to branded prepaid customers [4]	—	—	(326)	—	— %	326	(100 %)
Adjustments to wholesale customers [4]	—	—	1,691	—	— %	(1,691)	(100 %)

(1) As a result of the acquisition of IWS, we included an adjustment of 13,000 branded postpaid phone and 4,000 branded prepaid IWS customers in our reported subscriber base as of January 1, 2018. Additionally, as a result of the acquisition of Layer3 TV, we included an adjustment of 5,000 branded prepaid customers in our reported subscriber base as of January 22, 2018.

(2) During 2017, we retitled our "Branded postpaid mobile broadband customers" category to "Branded postpaid other customers" and reclassified 253,000 DIGITS customers from our "Branded postpaid phone customers" category for the second quarter of 2017, when the DIGITS product was released.

(3) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

(4) As a result of the MVNO transaction, we included an adjustment of 1,365,000 branded postpaid phone customers and 326,000 branded prepaid customers to wholesale customers on September 1, 2016. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers.

Branded Customers

Total branded customers increased 4,941,000, or 8%, in 2018 primarily from:

- Higher branded postpaid phone customers driven by the growing success of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-

Mobile Essentials and continued growth in existing and Greenfield markets, along with lower churn, partially offset by competitive activity;

- Higher branded postpaid other customers primarily due to higher gross customer additions from wearables; and

- Higher branded prepaid customers driven by the continued success of our Metro by T-Mobile brand due to promotional activities and rate plan offers.

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Wholesale

Wholesale customers increased 2,125,000, or 15%, in 2018 primarily due to the continued success of our M2M and MVNO partnerships.

Net Customer Additions

The following table sets forth the number of net customer additions:

	Year Ended December 31,			2018 Versus 2017		2017 Versus 2016	
(in thousands)	2018	2017	2016	# Change	% Change	# Change	% Change
Net customer additions							
Branded postpaid phone customers [1] [2]	3,097	2,817	3,307	280	10 %	(490)	(15 %)
Branded postpaid other customers [2]	1,362	803	790	559	70 %	13	2 %
Total branded postpaid customers	4,459	3,620	4,097	839	23 %	(477)	(12 %)
Branded prepaid customers [1]	460	855	2,508	(395)	(46 %)	(1,653)	(66 %)
Total branded customers	4,919	4,475	6,605	444	10 %	(2,130)	(32 %)
Wholesale customers [3]	2,125	1,183	1,568	942	80 %	(385)	(25 %)
Total net customer additions	7,044	5,658	8,173	1,386	24 %	(2,515)	(31 %)

(1) As a result of the acquisition of IWS and Layer3 TV, customer activity post acquisition was included in our net customer additions beginning in the first quarter of 2018.

(2) During 2017, we retitled our "Branded postpaid mobile broadband customers" category to "Branded postpaid other customers" and included DIGITS customers and reclassified 253,000 DIGITS customer net additions from our "Branded postpaid phone customers" category for the second quarter of 2017, when the DIGITS product was released.

(3) Net customer activity for Lifeline was excluded beginning in the second quarter of 2017, due to our determination based upon changes in the applicable government regulations that the Lifeline program offered by our wholesale partners is uneconomical.

Branded Customers

Total branded net customer additions increased 444,000, or 10%, in 2018 primarily from:

- Higher branded postpaid other net customer additions primarily due to higher gross customer additions from wearables and lower churn, partially offset by lower gross customer additions from other connected devices; and
- Higher branded postpaid phone net customer additions primarily due to lower churn and continued growth in existing and Greenfield markets including the growing success of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials, partially offset by the impact from more aggressive service promotions and the launch of Un-carrier Next - All Unlimited with taxes and fees in the first quarter of 2017. These increases were partially offset by
- Lower branded prepaid net customer additions primarily due to increased competitive activity, partially offset by lower migrations to branded postpaid plans.

Wholesale

Wholesale net customer additions increased 942,000, or 80%, in 2018 primarily due to lower deactivations driven by the removal of Lifeline program customers.

Customers Per Account

Customers per account is calculated by dividing the number of branded postpaid customers as of the end of the period by the number of branded postpaid accounts as of the end of the period. An account may include branded postpaid phone customers and branded postpaid other customers which includes DIGITS and connected devices such as tablets, wearables and SyncUp DRIVE. We believe branded postpaid customers per account provides management, investors and analysts with useful information to evaluate our branded postpaid customer base on a per account basis.

The following table sets forth the branded postpaid customers per account:

	December 31, 2018	December 31, 2017	December 31, 2016	2018 Versus 2017		2017 Versus 2016	
				# Change	% Change	# Change	% Change
Branded postpaid customers per account	3.03	2.93	2.86	0.10	3 %	0.07	2 %

Branded postpaid customers per account increased 3% in 2018 primarily from continued growth of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials, promotional activities targeting families and the success of connected devices.

Churn

Churn represents the number of customers whose service was disconnected as a percentage of the average number of customers during the specified period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

The following table sets forth the churn:

	Year Ended December 31,			Bps Change 2018 Versus 2017	Bps Change 2017 Versus 2016
	2018	2017	2016		
Branded postpaid phone churn	1.01 %	1.18 %	1.30 %	-17 bps	-12 bps
Branded prepaid churn	3.96 %	4.04 %	3.88 %	-8 bps	16 bps

Branded postpaid phone churn decreased 17 basis points in 2018, primarily from increased customer satisfaction and loyalty from ongoing improvements to network quality, industry-leading customer service and the overall value of our offerings.

Branded prepaid churn decreased 8 basis points in 2018, primarily due to the continued impact from the optimization of our third-party distribution channels which was substantially completed during the first quarter of 2017, partially offset by higher deactivations from a growing customer base and increased competitive activity.

Average Revenue Per User, Average Billings Per User

Average Revenue Per User ("ARPU") represents the average monthly service revenue earned from customers. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue realization per customer and assist in forecasting our future service revenues generated from our customer base. Branded postpaid phone ARPU excludes Branded postpaid other customers and related revenues which includes DIGITS and connected devices such as tablets, wearables and SyncUp DRIVE.

Average Billings Per User ("ABPU") represents the average monthly customer billings, including monthly lease revenues and EIP billings before securitization, per customer. We believe Branded Postpaid ABPU was an important metric during the transition from classic plans to EIP based plans as it helped explain the customer billing relationship in a period which had shifts in customer billings from branded postpaid service revenues to equipment sales revenues. We believe the usefulness of ABPU to management, investors and analysts has decreased in recent periods as the remaining classic plan base is immaterial and Branded postpaid service revenue and Branded postpaid phone ARPU metrics in periods presented are now comparable. We therefore plan to discontinue reporting ABPU beginning with the quarter ending March 31, 2019.

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The following tables illustrate the calculation of our operating measures ARPU and ABPU and reconcile these measures to the related service revenues:

(in millions, except average number of customers, ARPU and ABPU)	Year Ended December 31,			2018 Versus 2017		2017 Versus 2016	
	2018	2017	2016	$ Change	% Change	$ Change	% Change
Calculation of Branded Postpaid Phone ARPU							
Branded postpaid service revenues	$ 20,862	$ 19,448	$ 18,138	$ 1,414	7 %	$ 1,310	7 %
Less: Branded postpaid other revenues	(1,117)	(1,077)	(773)	(40)	4 %	(304)	39 %
Branded postpaid phone service revenues	$ 19,745	$ 18,371	$ 17,365	$ 1,374	7 %	$ 1,006	6 %
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	35,458	32,596	30,484	2,862	9 %	2,112	7 %
Branded postpaid phone ARPU	$ 46.40	$ 46.97	$ 47.47	$ (0.57)	(1)%	$ (0.50)	(1)%
Calculation of Branded Postpaid ABPU							
Branded postpaid service revenues	$ 20,862	$ 19,448	$ 18,138	$ 1,414	7 %	$ 1,310	7 %
EIP billings	6,548	5,866	5,432	682	12 %	434	8 %
Lease revenues	692	877	1,416	(185)	(21)%	(539)	(38)%
Total billings for branded postpaid customers	$ 28,102	$ 26,191	$ 24,986	$ 1,911	7 %	$ 1,205	5 %
Divided by: Average number of branded postpaid customers (in thousands) and number of months in period	40,075	36,079	33,184	3,996	11 %	2,895	9 %
Branded postpaid ABPU	$ 58.44	$ 60.49	$ 62.75	$ (2.05)	(3)%	$ (2.26)	(4)%
Calculation of Branded Prepaid ARPU							
Branded prepaid service revenues	$ 9,598	$ 9,380	$ 8,553	$ 218	2 %	$ 827	10 %
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	20,761	20,204	18,797	557	3 %	1,407	7 %
Branded prepaid ARPU	$ 38.53	$ 38.69	$ 37.92	$ (0.16)	— %	$ 0.77	2 %

Branded Postpaid Phone ARPU

Branded postpaid phone ARPU decreased $0.57, or 1%, in 2018 primarily due to:

- The growing success of new customer segments and rate plans such as T-Mobile ONE Unlimited 55+, T-Mobile ONE Military, T-Mobile for Business and T-Mobile Essentials;
- The ongoing growth in our Netflix offering, which totaled $0.35 for 2018 and decreased branded postpaid phone ARPU by $0.32 compared to full-year 2017;
- A reduction in certain non-recurring charges;
- The negative impact of the new revenue standard of $0.05; partially offset by
- A net reduction in promotional activities.

We continue to expect that Branded postpaid phone ARPU in full-year 2019 will be generally stable compared to full-year 2018.

Branded Postpaid ABPU

Branded postpaid ABPU decreased $2.05, or 3%, in 2018 primarily from:

- Lower branded postpaid phone ARPU;
- Lower lease revenues; and
- Growth in the branded postpaid other customer base with a lower ARPU than branded postpaid phone.

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Branded Prepaid ARPU

Branded prepaid ARPU decreased $0.16 in 2018 primarily from dilution from promotional rate plans, partially offset by the continued growth of Metro by T-Mobile customers.

Adjusted EBITDA

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, non-cash Stock-based compensation and certain income and expenses not reflective of our operating performance. Net income margin represents Net income divided by Service revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA is a non-GAAP financial measure utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance, and as a benchmark to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications companies because it is indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, network decommissioning costs and costs related to the Transactions, as they are not indicative of our ongoing operating performance, as well as certain other nonrecurring income and expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

The following table illustrates the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2018 Versus 2017		2017 Versus 2016	
(in millions)	2018	2017	2016	$ Change	% Change	$ Change	% Change
Net income	$ 2,888	$ 4,536	$ 1,460	$ (1,648)	(36)%	$ 3,076	211 %
Adjustments:							
Interest expense	835	1,111	1,418	(276)	(25)%	(307)	(22)%
Interest expense to affiliates	522	560	312	(38)	(7)%	248	79 %
Interest income	(19)	(17)	(13)	(2)	12 %	(4)	31 %
Other (income) expense, net	54	73	6	(19)	(26)%	67	1,117 %
Income tax expense (benefit)	1,029	(1,375)	867	2,404	(175)%	(2,242)	(259)%
Operating income	5,309	4,888	4,050	421	9 %	838	21 %
Depreciation and amortization	6,486	5,984	6,243	502	8 %	(259)	(4)%
Cost of MetroPCS business combination	—	—	104	—	NM	(104)	(100)%
Stock-based compensation [1]	389	307	235	82	27 %	72	31 %
Cost associated with the Transactions	196	—	—	196	NM	—	NM
Other, net [2]	18	34	7	(16)	(47)%	27	386 %
Adjusted EBITDA	$ 12,398	$ 11,213	$ 10,639	$ 1,185	11 %	$ 574	5 %
Net income margin (Net income divided by service revenues)	9 %	15 %	5 %		-600 bps		1000 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by service revenues)	39 %	37 %	38 %		200 bps		-100 bps

(1) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the Consolidated Financial Statements.

(2) Other, net may not agree to the Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are therefore excluded in Adjusted EBITDA.

Adjusted EBITDA increased $1.2 billion, or 11%, in 2018 primarily from:

- Higher service revenues, as further discussed above;

- The positive impact from the new revenue standard of $398 million;
- Higher other revenues, as further discussed above;
- Lower losses on equipment;
- The positive impact of the reimbursements from our insurance carriers, net of costs incurred related to hurricanes, for the year ended December 31, 2018 of $158 million, compared to costs incurred related to hurricanes, net of insurance recoveries, of $201 million in the year ended December 31, 2017; partially offset by
- Higher selling, general and administrative expenses;
- Lower gains on disposal of spectrum licenses of $235 million; and
- Higher cost of services.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of long-term debt and common stock, capital leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and secured and unsecured revolving credit facilities with DT. Upon consummation of the Transactions, we will incur substantial third-party indebtedness which will increase our future financial commitments, including aggregate interest payments on higher total indebtedness, and may adversely impact our liquidity. Further, the incurrence of additional indebtedness may inhibit our ability to incur new debt under the terms governing our existing and future indebtedness, which may make it more difficult for us to incur new debt in the future to finance our business strategy.

Cash Flows

On January 1, 2018, we adopted the new cash flow standard which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to Investing activities of approximately $5.4 billion, $4.3 billion and $3.4 billion for the years ended December 31, 2018, 2017 and 2016, respectively, in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $212 million and $188 million for the years ended December 31, 2018 and 2017, respectively, in our Consolidated Statements of Cash Flows. There were no cash payments for debt prepayment and debt extinguishment costs during the year ended December 31, 2016. We have applied the new cash flow standard retrospectively to all periods presented.

For additional information regarding the new cash flow standard and the impact of our adoption, see "Selected Financial Data" and Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements.

The following is a condensed schedule of our cash flows for the years ended December 31, 2018, 2017 and 2016:

	Year Ended December 31,			2018 Versus 2017		2017 Versus 2016	
(in millions)	2018	2017	2016	$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 3,899	$ 3,831	$ 2,779	$ 68	2 %	$ 1,052	38 %
Net cash used in investing activities	(579)	(6,745)	(2,324)	6,166	(91 %)	(4,421)	190 %
Net cash (used in) provided by financing activities	(3,336)	(1,367)	463	(1,969)	144 %	(1,830)	(395 %)

Operating Activities

Net cash provided by operating activities increased $68 million, or 2%, primarily from higher net non-cash adjustments to Net income, partially offset by lower Net income and higher net cash outflows from working capital changes.

- The change in Net income and the net non-cash adjustments to Net income were primarily from the impacts of the TCJA in 2017 and the absence of Gains on disposal of spectrum licenses in 2018.
- The higher net use in working capital was primarily from a paydown of Accounts payable and changes in Accounts receivable, partially offset by changes in Inventories and EIP receivables.

Investing Activities

Net cash used in investing activities decreased $6.2 billion, or 91%, to a use of $579 million for 2018.

The use of cash for the year ended December 31, 2018 was primarily from:

- $5.5 billion in Purchases of property and equipment, including capitalized interest, primarily driven by growth in network build as we continued deployment of low band spectrum, including the continued deployment of 600 MHz, and started laying the groundwork for 5G; and
- $338 million of cash consideration paid, net of cash acquired, for the acquisitions of Layer3 TV and IWS; partially offset by
- $5.4 billion in Proceeds related to beneficial interest in securitization transactions.

Financing Activities

Net cash (used in) provided by financing activities increased $2.0 billion, or 144%, to a use of $3.3 billion for 2018.

The use of cash for the year ended December 31, 2018 was primarily from:

- $6.3 billion for Repayments of our revolving credit facility;
- $3.3 billion for Repayments of long-term debt;
- $1.1 billion for Repurchases of common stock; and
- $700 million for Repayments of capital lease obligations; partially offset by
- $6.3 billion in Proceeds from borrowing on our revolving credit facility; and
- $2.5 billion in Proceeds from issuance of long-term debt.

Cash and Cash Equivalents

As of December 31, 2018, our Cash and cash equivalents were $1.2 billion.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities less payments for Purchases of property and equipment, including Proceeds related to beneficial interests in securitization transactions and less Cash payments for debt prepayment or debt extinguishment costs. Free Cash Flow is a non-GAAP financial measure utilized by our management, investors and analysts of our financial information to evaluate cash available to pay debt and provide further investment in the business.

In the first quarter of 2018, we redefined our non-GAAP financial measure Free Cash Flow to reflect the adoption of the new cash flow standard to present cash flows on a consistent basis for investor transparency. We have applied the change in definition retrospectively in the table below, which illustrates the calculation of Free Cash Flow and reconciles Free Cash Flow to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure:

Year Ended December 31,	2018 Versus 2017	2017 Versus 2016

(in millions)	2018	2017	2016	$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 3,899	$ 3,831	$ 2,779	$ 68	2 %	$ 1,052	38 %
Cash purchases of property and equipment	(5,541)	(5,237)	(4,702)	(304)	6 %	(535)	11 %
Proceeds related to beneficial interests in securitization transactions	5,406	4,319	3,356	1,087	25 %	963	29 %
Cash payments for debt prepayment or debt extinguishment costs	(212)	(188)	—	(24)	13 %	(188)	NM
Free Cash Flow	$ 3,552	$ 2,725	$ 1,433	$ 827	30 %	$ 1,292	90 %

Free Cash Flow increased $827 million, or 30%, for 2018 from:

- Higher proceeds related to our deferred purchase price from securitization transactions and net cash provided by operating activities; partially offset by
- Higher Purchases of property and equipment, net of capitalized interest of $362 million and $136 million for the years ended December 31, 2018 and 2017, respectively. The increase in cash purchases of property and equipment was primarily due to growth in network build as we continued deployment of low band spectrum, including the continued deployment of 600 MHz, and started laying the groundwork for 5G.

Borrowing Capacity and Debt Financing

As of December 31, 2018, our total debt was $27.5 billion, excluding our tower obligations, of which $26.7 billion was classified as long-term debt. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for a detailed discussion of our debt to third parties and debt to affiliates.

In December 2016, T-Mobile USA entered into a $2.5 billion revolving credit facility with DT which is comprised of (i) a three-year $1.0 billion unsecured revolving credit agreement and (ii) a three-year $1.5 billion secured revolving credit agreement. In January 2018, we utilized proceeds under the revolving credit facility to redeem $1.0 billion in aggregate principal amount of our 6.125% Senior Notes due 2022 and for general corporate purposes. On January 29, 2018, the proceeds utilized under our revolving credit facility with DT were repaid. As of December 31, 2018 and 2017, there were no outstanding borrowings under the revolving credit facility. In November 2018, we amended the terms of the revolving credit facility with DT to extend the maturity date to December 29, 2021.

We maintain a handset financing arrangement with Deutsche Bank AG ("Deutsche Bank"), which allows for up to $108 million in borrowings. Under the handset financing arrangement, we can effectively extend payment terms for invoices payable to certain handset vendors. As of December 31, 2018 and 2017, there was no outstanding balance.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. As of December 31, 2018 and 2017, there was no outstanding balance.

Consents on Debt to Third Parties

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement, we obtained consents necessary to effect certain amendments to our Senior Notes to third parties in connection with the Business Combination Agreement. Pursuant to the Consent Solicitation Statement, third-party note holders agreed, among other things, to consent to increasing the amount of Secured Indebtedness under Credit Facilities that can be incurred from the greater of $9 billion and 150% of Consolidated Cash Flow to the greater of $9 billion and an amount that would not cause the Secured Debt to Cash Flow Ratio (calculated net of cash and cash equivalents) to exceed 2.00x (the "Ratio Secured Debt Proposed Amendments") and in each case as such capitalized term is defined in the Indenture. In connection with receiving the requisite consents for the Ratio Secured Debt Proposed Amendments, we made upfront payments to third-party note holders of $17 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In addition, note holders agreed, among other things, to allow certain entities related to Sprint's existing spectrum securitization notes program ("Existing Sprint Spectrum Program") to be non-guarantor Restricted Subsidiaries, provided that the principal amount of the spectrum notes issued and outstanding under the Existing Sprint Spectrum Program does not exceed $7.0 billion and that the principal amount of such spectrum notes reduces the amount available under the Credit Facilities ratio basket, and to revise the definition of GAAP to mean generally accepted accounting principles in effect from time to time, unless the Company elects to "freeze" GAAP as of any date, and to exclude the effect of the changes in the accounting treatment of lease obligations (the "Existing Sprint Spectrum and GAAP Proposed Amendments," and together with the Ratio Secured Debt Proposed Amendments, the "Proposed Amendments"). In connection with receiving the requisite consents for the Existing Sprint Spectrum and GAAP Proposed Amendments, we made upfront payments to third-party note holders of $14 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In connection with obtaining the requisite consents, on May 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 37th supplemental indenture to the Indenture, pursuant to which, with respect to each of the Notes, the Proposed Amendments will become effective immediately prior to the consummation of the Merger.

We paid third-party bank fees associated with obtaining the requisite consents related to the Proposed Amendments of $6 million during the second quarter of 2018, which we recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. If the Merger is consummated, we will make additional payments to third-party note holders for requisite consents related to the Ratio Secured Debt Proposed Amendments of up to $54 million and additional payments to third-party note holders for requisite consents related to the Existing Sprint Spectrum and GAAP Proposed Amendments of up to $41 million. We have not accrued these payments as of December 31, 2018.

See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

Future Sources and Uses of Liquidity

We may seek additional sources of liquidity, including through the issuance of additional long-term debt in 2019, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions, or for other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of high yield callable debt and stock purchases.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. There are a number of risks and uncertainties that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures and credit facilities governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to: incur more debt; pay dividends and make distributions on our common stock; make certain investments; repurchase stock; create liens or other encumbrances; enter into transactions with affiliates; enter into transactions that restrict dividends or distributions from subsidiaries; and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuer to loan funds or make payments to the Parent. However, the Issuer is allowed to make certain permitted payments to the Parent under the terms of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of December 31, 2018.

Capital Lease Facilities

We have entered into uncommitted capital lease facilities with certain partners, which provide us with the ability to enter into capital leases for network equipment and services. As of December 31, 2018, we have committed to $3.0 billion of capital leases under these capital lease facilities, of which $885 million was executed during the year ended December 31, 2018.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses and the construction, expansion and upgrading of our network infrastructure. Property and equipment capital expenditures primarily relate to our network transformation, including the build-out of 600 MHz low-band spectrum licenses. We expect cash purchases of property and equipment, excluding capitalized interest of approximately $400 million, to be $5.4 to $5.7 billion and cash purchases of property and equipment, including capitalized interest, to be to be $5.8 to $6.1 billion in 2019. This includes expenditures for 600 MHz and 5G deployment. This does not include property and equipment obtained through capital lease agreements, leased wireless devices transferred from inventory or any additional purchases of spectrum licenses.

Share Repurchases

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the “2017 Stock Repurchase Program”). Repurchased shares are retired. The 2017 Stock Repurchase Program completed on April 29, 2018.

On April 27, 2018, our Board of Directors authorized an increase in the total stock repurchase program to $9.0 billion, consisting of the $1.5 billion in repurchases previously completed and up to an additional $7.5 billion of repurchases of our common stock. The additional $7.5 billion repurchase authorization is contingent upon the termination of the Business Combination Agreement and the abandonment of the Transactions contemplated under the Business Combination Agreement. See Note 12 – Repurchases of Common Stock of the Notes to the Consolidated Financial Statements for further information.

Dividends

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock.

Contractual Obligations

The following table summarizes our contractual obligations and borrowings as of December 31, 2018 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

(in millions)	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long-term debt [1]	$ —	$ 2,000	$ 5,400	$ 18,200	$ 25,600
Interest on long-term debt	1,366	2,679	2,273	1,950	8,268
Capital lease obligations, including interest and maintenance	909	1,020	168	106	2,203
Tower obligations [2]	195	391	392	835	1,813
Operating leases [3]	2,698	4,684	3,290	3,762	14,434
Purchase obligations [4]	3,377	2,800	1,786	1,367	9,330
Network decommissioning [5]	79	79	39	5	202
Total contractual obligations	$ 8,624	$ 13,653	$ 13,348	$ 26,225	$ 61,850

(1) Represents principal amounts of long-term debt to affiliates and third parties at maturity, excluding unamortized premium from purchase price allocation fair value adjustment, capital lease obligations and vendor financing arrangements. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

(2) Future minimum payments, including principal and interest payments and imputed lease rental income, related to the tower obligations. See Note 9 – Tower Obligations of the Notes to the Consolidated Financial Statements for further information.

(3) Future minimum lease payments for all cell site leases presented above to include payments due for the initial non-cancelable lease term only as they represent the payments which we cannot avoid at our option and also corresponds to our lease term assessment for new leases.

(4) The minimum commitment for certain obligations is based on termination penalties that could be paid to exit the contracts. Termination penalties are included in the above table as payments due as of the earliest we could exit the contract, typically in less than one year. For certain contracts that include fixed volume purchase commitments and fixed prices for various products, the purchase obligations are calculated using fixed volumes and contractually fixed prices for the products that are expected to be purchased. This table does not include open purchase orders as of December 31, 2018 under normal business purposes. See Note 15 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements for further information.

(5) Represents future undiscounted cash flows related to decommissioned MetroPCS CDMA network and certain other redundant cell sites as of December 31, 2018.

Certain commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment. Other long-term liabilities, excluding network decommissioning, have been omitted from the table above due to the uncertainty of the timing of payments, combined with the absence of historical trending to be used as a predictor of such payments. See Note 16 – Additional Financial Information of the Notes to the Consolidated Financial Statements for further information.

The purchase obligations reflected in the table above are primarily commitments to purchase handsets and accessories, equipment, software, programming and network services and marketing activities, which will be used or sold in the ordinary course of business. These amounts do not represent our entire anticipated purchases in the future,

but represent only those items for which we are contractually committed. Where we are committed to make a minimum payment to the supplier regardless of whether we take delivery, we have included only that minimum payment as a purchase obligation. Additionally, included within purchase obligations are amounts for the acquisition of spectrum licenses, which are subject to regulatory approval and other customary closing conditions.

In October 2018, we entered into, and designated, interest rate lock derivatives as cash flow hedges to reduce variability in cash flows due to changes in interest payments attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. The fair value of interest rate lock derivatives as of December 31, 2018 was $447 million and is included in Other current liabilities in our Consolidated Balance Sheets. Balances related to the cash flow hedges have been omitted from the table above due to the uncertainty of the amount and timing of settlements. See Note 7 – Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information.

Off-Balance Sheet Arrangements

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of December 31, 2018, we derecognized net receivables of $2.6 billion upon sale through these arrangements. See Note 4 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements for further information.

Related Party Transactions

During the year ended December 31, 2018, we entered into certain debt-related transactions with affiliates. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

In the first quarter of 2018, DT, our majority stockholder and an affiliated purchaser, purchased 3.3 million additional shares of our common stock at an aggregate market value of $200 million in the public market or from other parties, in accordance with the rules of the SEC and other applicable legal requirements. There were no purchases in the remainder of 2018. We did not receive proceeds from these purchases. See Note 12 – Repurchases of Common Stock of the Notes to the Consolidated Financial Statements for further information.

We also have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing.

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act of 1934, as amended ("Exchange Act"). Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the year ended December 31, 2018, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with DT. We have relied upon DT for information regarding their activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: Gostaresh Ertebatat Taliya, Irancell Telecommunications Services Company, Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services in 2018 to Telecommunication Company of Iran and to three customers in Germany identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli, Bank Sepah, and Europäisch-Iranische Handelsbank. These services have been terminated or are in the process of being terminated. For the year ended December 31, 2018, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than $1 million, and the estimated net profits were less than $1 million.

In addition, DT, through certain of its non-U.S. subsidiaries, operating a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the year ended December 31, 2018 were less than $0.1 million. We understand that DT intends to continue these activities.

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Critical Accounting Policies and Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for further information.

Seven of these policies, below, are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions or inputs. Actual results could differ from those estimates.

Management and the Audit Committee of the Board of Directors have reviewed and approved these critical accounting policies.

Revenue Recognition

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent as well as certain contract terms such as down payments that reduce our exposure to credit risk. Customer credit behavior is inherently uncertain. See “Allowances,” below, for more discussion on how we assess credit risk.
- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Determining whether contingent EIP bill credits result in a substantive termination penalty may require significant judgment.
- The identification of distinct performance obligations within our service plans may require significant judgment.
- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither controls a right to the content provider’s service nor controls the underlying service itself are presented net because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.
- For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See “Allowances”, below, for more discussion on how we assess credit risk.
- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.

- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.
- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.
- For capitalized contract costs, determining the amortization period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment.

Allowances

We maintain an allowance for credit losses, which is management's estimate of such losses inherent in our receivables portfolio, comprised of accounts receivable and EIP receivable segments. Changes in the allowance for credit losses and, therefore, in related provision for credit losses ("bad debt expense") can materially affect earnings. Credit risk characteristics are assessed for each receivable segment. In applying the judgment and review required to determine the allowance for credit losses, management considers a number of factors, including receivable volumes, receivable delinquency status, historical loss experience and other conditions influencing loss expectations, such as macro-economic conditions. While our methodology attributes portions of the allowance to specific portfolio segments, the entire allowance for credit losses is available to absorb credit losses inherent in the total receivables portfolio.

Management also considers an amount that represents management's judgment of risks inherent in the process and assumptions used in establishing the allowance for credit losses, including process risk and other subjective factors, including industry trends and emerging risk assessments.

To the extent that actual loss experience differs significantly from historical trends or assumptions, the appropriate allowance levels for realized credit losses could differ from the estimate. We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on customer credit ratings and the length of time from the original billing date.

We offer certain retail customers the option to pay for their devices and other purchases in installments over a period of up to 36 months using an EIP. EIP receivables not held for sale are reported in our Consolidated Balance Sheets at outstanding principal adjusted for any charge-offs, allowance for credit losses and unamortized discounts. Receivables held for sale are reported at the lower of amortized cost or fair value. At the time of an installment sale, we impute a discount for interest if the EIP term exceeds 12 months as there is no stated rate of interest on the EIP receivables. The EIP receivables are recorded at their present value, which is determined by discounting future cash payments at the imputed interest rate. The difference between the recorded amount of the EIP receivables and their unpaid principal balance (i.e., the contractual amount due from the customer) results in a discount which is recorded as a reduction in transaction price and allocated to the performance obligations of the arrangement. We determine the imputed discount rate based primarily on current market interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate credit loss allowance at the time of issuance as the effects of uncertainty about future cash flows resulting from credit risk are included in the initial present value measurement of the receivable. The imputed discount on EIP receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

Total imputed discount and allowances was approximately 8.1% of the total amount of gross accounts receivable, including EIP receivables at both December 31, 2018 and 2017.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates and credit worthiness, dilutions and recoveries. See Note 4 – Sales of Certain Receivables for further information**.**

Depreciation

Depreciation commences once assets have been placed in service. We generally depreciate property and equipment over the period the property and equipment provide economic benefit. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Depreciable life studies are performed periodically to confirm the

appropriateness of depreciable lives for certain categories of property, plant and equipment. These studies consider actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that the useful life of an asset is different from the previous assessment, the remaining book values are depreciated prospectively over the adjusted remaining estimated useful

life. See Note 1 – Summary of Significant Accounting Policies and Note 5 – Property and Equipment of the Notes to the Consolidated Financial Statements for information regarding depreciation of assets, including management's underlying estimates of useful lives.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not the fair value of the reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

The fair value of the reporting unit is determined using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value.

We test spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield methodology values the spectrum licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except the asset to be valued (in this case, spectrum licenses). The value of the spectrum licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. We base the assumptions underlying the Greenfield methodology on a combination of market participant data and our historical results, trends and business plans. Future cash flows in the Greenfield methodology are based on estimates and assumptions of market participant revenues, EBITDA margin, network build-out period and a long-term growth rate for a market participant. The cash flows are discounted using a weighted average cost of capital.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and spectrum licenses require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results or future expectations are not consistent with the assumptions, this may result in the recording of significant impairment charges on goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues, EBITDA margins, capital expenditures and the long-term growth rate. See Note 1 – Summary of Significant Accounting Policies and Note 6 – Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements for information regarding our annual impairment test and impairment charges.

Rent Expense

We have operating leases for cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize rent expense on a straight-line basis, over the non-cancelable lease term and renewal periods that are considered reasonably assured at the inception of the lease. We consider several factors in assessing whether renewal

periods are reasonably assured of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites.

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Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Accounting Pronouncements Not Yet Adopted

See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements for information regarding recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to economic risks in the normal course of business, primarily from changes in interest rates, including changes in investment yields and changes in spreads due to credit risk and other factors. These risks, along with other business risks, impact our cost of capital. Our policy is to manage exposure related to fluctuations in interest rates in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. We have established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of our debt portfolio. We do not foresee significant changes in the strategies used to manage market risk in the near future.

We are exposed to changes in interest rates on our Incremental Term Loan Facility with DT, our majority stockholder. See Note 8 – Debt of the Notes to the Consolidated Financial Statements for further information.

To perform the sensitivity analysis, we selected hypothetical changes in market rates that are expected to reflect reasonably possible near-term changes in those rates. We assessed the risk of a change in the fair value from the effect of a hypothetical interest rate change for 30-day LIBOR rates of positive 150 and negative 50 basis points. In cases where the debt is redeemable and the fair value calculation results in a liability greater than the cost to replace the debt, the maximum liability is assumed to be no greater than the current cost to redeem the debt. As of December 31, 2018, the change in the fair value of our Incremental Term Loan Facility, based on this hypothetical change, is shown in the table below:

			Fair Value Assuming	
(in millions)	**Carrying Amount**	**Fair Value**	**+150 Basis Point Shift**	**-50 Basis Point Shift**
LIBOR plus 1.50% Senior Secured Term Loan due 2022	$ 2,000	$ 1,991	$ 1,933	$ 2,011
LIBOR plus 1.75% Senior Secured Term Loan due 2024	2,000	1,985	1,913	2,010

We are exposed to changes in the benchmark interest rate associated with our interest rate lock derivatives. See Note 7 – Fair Value Measurements of the Notes to the Consolidated Financial Statements for further information.

To perform the sensitivity analysis, we selected hypothetical changes in market rates that are expected to reflect reasonably possible near-term changes in those rates. We assessed the risk of a change in fair value from the effect of a hypothetical interest rate change for eight and 10-year LIBOR swap rates of positive 200 and negative 100 basis points. As of December 31, 2018, the change in the fair value of our interest rate lock derivatives, based on this hypothetical change, is show in the table below:

	Fair Value	Fair Value Assuming

(in millions)		+200 Basis Point Shift	-100 Basis Point Shift
Interest rate lock derivatives	$ (447)	$ 1,007	$ (1,303)

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of T-Mobile US, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of T-Mobile US, Inc. and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues and the manner in which it accounts for cash receipts and cash payments in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 6, 2019

We have served as the Company's auditor since 2001.

T-Mobile US, Inc.
Consolidated Balance Sheets

(in millions, except share and per share amounts)	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 1,203	$ 1,219
Accounts receivable, net of allowances of $67 and $86	1,769	1,915
Equipment installment plan receivables, net	2,538	2,290
Accounts receivable from affiliates	11	22
Inventories	1,084	1,566
Other current assets	1,676	1,903
Total current assets	8,281	8,915
Property and equipment, net	23,359	22,196
Goodwill	1,901	1,683
Spectrum licenses	35,559	35,366
Other intangible assets, net	198	217
Equipment installment plan receivables due after one year, net	1,547	1,274
Other assets	1,623	912
Total assets	$ 72,468	$ 70,563
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,741	$ 8,528
Payables to affiliates	200	182
Short-term debt	841	1,612
Deferred revenue	698	779
Other current liabilities	787	414
Total current liabilities	10,267	11,515
Long-term debt	12,124	12,121
Long-term debt to affiliates	14,582	14,586
Tower obligations	2,557	2,590
Deferred tax liabilities	4,472	3,537
Deferred rent expense	2,781	2,720
Other long-term liabilities	967	935
Total long-term liabilities	37,483	36,489
Commitments and contingencies (Note 15)		
Stockholders' equity		
Common Stock, par value $0.00001 per share, 1,000,000,000 shares authorized; 851,675,119 and 860,861,998 shares issued, 850,180,317 and 859,406,651 shares outstanding	—	—
Additional paid-in capital	38,010	38,629
Treasury stock, at cost, 1,494,802 and 1,455,347 shares issued	(6)	(4)
Accumulated other comprehensive income	(332)	8
Accumulated deficit	(12,954)	(16,074)
Total stockholders' equity	24,718	22,559
Total liabilities and stockholders' equity	$ 72,468	$ 70,563

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statements of Comprehensive Income

(in millions, except share and per share amounts)	Year Ended December 31, 2018	2017	2016
Revenues			
Branded postpaid revenues	$ 20,862	$ 19,448	$ 18,138
Branded prepaid revenues	9,598	9,380	8,553
Wholesale revenues	1,183	1,102	903
Roaming and other service revenues	349	230	250
Total service revenues	31,992	30,160	27,844
Equipment revenues	10,009	9,375	8,727
Other revenues	1,309	1,069	919
Total revenues	43,310	40,604	37,490
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	6,307	6,100	5,731
Cost of equipment sales	12,047	11,608	10,819
Selling, general and administrative	13,161	12,259	11,378
Depreciation and amortization	6,486	5,984	6,243
Cost of MetroPCS business combination	—	—	104
Gains on disposal of spectrum licenses	—	(235)	(835)
Total operating expense	38,001	35,716	33,440
Operating income	5,309	4,888	4,050
Other income (expense)			
Interest expense	(835)	(1,111)	(1,418)
Interest expense to affiliates	(522)	(560)	(312)
Interest income	19	17	13
Other income (expense), net	(54)	(73)	(6)
Total other expense, net	(1,392)	(1,727)	(1,723)
Income before income taxes	3,917	3,161	2,327
Income tax (expense) benefit	(1,029)	1,375	(867)
Net income	2,888	4,536	1,460
Dividends on preferred stock	—	(55)	(55)
Net income attributable to common stockholders	$ 2,888	$ 4,481	$ 1,405
Net income	$ 2,888	$ 4,536	$ 1,460
Other comprehensive (loss) income, net of tax			
Unrealized gain on available-for-sale securities, net of tax effect of $0, $2 and $1	—	7	2
Unrealized loss on cash flow hedges, net of tax effect of ($115), $0 and $0	(332)	—	—
Other comprehensive (loss) income	(332)	7	2
Total comprehensive income	$ 2,556	$ 4,543	$ 1,462
Earnings per share			
Basic	$ 3.40	$ 5.39	$ 1.71
Diluted	3.36	5.20	1.69
Weighted average shares outstanding			
Basic	849,744,152	831,850,073	822,470,275
Diluted	858,290,174	871,787,450	833,054,545

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2018	2017	2016
Operating activities			
Net income	$ 2,888	$ 4,536	$ 1,460
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	6,486	5,984	6,243
Stock-based compensation expense	424	306	235
Deferred income tax expense (benefit)	980	(1,404)	914
Bad debt expense	297	388	477
Losses from sales of receivables	157	299	228
Deferred rent expense	26	76	121
Losses on redemption of debt	122	86	—
Gains on disposal of spectrum licenses	—	(235)	(835)
Changes in operating assets and liabilities			
Accounts receivable	(4,617)	(3,931)	(3,459)
Equipment installment plan receivables	(1,598)	(1,812)	(673)
Inventories	(201)	(844)	(802)
Other current and long-term assets	(181)	(575)	(133)
Accounts payable and accrued liabilities	(867)	1,079	(1,201)
Other current and long-term liabilities	(69)	(233)	158
Other, net	52	111	46
Net cash provided by operating activities	3,899	3,831	2,779
Investing activities			
Purchases of property and equipment, including capitalized interest of $362, $136 and $142	(5,541)	(5,237)	(4,702)
Purchases of spectrum licenses and other intangible assets, including deposits	(127)	(5,828)	(3,968)
Proceeds related to beneficial interests in securitization transactions	5,406	4,319	3,356
Acquisition of companies, net of cash acquired	(338)	—	—
Sales of short-term investments	—	—	2,998
Other, net	21	1	(8)
Net cash used in investing activities	(579)	(6,745)	(2,324)
Financing activities			
Proceeds from issuance of long-term debt	2,494	10,480	997
Proceeds from borrowing on revolving credit facility	6,265	2,910	—
Repayments of revolving credit facility	(6,265)	(2,910)	—
Repayments of capital lease obligations	(700)	(486)	(205)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(300)	(300)	(150)
Repayments of long-term debt	(3,349)	(10,230)	(20)
Repurchases of common stock	(1,071)	(427)	—
Tax withholdings on share-based awards	(146)	(166)	(121)
Dividends on preferred stock	—	(55)	(55)
Cash payments for debt prepayment or debt extinguishment costs	(212)	(188)	—
Other, net	(52)	5	17
Net cash (used in) provided by financing activities	(3,336)	(1,367)	463
Change in cash and cash equivalents	(16)	(4,281)	918
Cash and cash equivalents			
Beginning of period	1,219	5,500	4,582

End of period	$ 1,203	$ 1,219	$ 5,500
Supplemental disclosure of cash flow information			
Interest payments, net of amounts capitalized, $0, $79 and $0 of which recorded as debt discount	$ 1,525	$ 2,028	$ 1,681
Income tax payments	51	31	25
Noncash beneficial interest obtained in exchange for securitized receivables	4,972	4,063	3,411
Noncash investing and financing activities			
Changes in accounts payable for purchases of property and equipment	$ 65	$ 313	$ 285
Leased devices transferred from inventory to property and equipment	1,011	1,131	1,588
Returned leased devices transferred from property and equipment to inventory	(326)	(742)	(602)
Issuance of short-term debt for financing of property and equipment	291	292	150
Assets acquired under capital lease obligations	885	887	799

The accompanying notes are an integral part of these Consolidated Financial Statements.

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T-Mobile US, Inc.
Consolidated Statement of Stockholders' Equity

(in millions, except shares)	Preferred Stock Outstanding	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders Equity
Balance as of December 31, 2015	20,000,000	818,391,219	$ —	$ 38,666	$ (1)	$ (22,108)	$ 16,557
Net income	—	—	—	—	—	1,460	1,460
Other comprehensive income	—	—	—	—	2	—	2
Stock-based compensation	—	—	—	264	—	—	264
Exercise of stock options	—	982,904	—	29	—	—	29
Stock issued for employee stock purchase plan	—	1,905,534	—	63	—	—	63
Issuance of vested restricted stock units	—	7,712,463	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,605,807)	—	(122)	—	—	(122)
Transfer RSU to NQDC plan	—	(28,982)	(1)	1	—	—	—
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
Prior year Retained Earnings	—	—	—	—	—	38	38
Balance as of December 31, 2016	20,000,000	826,357,331	(1)	38,846	1	(20,610)	18,236
Net income	—	—	—	—	—	4,536	4,536
Other comprehensive income	—	—	—	—	7	—	7
Stock-based compensation	—	—	—	344	—	—	344
Exercise of stock options	—	450,493	—	19	—	—	19
Stock issued for employee stock purchase plan	—	1,832,043	—	82	—	—	82
Issuance of vested restricted stock units	—	8,338,271	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,754,721)	—	(166)	—	—	(166)
Mandatory conversion of preferred shares to common shares	(20,000,000)	32,237,983	—	—	—	—	—
Repurchases of common stock	—	(7,010,889)	—	(444)	—	—	(444)
Transfer RSU to NQDC plan	—	(43,860)	(3)	3	—	—	—
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
Balance as of December 31, 2017	—	859,406,651	(4)	38,629	8	(16,074)	22,559
Net income	—	—	—	—	—	2,888	2,888
Other comprehensive income	—	—	—	—	(332)	—	(332)
Stock-based compensation	—	—	—	473	—	—	473
Exercise of stock options	—	187,965	—	3	—	—	3
Stock issued for employee stock purchase plan	—	2,011,794	—	103	—	—	103
Issuance of vested restricted stock units	—	7,448,148	—	—	—	—	—
Issuance of restricted stock awards	—	225,799					
Shares withheld related to net share settlement of stock awards and stock options	—	(2,321,827)	—	(146)	—	—	(146)
Repurchases of common stock	—	(16,738,758)	—	(1,054)	—	—	(1,054)
Transfer RSU to NQDC plan	—	(39,455)	(2)	2	—	—	—

Prior year Retained Earnings[1]	—	—	—	—	(8)	232	224
Balance as of December 31, 2018	—	850,180,317	$ (6)	$ 38,010	$ (332)	$ (12,954)	$ 24,718

(1) On January 1, 2018, we adopted three ASUs which resulted in adjustments to Accumulated other comprehensive income and Accumulated deficit. The adoption of the new revenue standard resulted in an adjustment to Accumulated deficit of $213 million. The adoption of ASU 2016-01 resulted in a reclassification of Accumulated other comprehensive income to Accumulated deficit of $8 million. The adoption of ASU 2016-16 resulted in an adjustment to Accumulated deficit of $11 million. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Business

T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company"), together with its consolidated subsidiaries, is a leading provider of mobile communications services, including voice, messaging and data, under its flagship brands, T-Mobile and Metro™ by T-Mobile ("Metro by T-Mobile"), in the United States ("U.S."), Puerto Rico and the U.S. Virgin Islands. All of our revenues were earned in, and all of our long-lived assets are located in, the U.S., Puerto Rico and the U.S. Virgin Islands. We provide mobile communications services primarily using 4G Long-Term Evolution ("LTE") technology. We also offer a wide selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories for sale, as well as financing through Equipment Installment Plans ("EIP") and leasing through JUMP! On Demand™. Additionally, we provide reinsurance for handset insurance policies and extended warranty contracts offered to our mobile communications customers.

Basis of Presentation

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect the financial statements and accompanying notes. Examples include service revenues earned but not yet billed, service revenues billed but not yet earned, relative standalone selling prices, allowances for credit losses and sales returns, discounts for imputed interest on EIP receivables, guarantee liabilities, losses incurred but not yet reported, tax liabilities, deferred income taxes including valuation allowances, useful lives of long-lived assets, fair value estimates of asset retirement obligations, residual values on leased handsets, reasonably assured renewal terms for operating leases, stock-based compensation forfeiture rates, and fair value measurements, including those related to goodwill, spectrum licenses, intangible assets, beneficial interests in factoring and securitization transactions and derivative financial instruments. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances. These estimates are inherently subject to judgment and actual results could differ from these estimates. We operate as a single operating segment.

Certain prior year amounts have been reclassified to conform to the current year's presentation. See "Accounting Pronouncements Adopted in the Current Year" below.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid money market funds and U.S. Treasury securities with remaining maturities of three months or less at the date of purchase.

Receivables and Allowance for Credit Losses

Accounts receivable consist primarily of amounts currently due from customers, other carriers and third-party retail channels. Accounts receivable not held for sale are reported in our Consolidated Balance Sheets at outstanding principal adjusted for any charge-offs and the allowance for credit losses. Accounts receivable held for sale are reported at the lower of amortized cost or fair value. We have an arrangement to sell the majority of service accounts receivable on a revolving basis, which are treated as sales of financial assets.

We offer certain retail customers the option to pay for their devices and other purchases in installments over a period of up to 36 months using an EIP. EIP receivables not held for sale are reported in our Consolidated Balance Sheets at outstanding principal adjusted for any charge-offs, allowance for credit losses and unamortized discounts. Receivables held for sale are reported at the lower of amortized cost or fair value. At the time of an installment sale, we impute a discount for interest if the EIP term exceeds 12 months as there is no stated rate of interest on the EIP receivables. The EIP receivables are recorded at their present value, which is determined by discounting future cash payments at the imputed interest rate. The difference between the recorded amount of the EIP receivables and their unpaid principal balance (i.e., the contractual amount due from the customer) results in a discount which is allocated to the performance obligation of the arrangement and recorded as a reduction in transaction price in Total service

revenues and Equipment revenues in our Consolidated Statements of Comprehensive Income. We determine the imputed discount rate based primarily on current market interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate credit loss allowance at the time of

issuance as the effects of uncertainty about future cash flows resulting from credit risk are included in the initial present value measurement of the receivable. The imputed discount on EIP receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

Total imputed discount and allowances was approximately 8.1% of the total amount of gross accounts receivable, including EIP receivables at both December 31, 2018 and 2017.

The current portion of the EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of the EIP receivables is included in Equipment installment plan receivables due after one year, net in our Consolidated Balance Sheets. We have an arrangement to sell certain EIP receivables on a revolving basis, which are treated as sales of financial assets.

We maintain an allowance for credit losses and determine its appropriateness through an established process that assesses the losses inherent in our receivables portfolio. We develop and document our allowance methodology at the portfolio segment level - accounts receivable portfolio and EIP receivable portfolio segments. While we attribute portions of the allowance to our respective accounts receivable and EIP portfolio segments, the entire allowance is available to absorb credit losses inherent in the total receivables portfolio.

Our process involves procedures to appropriately consider the unique risk characteristics of our accounts receivable and EIP receivable portfolio segments. For each portfolio segment, losses are estimated collectively for groups of receivables with similar characteristics. Our allowance levels are influenced by receivable volumes, receivable delinquency status, historical loss experience and other conditions influencing loss expectations, such as macro-economic conditions.

Inventories

Inventories consist primarily of wireless devices and accessories, which are valued at the lower of cost or market. Cost is determined using standard cost which approximates average cost. Shipping and handling costs paid to wireless device and accessories vendors, and costs to refurbish used devices recovered through our device upgrade programs are included in the standard cost of inventory. We record inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Long-Lived Assets

Long-lived assets include assets that do not have indefinite lives, such as property and equipment and other intangible assets. All of our long-lived assets are located in the U.S., including Puerto Rico and the U.S. Virgin Islands. We assess potential impairments to our long-lived assets when events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, we test recoverability. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and eventual disposition of the asset or asset group. If the undiscounted cash flows do not exceed the asset or asset group's carrying amount, then an impairment loss is recorded, measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment

Property and equipment consists of buildings and equipment, wireless communication systems, leasehold improvements, capitalized software, leased wireless devices and construction in progress. Buildings and equipment include certain network server equipment. Wireless communication systems include assets to operate our wireless network and IT data centers, including tower assets and leasehold improvements, assets related to the liability for the retirement of long-lived assets and capital leases. Leasehold improvements include asset improvements other than those related to the wireless network.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any, in Property and equipment, net on our Consolidated Balance Sheets. We generally depreciate property and equipment over the period the property and equipment provide economic benefit. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate the useful life of an

asset is different from the previous assessment, the remaining book value is depreciated prospectively over the adjusted remaining estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

JUMP! On Demand allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, all of our leased devices were classified as operating leases. At operating lease inception, leased wireless devices are transferred from inventory to property and equipment. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Revenues associated with the leased wireless devices, net of incentives, are generally recognized over the lease term. Upon device upgrade or at lease end, customers must return or purchase their device. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

Costs of major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of our wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which includes obtaining leases, zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. We capitalize interest associated with the acquisition or construction of certain property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated over the useful life of the related assets.

Future obligations related to capital leases are included in Short-term debt and Long-term debt in our Consolidated Balance Sheets. Depreciation of assets held under capital leases is included in Depreciation and amortization expense in our Consolidated Statements of Comprehensive Income.

We record an asset retirement obligation for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. In periods subsequent to initial measurement, we recognize changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. Our obligations relate primarily to certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

We capitalize certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once the final selection of the specific software solution has been made and management authorizes and commits to funding the software project. Capitalized software costs are included in Property and equipment, net in our Consolidated Balance Sheets and are amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Other Intangible Assets

Intangible assets that do not have indefinite useful lives are amortized over their estimated useful lives. Customer lists are amortized using the sum-of-the-years-digits method over the expected period in which the relationship is expected to contribute to future cash flows. The remaining finite-lived intangible assets are amortized using the straight-line method.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination.

Spectrum Licenses

Spectrum licenses are carried at costs incurred to acquire the spectrum licenses and the costs to prepare the spectrum licenses for their intended use, such as costs to clear acquired spectrum licenses. The Federal Communications Commission
("FCC") issues spectrum licenses which provide us with the exclusive right to utilize designated radio frequency spectrum within specific geographic service areas to provide wireless communication services. While spectrum licenses are issued for a fixed period of time, typically for up to fifteen years, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses held by us expire at various dates. We believe we will be able to meet all requirements necessary to secure

renewal of our spectrum licenses at nominal costs. Moreover, we determined there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets.

At times, we enter into agreements to sell or exchange spectrum licenses. Upon entering into the arrangement, if the transaction has been deemed to have commercial substance, spectrum licenses are reviewed for impairment and transferred at their carrying value, net of any impairment, to assets held for sale included in Other current assets in our Consolidated Balance Sheets until approval and completion of the exchange or sale. Upon closing of the transaction, spectrum licenses acquired as part of an exchange of nonmonetary assets are valued at fair value and the difference between the fair value of the spectrum licenses obtained, book value of the spectrum licenses transferred and cash paid, if any, is recognized as a gain and included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income. Our fair value estimates of spectrum licenses are based on information for which there is little or no observable market data. If the transaction lacks commercial substance or the fair value is not measurable, the acquired spectrum licenses are recorded at the book value of the assets transferred or exchanged.

Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the two reporting units, wireless business and Layer3 TV, is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

Guarantee Liabilities

We offer a device trade-in program, Just Upgrade My Phone (“JUMP!”), which provides eligible customers a specified-price trade-in right to upgrade their device. Upon enrollment, participating customers must finance the purchase of a device on an EIP and have a qualifying T-Mobile monthly wireless service plan, which is treated as a single multiple-element arrangement when entered into at or near the same time. Upon a qualifying JUMP! program upgrade, the customer’s remaining EIP balance is settled provided they trade-in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee. The guarantee liability is valued based on various economic and customer behavioral assumptions, which requires judgment, including estimating the customer's remaining EIP balance at trade-in, the expected fair value of the used device at trade-in, and the probability and timing of trade-in. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. All assumptions are reviewed periodically.

Fair Value Measurements

We carry certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities;
Level 2	Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3	Unobservable inputs for which there is little or no market data, which require us to develop assumptions of what market participants would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the placement of assets and liabilities being measured within the fair value hierarchy.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts receivable from affiliates and accounts payable approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized discount and allowance for credit losses. There were no financial instruments with a carrying value materially different from their fair value, based on quoted market prices or rates for the same or similar instruments, or internal valuation models.

Derivative Financial Instruments

Derivative financial instruments are recognized as either assets or liabilities and are measured at fair value. We do not use derivatives for trading or speculative purposes.

For derivative instruments designated as cash flow hedges, changes in fair value are reported as a component of Accumulated other comprehensive income ("AOCI") until reclassified into Interest expense in the same period the hedged transaction affects earnings, generally over the life of the related debt. Unrealized gains on derivatives designated as cash flow hedges are recorded at fair value as assets, and unrealized losses on derivatives designated as cash flow hedges are recorded at fair value as liabilities.

We have embedded derivatives for certain components of the reset feature of the Senior Reset Notes to affiliates, which are required to be bifurcated and are recorded on the Consolidated Balance Sheets at fair value. Changes in fair value are recognized in Interest expense to affiliates in our Consolidated Statements of Comprehensive Income.

Revenue Recognition (effective January 1, 2018)

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. Our contracts with customers may involve multiple performance obligations, which include wireless services, wireless devices or a combination thereof, and we allocate the transaction price between each performance obligation based on its relative standalone selling price.

Significant Judgments

The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent as well as certain contract terms such as down payments that reduce our exposure to credit risk. Customer

credit behavior is inherently uncertain. See “Receivables and Allowance for Credit Losses”, above, for more discussion on how we assess credit risk.

- Promotional EIP bill credits offered to a customer on an equipment sale that are paid over time and are contingent on the customer maintaining a service contract may result in an extended service contract based on whether a substantive penalty is deemed to exist. Determining whether contingent EIP bill credits result in a substantive termination penalty may require significant judgment.

- The identification of distinct performance obligations within our service plans may require significant judgment.

- Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither controls a right to the content provider's service nor controls the underlying service itself are presented net because we are acting as an agent. The determination of whether we control the underlying service or right to the service prior to our transfer to the customer requires, at times, significant judgment.

- For transactions where we recognize a significant financing component, judgment is required to determine the discount rate. For EIP sales, the discount rate used to adjust the transaction price primarily reflects current market interest rates and the estimated credit risk of the customer. Customer credit behavior is inherently uncertain. See "Receivables and Allowance for Credit Losses", above, for more discussion on how we assess credit risk.

- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Device return levels are estimated based on the expected value method as there are a large number of contracts with similar characteristics and the outcome of each contract is independent of the others. Historical return rate experience is a significant input to our expected value methodology.

- Sales of equipment to indirect dealers who have been identified as our customer (referred to as the sell-in model) often include credits subsequently paid to the dealer as a reimbursement for any discount promotions offered to the end consumer. These credits (payments to a customer) are accounted for as variable consideration when estimating the amount of revenue to recognize from the sales of equipment to indirect dealers and are estimated based on historical experience and other factors, such as expected promotional activity.

- The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

- For capitalized contract costs, determining the amortization period over which such costs are recognized as well as assessing the indicators of impairment may require significant judgment.

Wireless Services Revenue

We generate our wireless services revenues from providing access to, and usage of, our wireless communications network. Service revenues also include revenues earned for providing value added services to customers, such as handset insurance services. Service contracts are billed monthly either in advance or arrears, or are prepaid. Generally, service revenue is recognized as we satisfy our performance obligation to transfer service to our customers. We typically satisfy our stand-ready performance obligations, including unlimited wireless services, evenly over the contract term. For usage-based and prepaid wireless services, we satisfy our performance obligations when services are rendered.

Revenue for service contracts that we assess are not probable of collection is not recognized until the contract is completed and cash is received. Collectibility is re-assessed when there is a significant change in facts or circumstances. Our assessment of collectibility considers whether we may limit our exposure to credit risk through our right to stop transferring additional service in the event the customer is delinquent.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers.

Revenue is recorded net of costs paid to another party for performance obligations where we arrange for the other party to transfer goods or services to the customer (i.e., when we are acting as an agent). For example, performance obligations relating to services provided by third-party content providers where we neither controls a right to the

content provider's service nor controls the underlying service itself are presented net because we are acting as an agent.

Federal Universal Service Fund ("USF") and other regulatory fees are assessed by various governmental authorities in connection with the services we provide to our customers and are included in Cost of services. When we separately bill and collect these regulatory fees from customers, they are recorded gross in Total service revenues in our Consolidated Statements of Comprehensive Income. For the years ended December 31, 2018, 2017 and 2016, we recorded approximately $161 million, $258 million and $409 million, respectively, of USF fees on a gross basis.

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (for example, sales, use, value added, and some excise taxes).

Equipment Revenues

We generate equipment revenues from the sale or lease of mobile communication devices and accessories. For performance obligations related to equipment contracts, we typically transfer control at a point in time when the device or accessory is delivered to, and accepted by, the customer or dealer. We have elected to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We estimate variable consideration (e.g., device returns or certain payments to indirect dealers) primarily based on historical experience. Equipment sales not probable of collection are generally recorded as payments are received. Our assessment of collectibility considers contract terms such as down payments that reduce our exposure to credit risk.

We offer certain customers the option to pay for devices and accessories in installments using an EIP. Generally, we recognize as a reduction of the total transaction price the effects of a financing component in contracts where customers purchase their devices and accessories on an EIP with a term of more than one year, including those financing components that are not considered to be significant to the contract. However, we have elected the practical expedient to not recognize the effects of a significant financing component for contracts where we expect, at contract inception, that the period between the transfer of a performance obligation to a customer and the customer's payment for that performance obligation will be one year or less.

In addition, for customers who enroll in our JUMP! program, we recognize a liability based on the estimated fair value of the specified-price trade-in right guarantee. The fair value of the guarantee is deducted from the transaction price and the remaining transaction price is allocated to other elements of the contract, including service and equipment performance obligations. See "Guarantee Liabilities" above for further information.

JUMP! On Demand allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, all of our leased wireless devices are accounted for as operating leases and estimated contract consideration is allocated between lease elements and non-lease elements (such as service and equipment performance obligations) based on the relative standalone selling price of each performance obligation in the contract. Lease revenues are recorded as equipment revenues and recognized as earned on a straight-line basis over the lease term. Lease revenues on contracts not probable of collection are limited to the amount of payments received. See "Property and Equipment" above for further information.

Contract Balances

Generally, our devices and service plans are available at standard prices, which are maintained on price lists and published on our website and/or within our retail stores.

For contracts that involve more than one product or service that are identified as separate performance obligations, the transaction price is allocated to the performance obligations based on their relative standalone selling prices. The standalone selling price is the price at which we would sell the good or service separately to a customer and is most commonly evidenced by the price at which we sell that good or service separately in similar circumstances and to similar customers.

A contract asset is recorded when revenue is recognized in advance of our right to receive consideration (i.e., we must perform additional services in order to receive consideration). Amounts are recorded as receivables when our right to consideration is unconditional. When consideration is received, or we have an unconditional right to consideration in advance of delivery of goods or services, a contract liability is recorded. The transaction price can include non-refundable upfront fees, which are allocated to the identifiable performance obligations.

Contract assets are included in Other current assets and Other assets and contract liabilities are included in Deferred revenue in our Consolidated Balance Sheets.

Contract Modifications

Our service contracts allow customers to frequently modify their contracts without incurring penalties in many cases. Each time a contract is modified, we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, as if there is a termination of the existing contract and creation

of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Contract Costs

We incur certain incremental costs to obtain a contract that we expect to recover, such as sales commissions. We record an asset when these incremental costs to obtain a contract are incurred and amortize them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

We amortize deferred costs incurred to obtain service contracts on a straight-line basis over the term of the initial contract and anticipated renewal contracts to which the costs relate, currently 24 months. However, we have elected the practical expedient permitting expensing of costs to obtain a contract when the expected amortization period is one year or less.

Incremental costs to obtain equipment contracts (e.g., commissions paid on device and accessory sales) are recognized when the equipment is transferred to the customer.

See Note 1 - Summary of Significant Accounting Policies included in our Annual Report on Form 10-K for the year ended December 31, 2017 for more discussion regarding the accounting policies that governed revenue recognition prior to January 1, 2018.

Rent Expense

We have operating leases for cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize rent expense on a straight-line basis, over the non-cancelable lease term and renewal periods that are considered reasonably assured at the inception of the lease. We consider several factors in assessing whether renewal periods are reasonably assured of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites.

Advertising Expense

We expense the cost of advertising and other promotional expenditures to market our services and products as incurred. For the years ended December 31, 2018, 2017 and 2016, advertising expenses included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income were $1.7 billion, $1.8 billion and $1.7 billion, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of adjustments, net of tax, related to unrealized gains (losses) on cash flow hedges and available-for-sale securities. This is reported in AOCI as a separate component of stockholders' equity until realized in earnings.

Stock-Based Compensation

Stock-based compensation cost for stock awards, which include restricted stock units (“RSUs”) and performance-based restricted stock units (“PRSUs”), is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, over the related service period. The fair value of stock awards is based on the closing price of our common stock on the date of grant. RSUs are recognized as expense using the straight-line method. PRSUs are recognized as expense following a graded vesting schedule.

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Earnings Per Share

Basic earnings per share is computed by dividing Net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of outstanding stock options, RSUs and PRSUs, calculated using the treasury stock method, and prior to the conversion of our preferred stock, potentially dilutive common shares included mandatory convertible preferred stock calculated using the if-converted method. See Note 14 – Earnings Per Share for further information.

Our Board of Directors authorized a share repurchase program during the fourth quarter of 2017 and increased the repurchase program in the second quarter of 2018. Repurchased shares are retired and reduce the number of shares issued and outstanding. See Note 12 – Repurchases of Common Stock for further information.

Variable Interest Entities

Variable Interest Entities ("VIEs") are entities which lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, have equity investors which do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive the residual returns of the entity. The most common type of VIE is a special purpose entity ("SPE"). SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are generally structured to insulate investors from claims on the SPE's assets by creditors of other entities, including the creditors of the seller of the assets.

The primary beneficiary is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party which has both the power to direct the activities of an entity that most significantly impact the VIE's economic performance, and through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE which could potentially be significant to the VIE. We consolidate VIEs when we are deemed to be the primary beneficiary or when the VIE cannot be deconsolidated.

In assessing which party is the primary beneficiary, all the facts and circumstances are considered, including each party's role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance, and second, identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (such as asset managers and servicers) or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

Accounting Pronouncements Adopted During the Current Year

Revenue

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," and has since modified the standard with several ASUs (collectively, the "new revenue standard"). The new revenue standard requires entities to recognize revenue through the application of a five-step model, which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations. We adopted the new revenue standard on January 1, 2018, using the modified retrospective method with the cumulative effect of initially applying the guidance recognized at the date of initial application. Comparative information has not been restated and continues to be reported under the standards in effect for those periods. We have applied the new revenue standard only to contracts not completed as of the date of initial application, referred to as open contracts. We have elected the practical expedient that permits an entity to reflect the aggregate effect of all of the modifications (on a contract-by-contract basis) that occurred before the date of initial application in determining the transaction price, identifying the satisfied and unsatisfied performance obligations, and allocating the transaction price to the performance obligations. Electing this practical expedient does not have a significant impact on our financial statements due to the short-term duration of most of our contracts and the nature of our contract modifications.

We have implemented significant new revenue accounting systems, processes and internal controls over revenue recognition to assist us in the application of the new revenue standard.

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Financial Statement Impacts of Applying the New Revenue Standard

The cumulative effect of initially applying the new revenue standard to all open contracts as of January 1, 2018 is as follows:

(in millions)	January 1, 2018		
	Beginning Balance	Cumulative Effect Adjustment	Beginning Balance, As Adjusted
Assets			
Other current assets	$ 1,903	$ 140	$ 2,043
Other assets	912	150	1,062
Liabilities and Stockholders' Equity			
Deferred revenue	$ 779	$ 4	$ 783
Deferred tax liabilities	3,537	73	3,610
Accumulated deficit	(16,074)	213	(15,861)

The most significant impacts upon adoption of the new revenue standard on January 1, 2018 include the following items:

- A deferred contract cost asset of $150 million was recorded at transition in Other assets in our Consolidated Balance Sheets for incremental contract acquisition costs paid on open contracts, which consists primarily of commissions paid to acquire branded postpaid service contracts; and
- A contract asset of $140 million was recorded at transition in Other current assets in our Consolidated Balance Sheets primarily for contracts with promotional bill credits offered to customers on equipment sales that are paid over time and are contingent on the customer maintaining a service contract.

Financial statement results as reported under the new revenue standard as compared to the previous revenue standard for the year ended December 31, 2018 are as follows:

(in millions, except per share amounts)	Year Ended December 31, 2018		
	Previous Revenue Standard	New Revenue Standard	Change
Revenues			
Branded postpaid revenues	$ 20,887	$ 20,862	$ (25)
Branded prepaid revenues	9,608	9,598	(10)
Wholesale revenues	1,183	1,183	—
Roaming and other service revenues	349	349	—
Total service revenues	32,027	31,992	(35)
Equipment revenues	9,616	10,009	393
Other revenues	1,309	1,309	—
Total revenues	42,952	43,310	358
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	6,233	6,307	74
Cost of equipment sales	12,065	12,047	(18)
Selling, general and administrative	13,257	13,161	(96)
Depreciation and amortization	6,486	6,486	—
Total operating expenses	38,041	38,001	(40)
Operating income	4,911	5,309	398
Total other expense, net	(1,392)	(1,392)	—
Income before income taxes	3,519	3,917	398
Income tax expense	(926)	(1,029)	(103)

Net income	$ 2,593	$ 2,888	$ 295
Earnings per share			
Basic earnings per share	$ 3.05	$ 3.40	$ 0.35
Diluted earnings per share	$ 3.02	$ 3.36	$ 0.34

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(in millions)	December 31, 2018		
	Previous Revenue Standard	New Revenue Standard	Change
Assets			
Other current assets	$ 1,625	$ 1,676	$ 51
Other assets	979	1,623	644
Liabilities and Stockholders' Equity			
Deferred revenue	$ 685	$ 698	$ 13
Deferred tax liabilities	4,297	4,472	175
Accumulated deficit	(13,461)	(12,954)	507

The most significant impacts to financial statement results as reported under the new revenue standard as compared to the previous revenue standard for the current reporting period are as follows:

- Under the new revenue standard, certain commissions paid to dealers previously recognized as a reduction to Equipment revenues in our Consolidated Statements of Comprehensive Income are now recorded as commission costs in Selling, general and administrative expense.
- Contract costs capitalized for new contracts accumulated in Other assets in our Consolidated Balance Sheets during 2018. As a result, there was a net benefit to Operating income in our Consolidated Statements of Comprehensive Income during 2018 as capitalization of costs exceeded amortization. As capitalized costs amortize into expense over time, the accretive benefit to Operating income is expected to moderate in 2019 and normalize in 2020.
- Certain promotions previously recognized as a reduction in Equipment revenues in our Consolidated Statements of Comprehensive Income are now recorded as a reduction in Service revenues.
- Certain revenues previously recognized as Equipment revenues in our Consolidated Statements of Comprehensive Income are now recorded as Service revenues.
- Certain contract fulfillment costs have been reclassified to Cost of services in our Consolidated Statements of Comprehensive Income from Selling, general and administrative expenses.
- Wholesale revenues for minimum guaranteed amounts (guarantee shortfall) are recognized when it is probable that a reversal of such revenue will not occur, which may impact the timing of recognition as compared to the previous standard.
- For contracts with promotional bill credits that are contingent on the customer maintaining a service contract that result in an extended service contract, a contract asset is recorded when control of the equipment transfers to the customer and is subsequently amortized as a reduction to Total service revenues in our Consolidated Statements of Comprehensive Income over the extended contract term.

See disclosures related to Contracts with Customers under the new revenue standard in Note 10 – Revenue from Contracts with Customers.

Statement of Cash Flows

On January 1, 2018, we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" (the "new cash flow standard") which impacted the presentation of our cash flows related to our beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash inflows from Operating activities to Investing activities of approximately $5.4 billion, $4.3 billion, and $3.4 billion for the years ended December 31, 2018, 2017 and 2016, respectively, in our Consolidated Statements of Cash Flows. The new cash flow standard also impacted the presentation of our cash payments for debt prepayment and debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $212 million and $188 million for the years ended December 31, 2018

and 2017, respectively, in our Consolidated Statements of Cash Flows. There were no cash payments for debt prepayment and debt extinguishment costs during the year ended December 31, 2016. We have applied the new cash flow standard retrospectively to all periods presented.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities,” and has since modified the standard in February 2018 with ASU 2018-03,

"Technical Corrections and Improvements to Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". The standard addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard became effective for us, and we adopted the standard, on January 1, 2018. The standard requires the impact of adoption to be recorded to retained earnings under a modified retrospective approach, resulting in a reclassification of Accumulated other comprehensive income to Accumulated deficit of $8 million.

Income Taxes

In October 2016, the FASB issued ASU 2016-16, "Accounting for Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." The standard requires that the income tax impact of intra-entity sales and transfers of property, except for inventory, be recognized when the transfer occurs. The standard became effective for us, and we adopted the standard, on January 1, 2018. The standard requires any deferred taxes not yet recognized on intra-entity transfers to be recorded to retained earnings under a modified retrospective approach, resulting in an adjustment to Accumulated deficit of $11 million.

Derivatives and Hedging

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvement to Accounting for Hedging Activities" (the "new derivatives and hedging standard"). The standard modified the guidance for the designation and measurement of qualifying hedging relationships and the presentation of hedge results. We adopted this standard on October 1, 2018 and have applied the standard to hedging transactions prospectively.

Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," and has since modified the standard with several ASUs (collectively, the "new lease standard"). The standard is effective for us, and we adopted the standard, on January 1, 2019.

The new lease standard requires most lessees to report a right-of-use asset and a lease liability. The income statement recognition is similar to existing lease accounting and is based on lease classification. The new lease standard requires lessees and lessors to classify most leases using principles similar to existing lease accounting. For lessors, the new lease standard modifies the classification criteria and the accounting for sales-type and direct financing leases. The new lease standard provides entities two options for applying the modified retrospective approach, either (1) retrospectively to each prior reporting period presented in the financial statements with the cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption (January 1, 2019) through a cumulative-effect adjustment. We plan to adopt the standard by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application.

The new standard provides for a number of optional practical expedients in transition. We do not expect to elect the "package of practical expedients" and as a result we would be required to reassess under the new standard our prior accounting conclusions about lease identification, lease classification and initial direct costs. We do expect to elect the use of hindsight for determining the reasonably certain lease term. We do not expect to elect the practical expedient pertaining to land easements as it is not applicable to us.

Upon the adoption of the new lease standard entities are required to reassess any previous failed sale-leaseback transactions that remain failed as of the effective date of the new standard. This reassessment should consider if a sale would have occurred as of the beginning of the reporting period in which the entity applies the new lease standard. Under the new lease standard, a sale is assessed using the transfer of control criteria in the new revenue standard. If the revised sale-leaseback guidance criteria are met and a sale has occurred as of the effective date, the gain or loss on the sale of the underlying asset is recognized as an adjustment to equity and the accounting for the leaseback will follow the transition provisions provided for all other operating leases.

We expect the most significant judgments and impacts upon adoption of the standard to include the following items:

- Upon adoption on January 1, 2019, we will recognize right-of-use assets and lease liabilities that have not previously been recorded. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right-of-use asset for operating leases is based on the lease liability adjusted for the reclassification of certain balance sheet amounts such as deferred rent, subsequent to re-measurement from the assessment of lease term

described below, and prepaid rent. Deferred and prepaid rent will not be presented separately after the adoption of the new lease standard.

- We expect to elect the use of hindsight in determining the expected lease term for all cell sites and have generally concluded to include only payments due for the initial non-cancelable lease term. This assessment of expected lease term corresponds to our lease term assessment for new leases and aligns with the payments that have been disclosed as lease commitments in prior years. As a result, the average remaining lease term for cell sites has decreased from approximately 9 years to 4 years based on lease contracts in effect at transition on January 1, 2019.

- We are also required to reassess the previously failed sale-leaseback of certain T-Mobile-owned wireless communication tower sites and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the new revenue standard and whether a sale should be recognized. We are continuing to finalize our assessment of the previously failed sale-leaseback. If we conclude a sale should be recognized, upon adoption on January 1, 2019, we would derecognize our existing long-term financial obligation and the net book value of the tower-related property and equipment associated with the previously failed sale-leaseback transaction. A change in the sale-leaseback accounting conclusion would also result in the recognition of a lease liability and right of use asset for the leaseback, decreases in Other revenues and Interest expense and a reclassification of certain cash payments from financing outflows to operating outflows in our Consolidated Statements of Cash Flows.

- Excluding the impacts of a potential change in the accounting conclusion around the previously failed sale leaseback, the cumulative effects of initially applying the new lease standard on January 1, 2019 and for fiscal year 2019 would be as follows:

    - The cumulative effect of initially applying the new lease standard on January 1, 2019 is estimated to be an increase in total assets of $8.5 billion to $9.4 billion, an increase in total liabilities of $8.2 billion to $8.9 billion and a decrease to Accumulated deficit of $300 million to $500 million.

    - The aggregate impact is expected to result in a decrease in Total operating expenses of $190 million to $230 million and an increase to Net income of $140 million to $180 million in fiscal year 2019.

- Including the impacts that would result from a change in the accounting conclusion on the previously failed sale-leaseback, the cumulative effects of initially applying the new lease standard on January 1, 2019 and for fiscal year 2019 would be as follows:

    - The cumulative effect of initially applying the new lease standard on January 1, 2019 is estimated to be an increase in total assets of $9.1 billion to $10.0 billion, an increase in total liabilities of $7.0 billion to $7.5 billion and a decrease to Accumulated deficit of $2.1 billion to $2.5 billion.

    - The aggregate impact is expected to result in a decrease in Other revenues of $230 million to $250 million, a decrease in Interest expense of $200 million to $240 million, a decrease in Total operating expenses of $220 million to $260 million and an increase to Net income of $140 million to $180 million in fiscal year 2019.

    - The expected impact on our Consolidated Statements of Cash Flows in fiscal year 2019 is a decrease in Net cash provided by operating activities of $20 million to $40 million and a decrease in Net cash used in financing activities of $20 million to $40 million.

The new lease standard provides practical expedients and policy elections for an entity's ongoing accounting. We currently expect to elect the practical expedient to not separate lease and non-lease components for all of our leases.

We do not expect to elect the short-term lease recognition exemption, which includes the recognition of right-of-use assets and lease liabilities for existing short-term leases at transition.

For arrangements where we are the lessor, we do not expect the adoption of the new lease standard to have a material impact on our financial statements as all of our leases are operating leases. The new lease standard provides a practical expedient for lessors in which the lessor may elect, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for these components as a single component if both of the following are met: (1) the timing and pattern of transfer of the non-lease component(s) and associated lease component are the same and (2) the lease component, if accounted for separately, would be classified as an operating lease. We do not expect to elect this expedient for leased wireless devices under our JUMP! On Demand program.

We are in the process of implementing significant new lease accounting systems and are updating processes and implementing new internal controls over lease recognition to assist in the application of the new lease standard.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses," which amends the scope and transition requirements of ASU 2016-13. The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The standard will become effective for us beginning January 1, 2020 and will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). Early adoption is permitted for us as of January 1, 2019. We are currently evaluating the impact this guidance will have on our Consolidated Financial Statements and the timing of adoption.

Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard will become effective for us beginning January 1, 2020 and can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Early adoption is permitted for us at any time. We are currently evaluating the impact this guidance will have on our Consolidated Financial Statements and the timing of adoption.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the Securities and Exchange Commission (the "SEC") did not have, or are not believed by management to have, a significant impact on our present or future Consolidated Financial Statements.

Note 2 – Business Combinations

Proposed Sprint Transactions

On April 29, 2018, we entered into a Business Combination Agreement to merge with Sprint in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock (the "Merger"). The combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to rapidly launch a nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Neither T-Mobile nor Sprint on its own could generate comparable benefits to consumers.

The Transactions have been approved by the boards of directors of T-Mobile and Sprint and the required approvals of each of T-Mobile and Sprint have been obtained. Immediately following the Merger, it is anticipated that Deutsche Telekom ("DT") and SoftBank Group Corp. will hold, directly or indirectly, on a fully diluted basis, approximately 41.7% and 27.4%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 30.9% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2018.

In connection with the entry into the Business Combination Agreement, T-Mobile USA, Inc. ("T-Mobile USA") entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018, the "Commitment Letter"). The funding of the debt facilities provided for in the Commitment Letter is subject to the satisfaction of the conditions set forth therein, including consummation of the Merger. The proceeds of the debt financing provided for in the Commitment Letter will be used to refinance certain existing debt of us, Sprint and our

and Sprint's respective subsidiaries and for post-closing working capital needs of the combined company. See Note 8 – Debt for further information.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a financing matters agreement, dated as of April 29, 2018 (the "Financing Matters Agreement"). See Note 8 – Debt for further information.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018, (the "Consent Solicitation Statement") we obtained consents necessary to effect certain amendments to certain existing debt of us and our subsidiaries. In connection with receiving the requisite consents, we made upfront payments to third-party note holders of approximately $31 million during 2018. These payments were recognized as a reduction to Long-term debt. We paid third-party bank fees associated with obtaining the requisite consents of $6 million during 2018, which we recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income.

Under the terms of the Business Combination Agreement, Sprint may be required to reimburse us for 33% of the upfront consent and related bank fees we paid, or $14 million, if the Business Combination Agreement is terminated. There was no reimbursement accrued as of December 31, 2018. On May 18, 2018, Sprint also obtained consents necessary to effect certain amendments to certain existing debt of it and its subsidiaries. In connection with receiving the requisite consents, Sprint made upfront payments to third-party note holders and related bank fees of $241 million during 2018. Under the terms of the Business Combination Agreement, we may also be required to reimburse Sprint for 67% of the upfront consent and related bank fees it paid, or $161 million, if the Business Combination Agreement is terminated. There was no fee accrued as of December 31, 2018.

For the year ended December 31, 2018, we recognized costs associated with the Transactions of $196 million. These costs generally included bank fees associated with obtaining the requisite consents on debt to third parties, consulting and legal fees and were recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income.

The consummation of the Transactions is subject to regulatory approvals and certain other customary closing conditions. We expect to receive regulatory approval in the first half of 2019. The Business Combination Agreement contains certain termination rights for both Sprint and us. If we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to specified minimum credit ratings for the combined company on the closing date of the Merger (after giving effect to the Merger) from at least two of the three credit rating agencies, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million.

On June 18, 2018, we filed the Public Interest Statement and applications for approval of our Merger with Sprint with the FCC. On July 18, 2018, the FCC issued a Public Notice formally accepting our applications and establishing a period for public comment. The FCC is reviewing the modeling provided by us and Sprint under its informal 180-day transaction shot clock. On July 30, 2018, we filed a registration statement on Form S-4 with the SEC related to the Merger. The registration statement became effective on October 29, 2018.

Acquisition of Layer3 TV

On January 22, 2018, we completed our acquisition of television innovator Layer3 TV, Inc. ("Layer3 TV") for cash consideration of $318 million. The consideration included a $5 million payment that was made after the closing date in the second quarter of 2018. Upon closing of the transaction, Layer3 TV became a wholly-owned consolidated subsidiary. Layer3 TV acquires and distributes digital entertainment programming primarily through the internet to residential customers, offering direct to home digital television and multi-channel video programming distribution services. This transaction represented an opportunity to acquire a complementary service to our existing wireless service to advance our video strategy.

We accounted for the purchase of Layer3 TV as a business combination. Costs related to this acquisition were immaterial to our Consolidated Statements of Comprehensive Income. The grant-date fair value of cash-based and share-based incentive compensation awards attributable to post-combination services was approximately $37 million.

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The following table shows the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed and the resultant purchase price allocation:

(in millions)	January 22, 2018
Assets acquired	
Cash and cash equivalents	$ 2
Other current assets	14
Property and equipment, net	11
Intangible assets	100
Goodwill	218
Deferred tax assets	2
Total assets acquired	$ 347
Liabilities assumed	
Accounts payable and accrued liabilities	$ 27
Short-term debt	2
Total liabilities assumed	29
Total consideration transferred	$ 318

We recognized a liability of $21 million within Accounts payable and accrued liabilities in our Consolidated Balance Sheets and an associated indemnification asset of $12 million in our Consolidated Balance Sheets related to minimum commitments under acquired content agreements. As of December 31, 2018, the $12 million had been received.

Goodwill of $218 million is calculated as the excess of the purchase price paid over the net assets acquired. The goodwill recorded as part of the Layer3 TV acquisition primarily reflects industry knowledge of the retained management team, as well as intangible assets that do not qualify for separate recognition. None of the goodwill is deductible for tax purposes. See Note 6 – Goodwill, Spectrum Licenses and Other Intangible Assets for further information.

As part of the transaction, we acquired an identifiable intangible asset of developed technology with an estimated fair value of $100 million, which is being amortized on a straight-line basis over a useful life of 5 years.

The financial results from the acquisition of Layer3 TV since the closing date through December 31, 2018 were not material to our Consolidated Statements of Comprehensive Income.

Acquisition of Iowa Wireless

On January 1, 2018 (the "IWS Acquisition Date"), we closed on our previously announced Unit Purchase Agreement to acquire the remaining equity in Iowa Wireless Services, LLC ("IWS"), a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. We accounted for our acquisition of IWS as a business combination.

Prior to the IWS Acquisition Date, we accounted for our previously-held investment in IWS under the equity method as we had significant influence, but not control. Authoritative guidance on accounting for business combinations requires that an acquirer re-measure its previously held equity interest in the acquiree at its acquisition date fair value and recognize the resulting gain or loss in earnings. As such, we valued our previously held equity interest in IWS at $56 million as of the IWS Acquisition Date and recognized a gain of $15 million.

The following table highlights the consideration transferred, the fair value of our previously held equity interest and bargain purchase:

(in millions)	January 1, 2018
Consideration transferred:	
Cash paid	$ 25
Previously held equity interest:	
Acquisition date fair value of previously held equity interest	56

Bargain purchase gain	25
Net assets acquired	$ 106

As part of the acquisition of IWS, we recognized a bargain purchase gain of approximately $25 million, which represents the fair value of the identifiable net assets acquired, primarily IWS spectrum licenses, in excess of the purchase price and fair value of our previously held equity interest. We were in a favorable position to acquire the remaining shares of IWS as a result of our previously held 54% equity interest in IWS, an unprofitable business with valuable spectrum holdings.

The following table shows the amounts recognized as of the IWS Acquisition Date for each major class of assets acquired and liabilities assumed and the resultant purchase price allocation:

(in millions)	January 1, 2018
Assets acquired	
Current assets	
Cash and cash equivalents	$ 3
Accounts receivable, net	6
Equipment installment plan receivables, net	3
Inventories	1
Other current assets	2
Current assets, total	15
Property and equipment, net	36
Spectrum licenses	87
Total assets acquired	$ 138
Liabilities assumed	
Accounts payable and accrued liabilities	$ 6
Deferred revenue	2
Current liabilities, total	8
Deferred tax liabilities	17
Other long-term liabilities	7
Total long-term liabilities	24
Net assets acquired	$ 106

We included both the gain on our previously held equity interest in IWS and the bargain purchase gain within Other income (expense), net for the year ended December 31, 2018.

Pro Forma Information

The acquisitions of Layer3 TV and IWS were not material to our prior period consolidated results on a pro forma basis.

Note 3 – Receivables and Allowance for Credit Losses

Our portfolio of receivables is comprised of two portfolio segments, accounts receivable and EIP receivables. Our accounts receivable segment primarily consists of amounts currently due from customers, including service and leased device receivables, other carriers and third-party retail channels.

Based upon customer credit profiles, we classify the EIP receivables segment into two customer classes of “Prime” and “Subprime.” Prime customer receivables are those with lower delinquency risk and Subprime customer receivables are those with higher delinquency risk. Customers may be required to make a down payment on their equipment purchases. In addition, certain customers within the Subprime category are required to pay an advance deposit.

To determine a customer’s credit profile, we use a proprietary credit scoring model that measures the credit quality of a customer using several factors, such as credit bureau information, consumer credit risk scores and service and device plan characteristics.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

(in millions)	December 31, 2018	December 31, 2017
EIP receivables, gross	$ 4,534	$ 3,960
Unamortized imputed discount	(330)	(264)
EIP receivables, net of unamortized imputed discount	4,204	3,696
Allowance for credit losses	(119)	(132)
EIP receivables, net	$ 4,085	$ 3,564
Classified on the balance sheet as:		
Equipment installment plan receivables, net	$ 2,538	$ 2,290
Equipment installment plan receivables due after one year, net	1,547	1,274
EIP receivables, net	$ 4,085	$ 3,564

To determine the appropriate level of the allowance for credit losses, we consider a number of credit quality indicators, including historical credit losses and timely payment experience as well as current collection trends such as write-off frequency and severity, aging of the receivable portfolio, credit quality of the customer base and other qualitative factors such as macro-economic conditions.

We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on customer credit quality and the aging of the receivable.

For EIP receivables, subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

The EIP receivables had weighted average effective imputed interest rates of 10.0%, 9.6% and 9.0% as of December 31, 2018, 2017 and 2016, respectively.

Activity for the years ended December 31, 2018, 2017 and 2016 in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

	December 31, 2018			December 31, 2017			December 31, 2016		
(in millions)	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 86	$ 396	$ 482	$ 102	$ 316	$ 418	$ 116	$ 333	$ 449
Bad debt expense	69	228	297	104	284	388	227	250	477
Write-offs, net of recoveries	(88)	(240)	(328)	(120)	(273)	(393)	(241)	(277)	(518)
Change in imputed discount on short-term and long-term EIP receivables	N/A	250	250	N/A	252	252	N/A	186	186
Impact on the imputed discount from sales of EIP receivables	N/A	(185)	(185)	N/A	(183)	(183)	N/A	(176)	(176)
Allowance for credit losses and imputed discount, end of period	$ 67	$ 449	$ 516	$ 86	$ 396	$ 482	$ 102	$ 316	$ 418

Management considers the aging of receivables to be an important credit indicator. The following table provides delinquency status for the unpaid principal balance for receivables within the EIP portfolio segment, which we actively monitor as part of our current credit risk management practices and policies:

	December 31, 2018			December 31, 2017		
(in millions)	Prime	Subprime	Total EIP Receivables, gross	Prime	Subprime	Total EIP Receivables, gross
Current - 30 days past due	$ 1,987	$ 2,446	$ 4,433	$ 1,727	$ 2,133	$ 3,860
31 - 60 days past due	15	32	47	17	29	46
61 - 90 days past due	6	19	25	6	16	22
More than 90 days past due	7	22	29	8	24	32
Total receivables, gross	$ 2,015	$ 2,519	$ 4,534	$ 1,758	$ 2,202	$ 3,960

Note 4 – Sales of Certain Receivables

We have entered into transactions to sell certain service and EIP receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our Consolidated Financial Statements, are described below.

Sales of Service Accounts Receivable

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis and in November 2016, the arrangement was amended to increase the maximum funding commitment to $950 million (the "service receivable sale arrangement") and extend the scheduled expiration date to March 2018. In February 2018, the service receivable sale arrangement was amended and restated to extend the scheduled expiration date to March 2019. In November 2018, the service receivable sale arrangement was again amended to extend the maturity of certain third-party credit support under the arrangement until March 2019. As of December 31, 2018 and 2017, the service receivable sale arrangement provided funding of $774 million and $880 million, respectively. Sales of receivables occur daily and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the "Service BRE"). The Service BRE does not qualify as a VIE, and due to the significant level of control we exercise over the entity, it is consolidated. Pursuant to the service receivable sale arrangement, certain of our wholly-owned subsidiaries transfer selected receivables to the Service BRE. The Service BRE then sells the receivables to an unaffiliated entity (the "Service VIE"), which was established to facilitate the sale of beneficial ownership interests in the receivables to certain third parties.

Variable Interest Entity

We determined that the Service VIE qualifies as a VIE as it lacks sufficient equity to finance its activities. We have a variable interest in the Service VIE but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Service VIE's economic performance. Those activities include committing the Service VIE to legal agreements to purchase or sell assets, selecting which receivables are purchased in the service receivable sale arrangement, determining whether the Service VIE will sell interests in the purchased service receivables to other parties, funding of the entity and servicing of receivables. We do not hold the power to direct the key decisions underlying these activities. For example, while we act as the servicer of the sold receivables, which is considered a significant activity of the Service VIE, we are acting as an agent in our capacity as the servicer and the counterparty to the service receivable sale arrangement has the ability to remove us as the servicing agent of the receivables at will with no recourse available to us. As we have determined we are not the primary beneficiary, the balances and results of the Service VIE are not included in our Consolidated Financial Statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Consolidated Balance Sheets that relate to our variable interest in the Service VIE:

(in millions)	December 31, 2018	December 31, 2017
Other current assets	$ 339	$ 236
Accounts payable and accrued liabilities	59	25
Other current liabilities	149	180

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP accounts receivable on a revolving basis. In August 2017, the EIP sale arrangement was amended to reduce the maximum funding commitment to $1.2 billion (the "EIP sale arrangement") and extend the scheduled expiration date to November 2018. In December 2017, the EIP sale arrangement was again amended to increase the maximum funding commitment to $1.3 billion. In October 2018, we amended and restated the EIP sale arrangement to, among other things, extend the scheduled expiration date to November 2020 and expand the types of EIP receivables that may be sold. In December 2018, we amended the EIP sale arrangement to increase the term of EIP accounts receivables relating to handset devices that may be sold in the EIP sale arrangement to expand the eligibility criteria for longer tenor EIP loans.

As of both December 31, 2018 and 2017, the EIP sale arrangement provided funding of $1.3 billion. Sales of EIP receivables occur daily and are settled on a monthly basis.

In connection with this EIP sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity (the "EIP BRE"). Pursuant to the EIP sale arrangement, our wholly-owned subsidiary transfers selected receivables to the EIP BRE. The EIP BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity for which we do not exercise any level of control, nor does the third-party entity qualify as a VIE.

Variable Interest Entity

We determined that the EIP BRE is a VIE as its equity investment at risk lacks the obligation to absorb a certain portion of its expected losses. We have a variable interest in the EIP BRE and determined that we are the primary beneficiary based on our ability to direct the activities which most significantly impact the EIP BRE's economic performance. Those activities include selecting which receivables are transferred into the EIP BRE and sold in the EIP sale arrangement and funding of the EIP BRE. Additionally, our equity interest in the EIP BRE obligates us to absorb losses and gives us the right to receive benefits from the EIP BRE that could potentially be significant to the EIP BRE. Accordingly, we include the balances and results of operations of the EIP BRE in our Consolidated Financial Statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Consolidated Balance Sheets that relate to the EIP BRE:

(in millions)	December 31, 2018	December 31, 2017
Other current assets	$ 321	$ 403
Other assets	88	109
Other long-term liabilities	22	3

In addition, the EIP BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the EIP BRE, to be satisfied prior to any value in the EIP BRE becoming available to us. Accordingly, the assets of the EIP BRE may not be used to settle our general obligations and creditors of the EIP BRE have limited recourse to our general credit.

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Sales of Receivables

The transfers of service receivables and EIP receivables to the non-consolidated entities are accounted for as sales of financial assets. Once identified for sale, the receivable is recorded at the lower of cost or fair value. Upon sale, we derecognize the net carrying amount of the receivables.

We recognize the cash proceeds received upon sale in Net cash provided by operating activities in our Consolidated Statements of Cash Flows. We recognize proceeds net of the deferred purchase price, consisting of a receivable from the purchasers that entitles us to certain collections on the receivables. We recognize the collection of the deferred purchase price in Net cash used in investing activities in our Consolidated Statements of Cash Flows as Proceeds related to beneficial interests in securitization transactions.

The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. We elected, at inception, to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily unobservable inputs (Level 3 inputs), including customer default rates. As of December 31, 2018 and 2017, our deferred purchase price related to the sales of service receivables and EIP receivables was $746 million and $745 million, respectively.

The following table summarizes the impacts of the sale of certain service receivables and EIP receivables in our Consolidated Balance Sheets:

(in millions)	December 31, 2018	December 31, 2017
Derecognized net service receivables and EIP receivables	$ 2,577	$ 2,725
Other current assets	660	639
of which, deferred purchase price	*658*	*636*
Other long-term assets	88	109
of which, deferred purchase price	*88*	*109*
Accounts payable and accrued liabilities	59	25
Other current liabilities	149	180
Other long-term liabilities	22	3
Net cash proceeds since inception	1,879	2,058
Of which:		
Change in net cash proceeds during the year-to-date period	(179)	28
Net cash proceeds funded by reinvested collections	2,058	2,030

We recognized losses from sales of receivables, including adjustments to the receivables' fair values and changes in fair value of the deferred purchase price, of $157 million, $299 million and $228 million for the years ended December 31, 2018, 2017 and 2016, respectively, in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables and are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. While servicing the receivables, we apply the same policies and procedures to the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers. Pursuant to the EIP sale arrangement, under certain circumstances, we are required to deposit cash or replacement EIP receivables primarily for contracts terminated by customers under our JUMP! Program.

In addition, we have continuing involvement with the sold receivables as we may be responsible for absorbing additional credit losses pursuant to the sale arrangements. Our maximum exposure to loss related to the involvement with the service receivables

and EIP receivables sold under the sale arrangements was $1.2 billion as of December 31, 2018. The maximum exposure to loss, which is a required disclosure under GAAP, represents an estimated loss that would be incurred under severe, hypothetical circumstances whereby we would not receive the deferred purchase price portion of the contractual proceeds withheld by the purchasers and would also be required to repurchase the maximum amount of receivables pursuant to the sale arrangements without consideration for any recovery. As we believe the probability of these circumstances occurring is remote, the maximum exposure to loss is not an indication of our expected loss.

Note 5 – Property and Equipment

The components of property and equipment were as follows:

(in millions)	Useful Lives	December 31, 2018	December 31, 2017
Buildings and equipment	Up to 40 years	$ 2,423	$ 2,066
Wireless communications systems	Up to 20 years	35,282	32,706
Leasehold improvements	Up to 12 years	1,299	1,182
Capitalized software	Up to 10 years	11,712	10,563
Leased devices	Up to 18 months	1,164	1,209
Construction in progress		2,776	1,771
Accumulated depreciation and amortization		(31,297)	(27,301)
Property and equipment, net		$ 23,359	$ 22,196

Wireless communication systems include capital lease agreements for network equipment with varying expiration terms through 2033. Capital lease assets and accumulated amortization were $3.1 billion and $867 million, and $2.4 billion and $533 million, as of December 31, 2018 and 2017, respectively.

We capitalize interest associated with the acquisition or construction of certain property and equipment and spectrum intangible assets. We recognized capitalized interest of $362 million, $136 million and $142 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The components of leased wireless devices under our JUMP! On Demand program were as follows:

(in millions)	December 31, 2018	December 31, 2017
Leased wireless devices, gross	$ 1,159	$ 1,209
Accumulated depreciation	(622)	(417)
Leased wireless devices, net	$ 537	$ 792

Future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Year Ended December 31,	
2019	$ 419
2020	59
Total	$ 478

Total depreciation expense relating to property and equipment was $6.4 billion, $5.8 billion and $6.0 billion for the years ended December 31, 2018, 2017 and 2016, respectively. Included in the total depreciation expense for the years ended December 31, 2018, 2017 and 2016 was $940 million, $1.0 billion and $1.5 billion, respectively, related to leased wireless devices.

For the years ended December 31, 2018, 2017 and 2016, we recorded additional depreciation expense of $60 million, $63 million and $101 million, respectively, as a result of adjustments to useful lives of network equipment expected to be replaced in connection with our network transformation and decommissioning the MetroPCS CDMA network and redundant network cell sites.

Asset retirement obligations are primarily for certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

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Activity in our asset retirement obligations was as follows:

(in millions)	December 31, 2018	December 31, 2017
Asset retirement obligations, beginning of year	$ 562	$ 539
Liabilities incurred	26	25
Liabilities settled	(9)	(16)
Accretion expense	30	27
Changes in estimated cash flows	—	(13)
Asset retirement obligations, end of year	$ 609	$ 562
Classified on the balance sheet as:		
Other current liabilities	$ —	$ 3
Other long-term liabilities	609	559
Asset retirement obligations	$ 609	$ 562

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $194 million and $220 million as of December 31, 2018 and 2017, respectively.

Note 6 – Goodwill, Spectrum License Transactions and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2018 and 2017 are as follows:

(in millions)	Goodwill
Historical goodwill	$ 12,449
Accumulated impairment losses at December 31, 2017	(10,766)
Balance as of December 31, 2017	1,683
Goodwill from acquisition of Layer3 TV	218
Balance as of December 31, 2018	$ 1,901
Accumulated impairment losses at December 31, 2018	$ (10,766)

On January 22, 2018, we completed our acquisition of Layer3 TV. This purchase was accounted for as a business combination resulting in $218 million in goodwill. Layer3 TV is a separate reporting unit and the acquired goodwill is tested for impairment at this level. See Note 2 – Business Combinations for further information.

Spectrum Licenses

The following table summarizes our spectrum license activity for the years ended December 31, 2018 and 2017:

(in millions)	2018	2017
Spectrum licenses, beginning of year	$ 35,366	$ 27,014
Spectrum license acquisitions	138	8,599
Spectrum licenses transferred to held for sale	(1)	(271)
Costs to clear spectrum	56	24
Spectrum licenses, end of year	$ 35,559	$ 35,366

We had the following spectrum license transactions during 2018:

- We recorded spectrum licenses received as part of our acquisition of the remaining equity interest in IWS at their estimated fair value of approximately $87 million. See Note 2 – Business Combinations for further information.

- We closed on multiple spectrum purchase agreements in which we acquired total spectrum licenses of approximately $50 million for cash consideration.

- In September 2018, we signed a reciprocal long-term lease agreement with Sprint in which both parties have the right to use a portion of spectrum owned by the other party. This executory agreement does not qualify as an acquisition of spectrum licenses, and we have not capitalized amounts related to the lease. The reciprocal long-term lease is a distinct transaction from the Merger. See Note 15 – Commitments and Contingencies for further information.

We had the following spectrum license transactions during 2017:

- In March 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of approximately $123 million and recognized a gain of $37 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- In April 2017, the FCC announced that we were the winning bidder of 1,525 licenses in the 600 MHz spectrum auction for an aggregate price of $8.0 billion. At inception of the auction in June 2016, we deposited $2.2 billion with the FCC which, based on the outcome of the auction, was sufficient to cover our down payment obligation due in April 2017. In May 2017, we paid the FCC the remaining $5.8 billion of the purchase price using cash reserves and by issuing debt to Deutsche Telekom AG ("DT"), our majority stockholder, pursuant to existing purchase commitments.

  The licenses are included in Spectrum licenses as of December 31, 2017, in our Consolidated Balance Sheets. We began deployment of these licenses on our network in the third quarter of 2017.

- In September 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of approximately $115 million and recognized a gain of $29 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- In September 2017, we entered into a Unit Purchase Agreement ("UPA") to acquire the remaining equity in Iowa Wireless Services, LLC ("IWS"), a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. On January 1, 2018, we closed on the purchase agreement and received the IWS spectrum licenses, among other assets. As of December 31, 2017, we accounted for our existing investment in IWS under the equity method as we had significant influence, but not control.

- In December 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of approximately $352 million and recognized a gain of $168 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

Goodwill and Other Intangible Assets Impairment Assessments

Our impairment assessment of goodwill and other indefinite-lived intangible assets (spectrum licenses) resulted in no impairment as of December 31, 2018 and 2017.

Other Intangible Assets

The components of Other intangible assets were as follows:

		December 31, 2018			December 31, 2017		
(in millions)	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount

Customer lists	Up to 6 years	$ 1,104	$ (1,086)	$ 18	$ 1,104	$ (1,016)	$ 88
Trademarks and patents	Up to 19 years	312	(225)	87	307	(192)	115
Other	Up to 28 years	149	(56)	93	49	(35)	14
Other intangible assets		$ 1,565	$ (1,367)	$ 198	$ 1,460	$ (1,243)	$ 217

Amortization expense for intangible assets subject to amortization was $124 million, $163 million and $220 million for the years ended December 31, 2018, 2017 and 2016, respectively.

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The estimated aggregate future amortization expense for intangible assets subject to amortization are summarized below:

(in millions)	Estimated Future Amortization
Year Ending December 31,	
2019	$ 73
2020	55
2021	35
2022	25
2023	6
Thereafter	4
Total	$ 198

Note 7 – Fair Value Measurements

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates, Accounts payable and accrued liabilities, and borrowings under our revolving credit facility with DT, our majority stockholder, approximate fair value due to the short-term maturities of these instruments.

Derivative Financial Instruments

Interest rate lock derivatives

On October 1, 2018, we adopted the new derivatives and hedging standard and have applied the standard to hedging transactions prospectively. See Note 1 – Summary of Significant Accounting Policies for further discussion on the adoption of this standard.

Periodically, we use derivatives to manage exposure to market risk, such as interest rate risk. We designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship (cash flow hedge) to help minimize significant, unplanned fluctuations in cash flows caused by interest rate volatility. We do not use derivatives for trading or speculative purposes.

We enter into and designate interest rate lock derivatives (forward-starting swap instruments) as cash flow hedges to reduce variability in cash flows due to changes in interest payments attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt.

We record interest rate lock derivatives on our Consolidated Balance Sheets at fair value that is derived primarily from observable market data, including yield curves. Interest rate lock derivatives were classified as Level 2 in the fair value hierarchy. Cash flows associated with derivative instruments are presented in the same category on the Consolidated Statements of Cash Flows as the item being hedged.

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of interest rate lock derivatives as of December 31, 2018 was $447 million and is included in Other current liabilities in our Consolidated Balance Sheets. As of and for the year ended December 31, 2018, no amounts were accrued or amortized into Interest expense in the Consolidated Statements of Comprehensive Income while changes in fair value, net of tax, of $332 million are presented in AOCI.

Embedded derivatives

In connection with our business combination with MetroPCS, we issued senior reset notes to DT. We determined certain components of the reset feature are required to be bifurcated from the senior reset notes and separately accounted for as embedded derivative instruments.

The interest rates on our senior reset notes to DT were adjusted at the reset dates to rates defined in the applicable supplemental indentures to manage interest rate risk related to the senior reset notes. Our embedded derivatives are recorded at fair value primarily based on unobservable inputs and were classified as Level 3 in the fair value hierarchy for 2018 and 2017.

The fair value of embedded derivative instruments was $19 million and $66 million as of December 31, 2018 and 2017, respectively, and is included in Other long-term liabilities in our Consolidated Balance Sheets. For the years ended December

31, 2018, 2017 and 2016, we recognized $29 million, $52 million and $25 million from the gain activity related to embedded derivatives instruments in Interest expense to affiliates in our Consolidated Statements of Comprehensive Income.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 4 – Sales of Certain Receivables for further information.

The carrying amounts and fair values of our assets measured at fair value on a recurring basis included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2018		December 31, 2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Deferred purchase price assets	3	$ 746	$ 746	$ 745	$ 745

Long-term Debt

The fair value of our Senior Notes to third parties was determined based on quoted market prices in active markets, and therefore was classified as Level 1 within the fair value hierarchy. The fair values of our Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates were determined based on a discounted cash flow approach using market interest rates of instruments with similar terms and maturities and an estimate for our standalone credit risk. Accordingly, our Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates. The fair value estimates were based on information available as of December 31, 2018 and 2017. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

The carrying amounts and fair values of our short-term and long-term debt included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2018		December 31, 2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:					
Senior Notes to third parties	1	$ 10,950	$ 10,945	$ 11,910	$ 12,540
Senior Notes to affiliates	2	9,984	9,802	7,486	7,852
Incremental Term Loan Facility to affiliates	2	4,000	3,976	4,000	4,020
Senior Reset Notes to affiliates	2	598	640	3,100	3,260

Guarantee Liabilities

We offer a device trade-in program, JUMP!, which provides eligible customers a specified-price trade-in right to upgrade their device. For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee, incorporating the expected probability and timing of handset upgrade and the estimated fair value of the handset which is returned. Accordingly, our guarantee liabilities were classified as Level 3 within the fair value hierarchy. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. Guarantee liabilities are included in Other current liabilities in our Consolidated Balance Sheets.

The carrying amounts of our guarantee liabilities measured at fair value on a non-recurring basis included in our Consolidated Balance Sheets were $73 million and $105 million as of December 31, 2018 and 2017, respectively.

The total estimated remaining gross EIP receivable balances of all enrolled handset upgrade program customers, which are the

remaining EIP amounts underlying the JUMP! guarantee, including EIP receivables that have been sold, was $3.0 billion as of December 31, 2018. This is not an indication of our expected loss exposure as it does not consider the expected fair value of the used handset or the probability and timing of the trade-in.

Note 8 – Debt

Debt was as follows:

(in millions)	December 31, 2018	December 31, 2017
8.097% Senior Reset Notes to affiliates due 2021	$ —	$ 1,250
5.300% Senior Notes to affiliates due 2021	2,000	2,000
8.195% Senior Reset Notes to affiliates due 2022	—	1,250
4.000% Senior Notes to affiliates due 2022	1,000	1,000
4.000% Senior Notes due 2022	500	500
6.125% Senior Notes due 2022	—	1,000
Incremental term loan facility to affiliates due 2022	2,000	2,000
6.000% Senior Notes due 2023	1,300	1,300
6.625% Senior Notes due 2023	—	1,750
6.836% Senior Notes due 2023	—	600
9.332% Senior Reset Notes to affiliates due 2023	600	600
6.000% Senior Notes due 2024	1,000	1,000
6.500% Senior Notes due 2024	1,000	1,000
6.000% Senior Notes to affiliates due 2024	1,350	1,350
6.000% Senior Notes to affiliates due 2024	650	650
Incremental term loan facility to affiliates due 2024	2,000	2,000
5.125% Senior Notes to affiliates due 2025	1,250	1,250
5.125% Senior Notes due 2025	500	500
6.375% Senior Notes due 2025	1,700	1,700
6.500% Senior Notes due 2026	2,000	2,000
4.500% Senior Notes due 2026	1,000	—
4.500% Senior Notes to affiliates due 2026	1,000	—
5.375% Senior Notes due 2027	500	500
5.375% Senior Notes to affiliates due 2027	1,250	1,250
4.750% Senior Notes due 2028	1,500	—
4.750% Senior Notes to affiliates due 2028	1,500	—
Capital leases	2,015	1,824
Unamortized premium from purchase price allocation fair value adjustment	—	78
Unamortized premium on debt to affiliates	52	59
Unamortized discount on Senior Notes to affiliates	(64)	(73)
Debt issuance costs and consent fees	(56)	(19)
Total debt	27,547	28,319
Less: Current portion of Senior Notes	—	999
Less: Current portion of capital leases	841	613
Total long-term debt	$ 26,706	$ 26,707
Classified on the balance sheet as:		
Long-term debt	$ 12,124	$ 12,121
Long-term debt to affiliates	14,582	14,586
Total long-term debt	$ 26,706	$ 26,707

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Debt to Third Parties

During the year ended December 31, 2018 we issued the following Senior Notes:

(in millions)	Principal Issuances	Issuance Costs	Net Proceeds from Issuance of Long-Term Debt	Issue Date
4.500% Senior Notes due 2026	$ 1,000	$ 2	$ 998	January 25, 2018
4.750% Senior Notes due 2028	1,500	4	1,496	January 25, 2018
Total of Senior Notes issued	$ 2,500	$ 6	$ 2,494	

We used the net proceeds of $2.494 billion from the public debt issuance to redeem our $1.750 billion of 6.625% Senior Notes due 2023 on April 1, 2018, and to redeem our $600 million of 6.836% Senior Notes due 2023 on April 28, 2018, and for general corporate purposes, including the partial repayment of borrowings under our revolving credit facility with DT.

During the year ended December 31, 2018 we made the following note redemptions:

(in millions)	Principal Amount	Write-off of Premiums, Discounts and Issuance Costs (1)	Call Penalties (1) (2)	Redemption Date	Redemption Price
6.125% Senior Notes due 2022	$ 1,000	$ 1	$ 31	January 15, 2018	103.063 %
6.625% Senior Notes due 2023	1,750	(75)	58	April 1, 2018	103.313 %
6.836% Senior Notes due 2023	600	—	21	April 28, 2018	103.418 %

(1) Write-off of premiums, discounts, issuance costs and call penalties are included in Other income (expense), net in our Consolidated Statements of Comprehensive Income. Write-off of premiums, discounts and issuance costs are included in Losses on redemption of debt within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) The call penalty is the excess paid over the principal amount. Call penalties are included within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows.

Debt to Affiliates

On April 30, 2018, DT purchased (i) $1.0 billion in aggregate principal amount of 4.500% Senior Notes due 2026 and (ii) $1.5 billion in aggregate principal amount of 4.750% Senior Notes due 2028 directly from T-Mobile USA and certain of its affiliates, as guarantors, with no underwriting discount (the “New DT Notes”).

We used the net proceeds of $2.5 billion from the transaction to refinance existing indebtedness to DT as follows:

(in millions)	Principal Amount	Write -off of Embedded Derivatives (1)	Other (2)	Redemption Date	Redemption Price
8.097% Senior Notes due 2021	$ 1,250	$ (8)	$ 51	April 28, 2018	104.0485 %
8.195% Senior Notes due 2022	1,250	(8)	51	April 28, 2018	104.0975 %
Total	$ 2,500	$ (16)	$ 102		

(1) Certain components of the reset features were required to be bifurcated from the DT Senior Reset Notes and separately accounted for as embedded derivative instruments. Write-off of embedded derivatives are included in Losses on redemption of debt within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) Cash for the premium portion of the redemption price set forth in the indenture governing the DT Senior Reset Notes, plus accrued but unpaid interest on the DT Senior Reset Notes to, but not including, the exchange date.

Incremental Term Loan Facility

In March 2018, we amended the terms of our secured term loan facility (“Incremental Term Loan Facility”) with DT, our majority stockholder. Following this amendment, the applicable margin payable on LIBOR indexed loans is 1.50% under the $2.0 billion Incremental Term Loan Facility maturing on November 9, 2022 and 1.75% under the

$2.0 billion Incremental Term Loan Facility maturing on January 31, 2024. The amendment also modified the Incremental Term Loan Facility to (i) include a soft-call prepayment premium of 1.00% of the outstanding principal amount of the loans under the Incremental Term Loan Facility payable to DT upon certain refinancings of such loans by us with lower priced debt prior to a date that is six months after March 29, 2018 and (ii) update certain covenants and other provisions to make them substantially consistent, subject to certain additional carve outs, with our most recently issued public notes. No issuance fees were incurred related to this debt facility for the years ended December 31, 2018 or 2017.

Commitment Letter

Under the Commitment Letter in connection with the Merger, certain financial institutions named therein have committed to provide up to $30.0 billion in secured and unsecured debt financing, including a $4.0 billion secured revolving credit facility, a $7.0 billion secured term loan facility and a $19.0 billion secured bridge loan facility. In connection with the financing provided for in the Commitment Letter, we expect to incur certain fees if the Merger closes, including fees for the financial institutions structuring and providing the commitments for the secured term loan facility, secured revolving loan facility and the secured bridge loan, and certain take-out fees associated with the issuance of permanent secured bond debt in lieu of the secured bridge loan. We expect to incur up to approximately $340 million if the closing date occurs on or after April 29, 2019. There was no fee accrued as of December 31, 2018. We also may be required to draw down on the $7.0 billion secured term loan facility on May 1, 2019, and would be required to place the proceeds in escrow and pay interest thereon until the Merger closes.

Financing Matters Agreement

Pursuant to the Financing Matters Agreement, DT agreed, among other things, to consent to the incurrence by T-Mobile USA of secured debt in connection with and after the consummation of the Merger, and to provide a lock up on sales thereby as to certain senior notes of T-Mobile USA held thereby. In addition, T-Mobile USA agreed, among other things, to repay and terminate, upon closing of the Merger, the Incremental Term Loan Facility and the revolving credit facility of T-Mobile USA which are provided by DT, as well as $2.0 billion of T-Mobile USA's 5.300% Senior Notes due 2021 and $2.0 billion of T-Mobile USA's 6.000% Senior Notes due 2024. In addition, T-Mobile USA and DT agreed, upon closing of the Merger, to amend the $1.25 billion of T-Mobile USA's 5.125% Senior Notes due 2025 and $1.25 billion of T-Mobile USA's 5.375% Senior Notes due 2027 to change the maturity dates thereof to April 15, 2021 and April 15, 2022, respectively (the "2025 and 2027 Amendments"). In connection with receiving the requisite consents, we made upfront payments to DT of $7 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt to affiliates in our Consolidated Balance Sheets. In accordance with the consents received from DT, on December 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 38th supplemental indenture to the Indenture, pursuant to which, with respect to certain T-Mobile USA Senior Notes held by DT, the Proposed Amendments (as defined below under "Consents on Debt to Third Parties") and the 2025 and 2027 Amendments will become effective immediately prior to the consummation of the Merger. If the Merger is consummated, we will make additional payments for requisite consents to DT of $20 million. There was no additional payment accrued as of December 31, 2018.

Consents on Debt to Third Parties

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement, we obtained consents necessary to effect certain amendments to our Senior Notes to third parties in connection with the Business Combination Agreement. Pursuant to the Consent Solicitation Statement, third-party note holders agreed, among other things, to consent to increasing the amount of Secured Indebtedness under Credit Facilities that can be incurred from the greater of $9.0 billion and 150% of Consolidated Cash Flow to the greater of $9.0 billion and an amount that would not cause the Secured Debt to Cash Flow Ratio (calculated net of cash and cash equivalents) to exceed 2.00x (the "Ratio Secured Debt Proposed Amendments") and in each case as such capitalized term is defined in the Indenture. In connection with receiving the requisite consents for the Ratio Secured Debt Proposed Amendments, we made upfront payments to third-party note holders of $17 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In addition, note holders agreed, among other things, to allow certain entities related to Sprint's existing spectrum securitization notes program ("Existing Sprint Spectrum Program") to be non-guarantor Restricted Subsidiaries, provided that the principal amount of the spectrum notes issued and outstanding under the Existing Sprint Spectrum Program does not exceed $7.0 billion and that the principal amount of such spectrum notes reduces the amount available under the Credit Facilities ratio basket, and to revise the definition of GAAP to mean generally accepted accounting principles in effect from time to time, unless the Company elects to "freeze" GAAP as of any date, and to exclude the effect of the changes in the accounting treatment of lease obligations (the "Existing Sprint Spectrum and GAAP Proposed Amendments," and together with the Ratio Secured Debt Proposed Amendments, the "Proposed Amendments"). In connection with receiving the requisite consents for the Existing Sprint Spectrum and GAAP

Proposed Amendments, we made upfront payments to third-party note holders of $14 million during the second quarter of 2018. These payments were recognized as a reduction to Long-term debt in our Consolidated Balance Sheets. These upfront payments increased the effective interest rate of the related debt.

In connection with obtaining the requisite consents, on May 20, 2018, T-Mobile USA, the guarantors and Deutsche Bank Trust Company Americas, as trustee, executed and delivered the 37th supplemental indenture to the Indenture, pursuant to which,

with respect to each of the Notes, the Proposed Amendments will become effective immediately prior to the consummation of the Merger.

We paid third-party bank fees associated with obtaining the requisite consents related to the Proposed Amendments of $6 million during the second quarter of 2018, which we recognized as Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income. If the Merger is consummated, we will make additional payments to third-party note holders for requisite consents related to the Ratio Secured Debt Proposed Amendments of up to $54 million and additional payments to third-party note holders for requisite consents related to the Existing Sprint Spectrum and GAAP Proposed Amendments of up to $41 million. There was no payment accrued as of December 31, 2018.

Financing Arrangements

We maintain a handset financing arrangement with Deutsche Bank AG ("Deutsche Bank"), which allows for up to $108 million in borrowings. Under the handset financing arrangement, we can effectively extend payment terms for invoices payable to certain handset vendors. The interest rate on the handset financing arrangement is determined based on LIBOR plus a specified margin per the arrangement. Obligations under the handset financing arrangement are included in Short-term debt in our Consolidated Balance Sheets. In 2017, we utilized and repaid $100 million under the financing arrangement. As of December 31, 2018 and 2017, there was no outstanding balance.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. The interest rate on the vendor financing arrangements is determined based on the difference between LIBOR and a specified margin per the agreements. Obligations under the vendor financing arrangements are included in Short-term debt in our Consolidated Balance Sheets. In 2018, we utilized and repaid $300 million under the financing arrangement. As of December 31, 2018 and 2017, there was no outstanding balance.

Revolving Credit Facility

We have a $2.5 billion revolving credit facility with DT that is comprised of (i) a $1.0 billion unsecured revolving credit agreement ("Unsecured Revolving Credit Facility") and (ii) a $1.5 billion secured revolving credit agreement ("Secured Revolving Credit Facility"). In January 2018, we utilized proceeds under our revolving credit facility with DT to redeem $1.0 billion in aggregate principal amount of our 6.125% Senior Notes due 2022 and for general corporate purposes. On January 29, 2018, the proceeds utilized under our revolving credit facility with DT were repaid.

In March 2018, we amended the terms of our Unsecured Revolving Credit Facility and our Secured Revolving Credit Facility. Following these amendments, (i) the range of the applicable margin payable under the Unsecured Revolving Credit Facility is 2.05% to 3.05%, (ii) the range of applicable margin payable under the Secured Revolving Credit Facility is 1.05% to 1.80%, (iii) the range of the undrawn commitment fee applicable to the Unsecured Revolving Credit Facility is 0.20% to 0.575%, (iv) the range of the undrawn commitment fee applicable to the Secured Revolving Credit Facility is 0.25% to 0.45%, and (v) the maturity date of the revolving credit facility with DT is December 29, 2020. The amendments also modify the facility to update certain covenants and other provisions to make them substantially consistent, subject to certain additional carve outs, with our most recently issued public notes.

In November 2018, we amended the terms of the revolving credit facility with DT to extend the maturity date to December 29, 2021.

The proceeds and borrowings from the revolving credit facility are presented in Proceeds from borrowing on revolving credit facility and Repayments of revolving credit facility within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows. As of December 31, 2018 and 2017, there were no outstanding borrowings under the revolving credit facility.

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Capital Leases

Capital lease agreements primarily relate to network equipment with varying expiration terms through 2033. Future minimum payments required under capital leases, including interest and maintenance, over their remaining terms are summarized below:

(in millions)	Future Minimum Payments
Year Ended December 31,	
2019	$ 909
2020	631
2021	389
2022	102
2023	66
Thereafter	106
Total	$ 2,203
Included in Total	
Interest	$ 143
Maintenance	45

Standby Letters of Credit

For the purposes of securing our obligations to provide handset insurance services, we maintain an agreement for standby letters of credit with JP Morgan Chase Bank, N.A. ("JP Morgan Chase"). For purposes of securing our general purpose obligations, we maintain a letter of credit reimbursement agreement with Deutsche Bank.

The following table summarizes the outstanding standby letters of credit under each agreement:

(in millions)	December 31, 2018	December 31, 2017
JP Morgan Chase	$ 20	$ 20
Deutsche Bank	66	59
Total outstanding balance	$ 86	$ 79

Note 9 – Tower Obligations

In 2012, we conveyed to Crown Castle International Corp. ("CCI") the exclusive right to manage and operate approximately 7,100 T-Mobile-owned wireless communication tower sites ("CCI Tower Sites") in exchange for net proceeds of $2.5 billion (the "2012 Tower Transaction"). Rights to approximately 6,200 of the tower sites were transferred to CCI via a master prepaid lease with site lease terms ranging from 23 to 37 years ("CCI Lease Sites"), while the remaining tower sites were sold to CCI ("CCI Sales Sites"). CCI has fixed-price purchase options for these towers totaling approximately $2.0 billion, based on the estimated fair market value at the end of the lease term. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

In 2015, we conveyed to Phoenix Tower International ("PTI") the exclusive right to manage and operate approximately 600 T-Mobile-owned wireless communication tower sites ("PTI Tower Sites") in exchange for net proceeds of approximately $140 million (the "2015 Tower Transaction"). As of December 31, 2018, rights to approximately 150 of the tower sites remain operated by PTI under a management agreement ("PTI Managed Sites"). We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of certain of the tower sites were transferred to SPEs. Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants, who lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs. Upon closing of the 2012 Tower Transaction, CCI acquired all of the equity interests in the SPEs containing CCI Sales Sites and an

option to acquire the CCI Lease Sites at the end of their respective lease terms and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites. Upon closing of the 2015 Tower Transaction, PTI acquired all of the equity interests in the SPEs containing PTI Sales Sites and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites.

We determined the SPEs containing the CCI Lease Sites ("Lease Site SPEs") are VIEs as our equity investment lacks the power to direct the activities that most significantly impact the economic performance of the VIEs. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not have a controlling financial interest in the Lease Site SPEs, the balances and operating results of the Lease Site SPEs are not included in our Consolidated Financial Statements.

Due to our continuing involvement with the tower sites, we determined that we were precluded from applying sale-leaseback accounting. We recorded long-term financial obligations in the amount of the net proceeds received and recognized interest on the tower obligations at a rate of approximately 8% for the 2012 Tower Transaction and 5% for the 2015 Tower Transaction using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI or PTI and through estimated future net cash flows generated and retained by CCI or PTI from operation of the tower sites. Our historical tower site asset costs continue to be reported in Property and equipment, net in our Consolidated Balance Sheets and are depreciated.

The following table summarizes the impacts to the Consolidated Balance Sheets:

(in millions)	December 31, 2018	December 31, 2017
Property and equipment, net	$ 329	$ 402
Long-term financial obligation	2,557	2,590

Future minimum payments related to the tower obligations are expected to be approximately $195 million in 2019, $391 million in total for 2020 and 2021, $392 million in total for 2022 and 2023 and $835 million in total for years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites. These contingent obligations are not included in the above table as any amount due is contractually owed by CCI based on the subleasing arrangement. See Note 15 – Commitments and Contingencies for further information.

If we conclude a sale should be recognized, upon adoption of the new lease standard on January 1, 2019, we would derecognize our existing long-term financial obligation and the net book value of the tower-related property and equipment associated with the previous failed sale-leaseback transaction. See Note 1 – Summary of Significant Accounting Policies for further information.

Note 10 – Revenue from Contracts with Customers

Disaggregation of Revenue

We provide wireless communication services to three primary categories of customers:

- Branded postpaid customers generally include customers who are qualified to pay after receiving wireless communication services utilizing phones, mobile broadband devices (including tablets), DIGITS, SyncUP DRIVE™ or other devices including wearables;
- Branded prepaid customers generally include customers who pay for wireless communication services in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile; and
- Wholesale customers include M2M and MVNO customers that operate on our network but are managed by wholesale partners.

See Note 1 – Summary of Significant Accounting Policies for further discussion.

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Branded postpaid service revenues, including branded postpaid phone revenues and branded postpaid other revenues, were as follows:

(in millions)	Year Ended December 31, 2018	2017	2016
Branded postpaid service revenues			
Branded postpaid phone revenues	$ 19,745	$ 18,371	$ 17,365
Branded postpaid other revenues	1,117	1,077	773
Total branded postpaid service revenues	$ 20,862	$ 19,448	$ 18,138

We operate as a single operating segment. The balances presented within each revenue line item in our Consolidated Statements of Comprehensive Income represent categories of revenue from contracts with customers disaggregated by type of product and service. Service revenues also include revenues earned for providing value added services to customers, such as handset insurance services. Revenue generated from the lease of mobile communication devices and accessories is included within Equipment revenues in our Consolidated Statements of Comprehensive Income.

Equipment revenues from the lease of mobile communication devices and accessories were as follows:

(in millions)	Year Ended December 31, 2018	2017	2016
Equipment revenues from the lease of mobile communication devices and accessories	$ 692	$ 877	$ 1,416

Contract Balances

The opening and closing balances of our contract asset and contract liability balances from contracts with customers as of January 1, 2018 and December 31, 2018, were as follows:

(in millions)	Contract Assets Included in Other Current Assets	Contract Liabilities Included in Deferred Revenue
Balance as of January 1, 2018	$ 140	$ 718
Balance as of December 31, 2018	51	645
Change	$ (89)	$ (73)

Contract assets primarily represent revenue recognized for equipment sales with promotional bill credits offered to customers that are paid over time and are contingent on the customer maintaining a service contract. The change in the contract asset balance includes customer activity related to new promotions, offset by billings on existing contracts and impairment which is recognized as bad debt expense.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. The change in contract liabilities is primarily related to customer activity associated with our prepaid plans including the receipt of cash payments and the satisfaction of our performance obligations.

Revenues for the year ended December 31, 2018, include the following:

(in millions)	Year Ended December 31, 2018
Amounts included in the January 1, 2018 contract liability balance	$ 710
Amounts associated with performance obligations satisfied in previous periods	2

Remaining Performance Obligations

As of December 31, 2018, the aggregate amount of transaction price allocated to remaining service performance obligations for branded postpaid contracts with promotional bill credits that result in an extended service contract is

$308 million. We expect to recognize this revenue as service is provided over the extended contract term in the next 24 months.

Certain of our wholesale, roaming and other service contracts include variable consideration based on usage. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of December 31, 2018, the

aggregate amount of the contractual minimum consideration allocated to remaining service performance obligations for wholesale, roaming and other service contracts is $1.1 billion, $1.0 billion and $1.5 billion for 2019, 2020 and 2021 and beyond, respectively. These contracts have a remaining duration of less than one year to six years.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less have been excluded from the above, which primarily consists of monthly service contracts. The aggregate amount of the transaction price allocated to remaining service performance obligations includes the estimated amount to be invoiced to the customer.

Contract Costs

The total balance of deferred incremental costs to obtain contracts as of December 31, 2018 was $644 million. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs was $267 million for the year ended December 31, 2018.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the year ended December 31, 2018.

Note 11 – Employee Compensation and Benefit Plans

On February 14, 2018, our Board of Directors adopted, and on June 13, 2018, our stockholders approved an amendment (the "Amendment") to the 2013 Omnibus Incentive Plan (as amended, the "Plan") which increased the number of shares authorized for issuance under the Plan by 18,500,000 shares. On June 18, 2018, we filed a Form S-8 to register a total of 19,345,005 shares of common stock pursuant to the Plan, representing those covered by the Amendment, certain other predecessor plans, and certain equity arrangements assumed in connection with the acquisition of Layer3 TV in January 2018.

During the year ended December 31, 2018, we granted or assumed an aggregate of 6,259,169 RSUs and restricted stock awards ("RSAs") to eligible employees, certain non-employee directors, and eligible key executives, which primarily included annual awards. RSUs entitle the grantee to receive shares of our common stock at the end of a vesting period of generally up to three years, subject to continued service through the applicable vesting date.

During the year ended December 31, 2018, we granted an aggregate of 3,364,629 PRSUs to eligible key executives, which primarily included annual awards and an aggregate of 1,317,386 PRSUs to certain executive officers in connection with the entry into the Business Combination Agreement with Sprint. PRSUs entitle the holder to receive shares of our common stock at the end of a performance period of generally up to three years, based on the attainment of the applicable performance goals and generally subject to continued employment through the applicable performance period. The number of shares ultimately received by the holder of PRSUs is dependent on our business performance against the specified performance goal(s) over a pre-established performance period.

As discussed in Note 2 – Business Combinations, in January 2018 we completed our acquisition of Layer3 TV. The fair value of share-based incentive compensation awards attributable to post-combination services was approximately $30 million.

Stock-based compensation expense and related income tax benefits were as follows:

(in millions, except shares, per share and contractual life amounts)	December 31, 2018	December 31, 2017	December 31, 2016
Stock-based compensation expense	$ 424	$ 306	$ 235
Income tax benefit related to stock-based compensation	81	73	80
Weighted average fair value per stock award granted	61.52	60.21	45.07
Unrecognized compensation expense	547	445	389
Weighted average period to be recognized (years)	1.8	1.9	2.0
Fair value of stock awards vested	471	503	354

Stock Awards

Time-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2017	12,061,608	$ 50.69	1.1	$ 766
Granted	6,259,169	60.44		
Vested	6,455,617	47.89		
Forfeited	854,525	56.90		
Nonvested, December 31, 2018	11,010,635	57.66	1.0	$ 700

Performance-Based Restricted Stock Units and Restricted Stock Awards

(in millions, except shares, per share and contractual life amounts)	Number of Units or Awards	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2017	1,633,935	$ 48.06	1.1	$ 104
Granted	3,364,629	63.54		
Vested	1,006,769	36.47		
Forfeited	140,241	64.14		
Nonvested, December 31, 2018	3,851,554	64.03	1.6	$ 245

PRSUs included in the table above are shown at target. Share payout can range from 0% to 200% based on different performance outcomes.

Payment of the underlying shares in connection with the vesting of stock awards generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. We have agreed to withhold shares of common stock otherwise issuable under the award to cover certain of these tax obligations, with the net shares issued to the employee accounted for as outstanding common stock. We withheld 2,321,827 and 2,754,721 shares of common stock to cover tax obligations associated with the payment of shares upon vesting of stock awards and remitted cash of $146 million and $166 million to the appropriate tax authorities for the years ended December 31, 2018 and 2017, respectively.

Employee Stock Purchase Plan

Our employee stock purchase plan ("ESPP") allows eligible employees to contribute up to 15% of their eligible earnings toward the semi-annual purchase of our common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the closing stock price on the first or last day of the six-month offering period, whichever price is lower. The number of shares issued under our ESPP was 2,011,794 and 1,832,043 for the years ended December 31, 2018 and 2017, respectively.

Stock Options

Stock options outstanding relate to the Metro Communications, Inc. 2010 Equity Incentive Compensation Plan, the Amended and Restated Metro Communications, Inc. 2004 Equity Incentive Compensation Plan, the Second Amended and Restated 1995 Stock Option Plan and the Layer3 TV, Inc. 2013 Stock Plan (collectively, the "Stock Option Plans"). No new awards have been or may be granted under the Stock Option Plans.

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The following activity occurred under the Stock Option Plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding and exercisable, December 31, 2017	373,158	$ 16.36	2.8
Assumed through acquisition of Layer3 TV	118,645	15.51	
Exercised	187,965	18.28	
Expired/canceled	19,027	18.81	
Outstanding at December 31, 2018	284,811	14.58	3.8
Exercisable at December 31, 2018	244,224	14.18	3.1

Stock options exercised under the Stock Option Plans generated proceeds of approximately $3 million and $21 million for the years ended December 31, 2018 and 2017, respectively.

Employee Retirement Savings Plan

We sponsor a retirement savings plan for the majority of our employees under Section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pretax income in accordance with specified guidelines. The plans provide that we match a percentage of employee contributions up to certain limits. Employer matching contributions were $102 million, $87 million and $83 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Legacy Long-Term Incentive Plan

Prior to the business combination with MetroPCS Communications, Inc., we maintained a performance-based Long-Term Incentive Plan ("LTIP") which aligned to our long-term business strategy. As of December 31, 2018 and 2017, there were no LTIP awards outstanding and no new awards are expected to be granted under the LTIP. There was no compensation expense reported within operating expenses related to our LTIP for the years ended December 31, 2018, 2017 and 2016. There were no payments to participants related to our LTIP for the years ended December 31, 2018 and 2017. Payments were $52 million for the year ended December 31, 2016.

Note 12 – Repurchases of Common Stock

2017 Stock Repurchase Program

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the "2017 Stock Repurchase Program"). Repurchased shares are retired. The 2017 Stock Repurchase Program completed on April 29, 2018.

The following table summarizes information regarding repurchases of our common stock under the 2017 Stock Repurchase Program:

(In millions, except shares and per share price)

Year ended December 31	Number of Shares Repurchased	Average Price Paid Per Share	Total Purchase Price
2018	16,738,758	$ 62.96	$ 1,054
2017	7,010,889	63.34	444
	23,749,647	63.07	$ 1,498

2018 Stock Repurchase Program

On April 27, 2018, our Board of Directors authorized an increase in the total stock repurchase program to $9.0 billion, consisting of the $1.5 billion in repurchases previously completed and for up to an additional $7.5 billion of repurchases of our common stock, allocated as up to $500 million of shares of common stock through December 31, 2018, up to $3.0 billion of shares of common stock for the year ending December 31, 2019 and up to $4.0 billion of

shares of common stock for the year ending December 31, 2020, with any authorized but unutilized repurchase capacity for any of the foregoing periods increasing

the authorized repurchase capacity for the succeeding period by the amount of such unutilized repurchase capacity. The additional $7.5 billion repurchase authorization is contingent upon the termination of the Business Combination Agreement and the abandonment of the transactions contemplated under the Business Combination Agreement.

Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The repurchase program does not obligate us to acquire any particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion. Repurchased shares are retired.

Stock Purchases by Affiliate

In the first quarter of 2018, DT, our majority stockholder and an affiliated purchaser, purchased 3.3 million additional shares of our common stock at an aggregate market value of $200 million in the public market or from other parties, in accordance with the rules of the SEC and other applicable legal requirements. There were no purchases in the remainder of 2018. We did not receive proceeds from these purchases.

Note 13 – Income Taxes

Our sources of Income before income taxes were as follows:

	Year Ended December 31,		
(in millions)	**2018**	**2017**	**2016**
U.S.	$ 3,686	$ 3,274	$ 2,286
Puerto Rico	231	(113)	41
Income before income taxes	$ 3,917	$ 3,161	$ 2,327

Income tax expense is summarized as follows:

	Year Ended December 31,		
(in millions)	**2018**	**2017**	**2016**
Current tax benefit (expense)			
Federal	$ 39	$ —	$ 66
State	(63)	(28)	(29)
Puerto Rico	(25)	(1)	10
Total current tax benefit (expense)	(49)	(29)	47
Deferred tax benefit (expense)			
Federal	(750)	1,182	(804)
State	(160)	173	(96)
Puerto Rico	(70)	49	(14)
Total deferred tax (expense) benefit	(980)	1,404	(914)
Total income tax (expense) benefit	$ (1,029)	$ 1,375	$ (867)

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The reconciliation between the U.S. federal statutory income tax rate and our effective income tax rate is as follows:

	Year Ended December 31,		
	2018	2017	2016
Federal statutory income tax rate	21.0 %	35.0 %	35.0 %
Effect of law and rate changes	1.9	(68.9)	0.8
Change in valuation allowance	(1.6)	(11.4)	1.0
State taxes, net of federal benefit	4.8	4.8	3.2
Equity-based compensation	(0.6)	(2.4)	(2.2)
Puerto Rico taxes, net of federal benefit	2.4	(1.5)	—
Permanent differences	1.3	0.5	0.6
Federal tax credits, net of reserves	(2.9)	0.3	(0.5)
Other, net	—	0.1	(0.6)
Effective income tax rate	26.3 %	(43.5 %)	37.3 %

Significant components of deferred income tax assets and liabilities, tax effected, are as follows:

(in millions)	December 31, 2018	December 31, 2017
Deferred tax assets		
Loss carryforwards	$ 1,526	$ 1,576
Deferred rents	784	759
Reserves and accruals	668	667
Federal and state tax credits	340	298
Other	620	403
Deferred tax assets, gross	3,938	3,703
Valuation allowance	(210)	(273)
Deferred tax assets, net	3,728	3,430
Deferred tax liabilities		
Spectrum licenses	5,494	5,038
Property and equipment	2,434	1,840
Other intangible assets	40	41
Other	232	48
Total deferred tax liabilities	8,200	6,967
Net deferred tax liabilities	$ 4,472	$ 3,537
Classified on the balance sheet as:		
Deferred tax liabilities	$ 4,472	$ 3,537

In 2017, the SEC issued Staff Accounting Bulletin ("SAB") No. 118 which permitted the recording of provisional amounts related to the impact of the U.S. Tax Cuts and Jobs Act of 2017 (the "TCJA") during a measurement period not to exceed one year from the enactment date of the TCJA. We recorded an immaterial amount for provisional items related to the TCJA in our Consolidated Statements of Comprehensive Income for the year ended December 31, 2017. Our accounting for these items is now complete. Current period adjustments related to the provisional items were immaterial.

As of December 31, 2018, we have tax effected net operating loss ("NOL") carryforwards of $1.1 billion for federal income tax purposes and $797 million for state income tax purposes, expiring through 2038. Federal NOLs and certain state NOLs generated in 2018 do not expire. As of December 31, 2018, our tax effected federal and state NOL carryforwards for financial reporting purposes were approximately $119 million and $261 million, respectively, less than our NOL carryforwards for federal and state income tax purposes, due to unrecognized tax benefits of the same amount. The financial reporting amounts exclude indirect tax effects in other jurisdictions.

As of December 31, 2018, we have available Alternative Minimum Tax ("AMT") credit carryforwards of $48 million. Under the TCJA, the AMT credits will be fully recovered by 2021. We also have research and development and foreign tax credit carryforwards with a combined value of $312 million for federal income tax purposes, which begin to expire in 2019.

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As of December 31, 2018, 2017 and 2016, our valuation allowance was $210 million, $273 million and $573 million, respectively. The change from December 31, 2017 to December 31, 2018 primarily related to a reduction in the valuation allowance against deferred tax assets in certain state jurisdictions from a change in tax status of certain subsidiaries. The change from December 31, 2016 to December 31, 2017 primarily related to a reduction in the valuation allowance against deferred tax assets in state jurisdictions of $359 million, partially offset by a $26 million valuation allowance established during 2017 for the impact of the TCJA on certain tax credits and a $33 million increase in the valuation allowance associated with the reduced federal benefit of state items. We will continue to monitor positive and negative evidence related to the utilization of the remaining deferred tax assets for which a valuation allowance continues to be provided. It is possible that our valuation allowance may change within the next twelve months.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in Puerto Rico. We are currently under examination by various states. Management does not believe the resolution of any of the audits will result in a material change to our financial condition, results of operations or cash flows. The IRS has concluded its audits of our federal tax returns through the 2013 tax year; however, NOL and other carryforwards for certain audited periods remain open for examination. We are generally closed to U.S. federal, state and Puerto Rico examination for years prior to 1999.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

	Year Ended December 31,		
(in millions)	**2018**	**2017**	**2016**
Unrecognized tax benefits, beginning of year	$ 412	$ 410	$ 411
Gross increases (decreases) to tax positions in prior periods	6	(10)	(5)
Gross increases due to current period business acquisitions	10	—	—
Gross increases to current period tax positions	34	12	4
Unrecognized tax benefits, end of year	$ 462	$ 412	$ 410

As of December 31, 2018 and 2017, we had $315 million and $254 million, respectively, in unrecognized tax benefits that, if recognized, would affect our annual effective tax rate. Included in the 2018 increase to unrecognized tax benefits is $10 million related to tax positions acquired through the acquisition of Layer3 TV. Penalties and interest on income tax assessments are included in Selling, general and administrative expenses and Interest expense, respectively, in our Consolidated Statements of Comprehensive Income. The accrued interest and penalties associated with unrecognized tax benefits are insignificant.

Note 14 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

	Year Ended December 31,		
(in millions, except shares and per share amounts)	**2018**	**2017**	**2016**
Net income	$ 2,888	$ 4,536	$ 1,460
Less: Dividends on mandatory convertible preferred stock	—	(55)	(55)
Net income attributable to common stockholders - basic	2,888	4,481	1,405
Add: Dividends related to mandatory convertible preferred stock	—	55	—
Net income attributable to common stockholders - diluted	$ 2,888	$ 4,536	$ 1,405
Weighted average shares outstanding - basic	849,744,152	831,850,073	822,470,275
Effect of dilutive securities:			
Outstanding stock options and unvested stock awards	8,546,022	9,200,873	10,584,270
Mandatory convertible preferred stock	—	30,736,504	—
Weighted average shares outstanding - diluted	858,290,174	871,787,450	833,054,545
Earnings per share - basic	$ 3.40	$ 5.39	$ 1.71

Earnings per share - diluted	$ 3.36	$ 5.20	$ 1.69
Potentially dilutive securities:			
Outstanding stock options and unvested stock awards	148,422	33,980	3,528,683
Mandatory convertible preferred stock	—	—	32,238,000

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As of December 31, 2018, we had authorized 100 million shares of 5.50% mandatory convertible preferred stock series A, with a par value of $0.00001 per share. There were no preferred shares outstanding as of December 31, 2018 and 2017, respectively.

Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

Note 15 – Commitments and Contingencies

Commitments

Operating Leases

We have non-cancellable operating leases for cell sites, switch sites, retail stores and office facilities with contractual terms expiring through 2028. The majority of cell site leases have an initial non-cancelable term of five to ten years with several renewal options. In addition, we have operating leases for dedicated transportation lines with varying expiration terms through 2027. Our commitments under these leases are approximately $2.7 billion for the year ending December 31, 2019, $4.7 billion in total for the years ending December 31, 2020 and 2021, $3.3 billion in total for the years ending December 31, 2022 and 2023 and $3.8 billion in total for years thereafter.

As of December 31, 2018, we were contingently liable for future ground lease payments related to the tower obligations. These contingent obligations are not included in the above table as the amounts due are contractually owed by CCI based on the subleasing arrangement. See Note 9 – Tower Obligations for further information.

Total rent expense under operating leases, including dedicated transportation lines, was $3.0 billion, $2.9 billion and $2.8 billion for the years ended December 31, 2018, 2017 and 2016, respectively, and is classified as Cost of services and Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income.

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms through 2029. In addition, we have commitments to purchase and lease spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

Our purchase obligations are approximately $3.4 billion for the year ending December 31, 2019, $2.8 billion in total for the years ending December 31, 2020 and 2021, $1.8 billion in total for the years ending December 31, 2022 and 2023 and $1.4 billion in total for the years thereafter.

In June 2018, we entered into an agreement for the purchase of network equipment totaling approximately $3.5 billion. Based on unavoidable spend, the minimum commitment under this agreement is $377 million as of December 31, 2018.

In September 2018, we amended an agreement with a third party to increase the total amount of network equipment to purchase by approximately $3.5 billion. Based on unavoidable spend, the minimum commitment under this agreement is $259 million as of December 31, 2018.

In September 2018, we signed a reciprocal long-term spectrum lease with Sprint that included a total commitment of $535 million and an offsetting amount to be received from Sprint for the lease of our spectrum. Lease payments began in the fourth quarter of 2018. The reciprocal long-term lease is a distinct transaction from the Merger.

In October 2018, we entered into agreements with a third-party associated with a device upgrade program, trade-in services, and device protection products and services offered to our mobile communications customers, with initial terms of one to three years. Device protection products and services include reinsurance for device insurance policies and extended warranty contracts, mobile security applications, and technical support services.

Interest rate lock derivatives

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion These interest rate lock derivatives were designated as cash flow hedges to reduce variability in cash flows due to changes in interest payments

attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. The fair value of interest rate lock derivatives as of December 31, 2018 was $447 million and is included in Other current liabilities in our Consolidated Balance Sheets. See Note 7 – Fair Value Measurements for further information.

Renewable Energy Purchase Agreements

During 2018, T-Mobile USA entered four renewable energy purchase agreements ("REPAs") with third parties. The REPAs are based on the expected operation of energy-generating facilities and will remain in effect for terms of between 15 and 20 years from the commencement of facility's entry into commercial operation. Commercial operations are set to begin at the end of 2019 or 2020. Each REPA consists of an energy forward agreement that is net settled based on energy prices and the energy output generated by the facility. We have determined that each of the REPAs does not meet the definition of a derivative because the expected energy output of the facility may not be reliably estimated (the arrangement lacks a notional amount). The REPAs do not contain any unconditional purchase obligations because amounts under the agreement are not fixed and determinable. Our participations in the REPAs did not require upfront investments or capital commitments. We do not control the activities that most significantly impact the energy-generating facilities, nor do we receive specific energy output from them.

Contingencies and Litigation

Litigation Matters

We are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. The Litigation Matters described above have progressed to various stages and some of them may proceed to trial, arbitration, hearing or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate, which is reflected in the Consolidated Financial Statements but that we do not consider, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including but not limited to uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. While we do not expect that the ultimate resolution of these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, an unfavorable outcome of some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

Note 16 – Additional Financial Information

Supplemental Consolidated Balance Sheets Information

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are summarized as follows:

(in millions)	December 31, 2018	December 31, 2017
Accounts payable	$ 5,487	$ 6,182
Payroll and related benefits	709	614
Property and other taxes, including payroll	642	620
Interest	227	253
Commissions	243	324
Network decommissioning	65	92
Toll and interconnect	157	109
Advertising	76	46
Other	135	288
Accounts payable and accrued liabilities	$ 7,741	$ 8,528

Book overdrafts included in accounts payable and accrued liabilities were $630 million and $455 million as of December 31, 2018 and 2017, respectively.

Hurricane Impacts

During 2018, we recognized $61 million in costs related to hurricanes, including $36 million in incremental costs to maintain services primarily in Puerto Rico related to hurricanes that occurred in 2017 and $25 million related to hurricanes that occurred in 2018. Additional costs related to a hurricane that occurred in 2018 are expected to be immaterial in the first quarter of 2019.

During 2018, we received reimbursement payments from our insurance carriers of $307 million related to hurricanes, of which $93 million was previously accrued for as a receivable as of December 31, 2017.

We have accrued insurance recoveries related to a hurricane that occurred in 2018 of approximately $5 million for the year ended December 31, 2018 as an offset to the costs incurred within Cost of services in our Consolidated Statements of Comprehensive Income and as an increase to Other current assets in our Consolidated Balance Sheets.

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The following table shows the hurricane impacts in our Consolidated Statements of Comprehensive Income for the years ended December 31, 2018 and 2017. There were no significant hurricane impacts in 2016.

(in millions, except per share amounts)	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Gross	Reim-bursement	Net	Gross	Reim-bursement	Net
Increase (decrease)						
Revenues						
Branded postpaid revenues	$ —	$ —	$ —	$ (37)	$ —	$ (37)
Of which, postpaid phone revenues	—	—	—	*(35)*	—	*(35)*
Branded prepaid revenues	—	—	—	(11)	—	(11)
Total service revenues	—	—	—	(48)	—	(48)
Equipment revenues	—	—	—	(8)	—	(8)
Other revenues	—	71	71	—	—	—
Total revenues	—	71	71	(56)	—	(56)
Operating expenses						
Cost of services	59	(135)	(76)	198	(93)	105
Cost of equipment sales	1	—	1	4	—	4
Selling, general and administrative	1	(13)	(12)	36	—	36
Of which, bad debt expense	—	—	—	*20*	—	*20*
Total operating expenses	61	(148)	(87)	238	(93)	145
Operating income (loss)	$ (61)	$ 219	$ 158	$ (294)	$ 93	$ (201)
Net income (loss)	$ (41)	$ 140	$ 99	$ (193)	$ 63	$ (130)
Earnings per share - basic	$ (0.05)	$ 0.17	$ 0.12	$ (0.23)	$ 0.07	$ (0.16)
Earnings per share - diluted	$ (0.05)	$ 0.17	$ 0.12	$ (0.22)	$ 0.07	$ (0.15)

Supplemental Consolidated Statements of Comprehensive Income Information

Related Party Transactions

We have related party transactions associated with DT or its affiliates in the ordinary course of business, which are included in the Consolidated Financial Statements.

The following table summarizes the impact of significant transactions with DT or its affiliates included in Operating expenses in the Consolidated Statements of Comprehensive Income:

(in millions)	Year Ended December 31,		
	2018	2017	2016
Discount related to roaming expenses	$ —	$ —	$ (15)
Fees incurred for use of the T-Mobile brand	84	79	74
Expenses for telecommunications and IT services	—	12	25
International long distance agreement	36	55	60

We have an agreement with DT for the reimbursement of certain administrative expenses, which were $11 million for each of the years ended December 31, 2018, 2017 and 2016.

Note 17 – Guarantor Financial Information

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties issued by T-Mobile USA ("Issuer") is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile ("Parent") and certain of the Issuer's 100% owned subsidiaries ("Guarantor Subsidiaries"). See Note 8 – Debt for further information.

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures and credit facilities governing the long-term debt contain covenants that, among other

things, limit the ability of the Issuer and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuer to loan funds or make payments to Parent. However, the Issuer and Guarantor Subsidiaries are allowed to make certain permitted payments to the Parent under the terms of the indentures and the supplemental indentures.

On October 23, 2018, SLMA LLC was formed as a limited liability company in Delaware to serve as an escrow subsidiary to facilitate the contemplated issuance of notes by Parent in connection with the Transactions. SLMA LLC is an indirect, 100% owned finance subsidiary of Parent, as such term is used in Rule 3-10(b) of Regulation S-X, and has been designated as an unrestricted subsidiary under Issuer's existing debt securities. Any debt securities that may be issued from time to time by SLMA LLC will be fully and unconditionally guaranteed by Parent.

Presented below is the condensed consolidating financial information as of December 31, 2018 and 2017, and for the years ended December 31, 2018, 2017 and 2016.

Condensed Consolidating Balance Sheet Information
December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 2	$ 1	$ 1,079	$ 121	$ —	$ 1,203
Accounts receivable, net	—	—	1,510	259	—	1,769
Equipment installment plan receivables, net	—	—	2,538	—	—	2,538
Accounts receivable from affiliates	—	—	11	—	—	11
Inventories	—	—	1,084	—	—	1,084
Other current assets	—	—	1,031	645	—	1,676
Total current assets	2	1	7,253	1,025	—	8,281
Property and equipment, net [1]	—	—	23,062	297	—	23,359
Goodwill	—	—	1,683	218	—	1,901
Spectrum licenses	—	—	35,559	—	—	35,559
Other intangible assets, net	—	—	116	82	—	198
Investments in subsidiaries, net	25,314	46,516	—	—	(71,830)	—
Intercompany receivables and note receivables	—	5,174	—	—	(5,174)	—
Equipment installment plan receivables due after one year, net	—	—	1,547	—	—	1,547
Other assets	—	7	1,540	221	(145)	1,623
Total assets	$ 25,316	$ 51,698	$ 70,760	$ 1,843	$ (77,149)	$ 72,468
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 228	$ 7,240	$ 273	$ —	$ 7,741
Payables to affiliates	—	157	43	—	—	200
Short-term debt	—	—	841	—	—	841
Deferred revenue	—	—	698	—	—	698
Other current liabilities	—	447	164	176	—	787
Total current liabilities	—	832	8,986	449	—	10,267
Long-term debt	—	10,950	1,174	—	—	12,124
Long-term debt to affiliates	—	14,582	—	—	—	14,582
Tower obligations [1]	—	—	384	2,173	—	2,557
Deferred tax liabilities	—	—	4,617	—	(145)	4,472
Deferred rent expense	—	—	2,781	—	—	2,781
Negative carrying value of subsidiaries, net	—	—	676	—	(676)	—
Intercompany payables and debt	598	—	4,234	342	(5,174)	—
Other long-term liabilities	—	20	926	21	—	967
Total long-term liabilities	598	25,552	14,792	2,536	(5,995)	37,483
Total stockholders' equity (deficit)	24,718	25,314	46,982	(1,142)	(71,154)	24,718
Total liabilities and stockholders' equity	$ 25,316	$ 51,698	$ 70,760	$ 1,843	$ (77,149)	$ 72,468

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 9 – Tower Obligations for further information.

Index for Notes to the Consolidated Financial Statements

Condensed Consolidating Balance Sheet Information
December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 74	$ 1	$ 1,086	$ 58	$ —	$ 1,219
Accounts receivable, net	—	—	1,659	256	—	1,915
Equipment installment plan receivables, net	—	—	2,290	—	—	2,290
Accounts receivable from affiliates	—	—	22	—	—	22
Inventories	—	—	1,566	—	—	1,566
Other current assets	—	—	1,275	628	—	1,903
Total current assets	74	1	7,898	942	—	8,915
Property and equipment, net [1]	—	—	21,890	306	—	22,196
Goodwill	—	—	1,683	—	—	1,683
Spectrum licenses	—	—	35,366	—	—	35,366
Other intangible assets, net	—	—	217	—	—	217
Investments in subsidiaries, net	22,534	40,988	—	—	(63,522)	—
Intercompany receivables and note receivables	—	8,503	—	—	(8,503)	—
Equipment installment plan receivables due after one year, net	—	—	1,274	—	—	1,274
Other assets	—	2	814	236	(140)	912
Total assets	$ 22,608	$ 49,494	$ 69,142	$ 1,484	$ (72,165)	$ 70,563
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 253	$ 8,014	$ 261	$ —	$ 8,528
Payables to affiliates	—	146	36	—	—	182
Short-term debt	—	999	613	—	—	1,612
Deferred revenue	—	—	779	—	—	779
Other current liabilities	17	—	192	205	—	414
Total current liabilities	17	1,398	9,634	466	—	11,515
Long-term debt	—	10,911	1,210	—	—	12,121
Long-term debt to affiliates	—	14,586	—	—	—	14,586
Tower obligations [1]	—	—	392	2,198	—	2,590
Deferred tax liabilities	—	—	3,677	—	(140)	3,537
Deferred rent expense	—	—	2,720	—	—	2,720
Negative carrying value of subsidiaries, net	—	—	629	—	(629)	—
Intercompany payables and debt	32	—	8,201	270	(8,503)	—
Other long-term liabilities	—	65	866	4	—	935
Total long-term liabilities	32	25,562	17,695	2,472	(9,272)	36,489
Total stockholders' equity (deficit)	22,559	22,534	41,813	(1,454)	(62,893)	22,559
Total liabilities and stockholders' equity	$ 22,608	$ 49,494	$ 69,142	$ 1,484	$ (72,165)	$ 70,563

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 9 – Tower Obligations for further information.

Index for Notes to the Consolidated Financial Statements

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 30,631	$ 2,339	$ (978)	$ 31,992
Equipment revenues	—	—	10,208	2	(201)	10,009
Other revenues	—	29	1,113	228	(61)	1,309
Total revenues	—	29	41,952	2,569	(1,240)	43,310
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,257	50	—	6,307
Cost of equipment sales	—	—	11,238	1,011	(202)	12,047
Selling, general and administrative	—	11	13,203	985	(1,038)	13,161
Depreciation and amortization	—	—	6,396	90	—	6,486
Gains on disposal of spectrum licenses	—	—	—	—	—	—
Total operating expense	—	11	37,094	2,136	(1,240)	38,001
Operating (loss) income	—	18	4,858	433	—	5,309
Other income (expense)						
Interest expense	—	(528)	(114)	(193)	—	(835)
Interest expense to affiliates	—	(522)	(21)	—	21	(522)
Interest income	—	23	16	1	(21)	19
Other (expense) income, net	—	(87)	33	—	—	(54)
Total other (expense) income, net	—	(1,114)	(86)	(192)	—	(1,392)
Income (loss) before income taxes	—	(1,096)	4,772	241	—	3,917
Income tax expense	—	—	(981)	(48)	—	(1,029)
Earnings of subsidiaries	2,888	3,984	32	—	(6,904)	—
Net income	2,888	2,888	3,823	193	(6,904)	2,888
Dividends on preferred stock	—	—	—	—	—	—
Net income attributable to common stockholders	$ 2,888	$ 2,888	$ 3,823	$ 193	$ (6,904)	$ 2,888
Net income	$ 2,888	$ 2,888	$ 3,823	$ 193	$ (6,904)	$ 2,888
Other comprehensive income, net of tax						
Other comprehensive income, net of tax	(332)	(332)	116	—	216	(332)
Total comprehensive income	$ 2,556	$ 2,556	$ 3,939	$ 193	$ (6,688)	$ 2,556

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Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 28,894	$ 2,113	$ (847)	$ 30,160
Equipment revenues	—	—	9,620	—	(245)	9,375
Other revenues	—	3	879	212	(25)	1,069
Total revenues	—	3	39,393	2,325	(1,117)	40,604
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,076	24	—	6,100
Cost of equipment sales	—	—	10,849	1,003	(244)	11,608
Selling, general and administrative	—	—	12,276	856	(873)	12,259
Depreciation and amortization	—	—	5,914	70	—	5,984
Gains on disposal of spectrum licenses	—	—	(235)	—	—	(235)
Total operating expenses	—	—	34,880	1,953	(1,117)	35,716
Operating income	—	3	4,513	372	—	4,888
Other income (expense)						
Interest expense	—	(811)	(109)	(191)	—	(1,111)
Interest expense to affiliates	—	(560)	(23)	—	23	(560)
Interest income	1	29	10	—	(23)	17
Other income (expense), net	—	(88)	16	(1)	—	(73)
Total other expense, net	1	(1,430)	(106)	(192)	—	(1,727)
Income (loss) before income taxes	1	(1,427)	4,407	180	—	3,161
Income tax expense	—	—	1,527	(152)	—	1,375
Earnings (loss) of subsidiaries	4,535	5,962	(57)	—	(10,440)	—
Net income	4,536	4,535	5,877	28	(10,440)	4,536
Dividends on preferred stock	(55)	—	—	—	—	(55)
Net income attributable to common stockholders	$ 4,481	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,481
Net income	$ 4,536	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,536
Other comprehensive income, net of tax						
Other comprehensive income, net of tax	7	7	7	—	(14)	7
Total comprehensive income	$ 4,543	$ 4,542	$ 5,884	$ 28	$ (10,454)	$ 4,543

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2016

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 26,613	$ 2,023	$ (792)	$ 27,844
Equipment revenues	—	—	9,145	—	(418)	8,727
Other revenues	—	3	739	195	(18)	919
Total revenues	—	3	36,497	2,218	(1,228)	37,490
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	5,707	24	—	5,731
Cost of equipment sales	—	—	10,209	1,027	(417)	10,819
Selling, general and administrative	—	—	11,321	868	(811)	11,378
Depreciation and amortization	—	—	6,165	78	—	6,243
Cost of MetroPCS business combination	—	—	104	—	—	104
Gains on disposal of spectrum licenses	—	—	(835)	—	—	(835)
Total operating expenses	—	—	32,671	1,997	(1,228)	33,440
Operating income	—	3	3,826	221	—	4,050
Other income (expense)						
Interest expense	—	(1,147)	(82)	(189)	—	(1,418)
Interest expense to affiliates	—	(312)	—	—	—	(312)
Interest income	—	31	(18)	—	—	13
Other income (expense), net	—	2	(8)	—	—	(6)
Total other expense, net	—	(1,426)	(108)	(189)	—	(1,723)
Income (loss) before income taxes	—	(1,423)	3,718	32	—	2,327
Income tax expense	—	—	(857)	(10)	—	(867)
Earnings (loss) of subsidiaries	1,460	2,883	(17)	—	(4,326)	—
Net income	1,460	1,460	2,844	22	(4,326)	1,460
Dividends on preferred stock	(55)	—	—	—	—	(55)
Net income attributable to common stockholders	$ 1,405	$ 1,460	$ 2,844	$ 22	$ (4,326)	$ 1,405
Net income	$ 1,460	$ 1,460	$ 2,844	$ 22	$ (4,326)	$ 1,460
Other comprehensive income, net of tax						
Other comprehensive income, net of tax	2	2	2	2	(6)	2
Total comprehensive income	$ 1,462	$ 1,462	$ 2,846	$ 24	$ (4,332)	$ 1,462

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (1,254)	$ 10,483	$ (5,110)	$ (220)	$ 3,899
Investing activities						
Purchases of property and equipment	—	—	(5,505)	(36)	—	(5,541)
Purchases of spectrum licenses and other intangible assets	—	—	(127)	—	—	(127)
Proceeds related to beneficial interests in securitization transactions	—	—	53	5,353	—	5,406
Acquisition of companies, net of cash acquired	—	—	(338)	—	—	(338)
Equity investment in subsidiary	—	—	(43)	—	43	—
Other, net	—	(7)	28	—	—	21
Net cash (used in) provided by investing activities	—	(7)	(5,932)	5,317	43	(579)
Financing activities						
Proceeds from issuance of long-term debt	—	2,494	—	—	—	2,494
Proceeds from borrowing on revolving credit facility, net	—	6,265	—	—	—	6,265
Repayments of revolving credit facility	—	—	(6,265)	—	—	(6,265)
Repayments of capital lease obligations	—	—	(698)	(2)	—	(700)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(3,349)	—	—	(3,349)
Repurchases of common stock	(1,071)	—	—	—	—	(1,071)
Intercompany advances, net	995	(7,498)	6,468	35	—	—
Equity investment from parent	—	—	—	43	(43)	—
Tax withholdings on share-based awards	—	—	(146)	—	—	(146)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(212)	—	—	(212)
Intercompany dividend paid	—	—	—	(220)	220	—
Other, net	4	—	(56)	—	—	(52)
Net cash (used in) provided by financing activities	(72)	1,261	(4,558)	(144)	177	(3,336)
Change in cash and cash equivalents	(72)	—	(7)	63	—	(16)
Cash and cash equivalents						
Beginning of period	74	1	1,086	58	—	1,219
End of period	$ 2	$ 1	$ 1,079	$ 121	$ —	$ 1,203

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ 1	$ (1,613)	$ 9,761	$ (4,218)	$ (100)	$ 3,831
Investing activities						
Purchases of property and equipment	—	—	(5,237)	—	—	(5,237)
Purchases of spectrum licenses and other intangible assets	—	—	(5,828)	—	—	(5,828)
Proceeds related to beneficial interests in securitization transactions	—	—	43	4,276	—	4,319
Equity investment in subsidiary	(308)	—	—	—	308	—
Other, net	—	—	1	—	—	1
Net cash (used in) provided by investing activities	(308)	—	(11,021)	4,276	308	(6,745)
Financing activities						
Proceeds from issuance of long-term debt	—	10,480	—	—	—	10,480
Proceeds from borrowing on revolving credit facility, net	—	2,910	—	—	—	2,910
Repayments of revolving credit facility	—	—	(2,910)	—	—	(2,910)
Repayments of capital lease obligations	—	—	(486)	—	—	(486)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(10,230)	—	—	(10,230)
Repurchases of common stock	(427)	—	—	—	—	(427)
Intercompany advances, net	484	(14,817)	14,300	33	—	—
Equity investment from parent	—	308	—	—	(308)	—
Tax withholdings on share-based awards	—	—	(166)	—	—	(166)
Dividends on preferred stock	(55)	—	—	—	—	(55)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(188)	—	—	(188)
Intercompany dividend paid	—	—	—	(100)	100	—
Other, net	21	—	(16)	—	—	5
Net cash provided by (used in) financing activities	23	(1,119)	4	(67)	(208)	(1,367)
Change in cash and cash equivalents	(284)	(2,732)	(1,256)	(9)	—	(4,281)
Cash and cash equivalents						
Beginning of period	358	2,733	2,342	67	—	5,500
End of period	$ 74	$ 1	$ 1,086	$ 58	$ —	$ 1,219

Balances have been revised based on the guidance in ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." See Note 1 – Summary of Significant Accounting Policies for further information.

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2016

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ 6	$ (1,335)	$ 7,516	$ (3,298)	$ (110)	$ 2,779
Investing activities						
Purchases of property and equipment	—	—	(4,702)	—	—	(4,702)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(3,968)	—	—	(3,968)
Proceeds related to beneficial interests in securitization transactions	—	—	25	3,331	—	3,356
Sales of short-term investments	—	2,000	998	—	—	2,998
Other, net	—	—	(8)	—	—	(8)
Net cash provided by (used in) investing activities	—	2,000	(7,655)	3,331	—	(2,324)
Financing activities						
Proceeds from issuance of long-term debt	—	997	—	—	—	997
Repayments of capital lease obligations	—	—	(205)	—	—	(205)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(150)	—	—	(150)
Repayments of long-term debt	—	—	(20)	—	—	(20)
Intercompany advances, net	—	(696)	625	71	—	—
Tax withholdings on share-based awards	—	—	(121)	—	—	(121)
Dividends on preferred stock	(55)	—	—	—	—	(55)
Intercompany dividend paid	—	—	—	(110)	110	—
Other, net	29	—	(12)	—	—	17
Net cash (used in) provided by financing activities	(26)	301	117	(39)	110	463
Change in cash and cash equivalents	(20)	966	(22)	(6)	—	918
Cash and cash equivalents						
Beginning of period	378	1,767	2,364	73	—	4,582
End of period	$ 358	$ 2,733	$ 2,342	$ 67	$ —	$ 5,500

Balances have been revised based on the guidance in ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements, for further information.

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Supplementary Data

Quarterly Financial Information (Unaudited)

(in millions, except share and per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2018					
Total revenues	$ 10,455	$ 10,571	$ 10,839	$ 11,445	$ 43,310
Operating income	1,282	1,450	1,440	1,137	5,309
Net income	671	782	795	640	2,888
Net income attributable to common stockholders	671	782	795	640	2,888
Earnings per share					
Basic	$ 0.78	$ 0.92	$ 0.94	$ 0.75	$ 3.40
Diluted	0.78	0.92	0.93	0.75	3.36
Weighted average shares outstanding					
Basic	855,222,664	847,660,488	847,087,120	849,102,785	849,744,152
Diluted	862,244,084	852,040,670	853,852,764	856,344,347	858,290,174
2017					
Total revenues	$ 9,613	$ 10,213	$ 10,019	$ 10,759	$ 40,604
Operating income	1,037	1,416	1,323	1,112	4,888
Net income	698	581	550	2,707	4,536
Dividends on preferred stock	(14)	(14)	(13)	(14)	(55)
Net income attributable to common stockholders	684	567	537	2,693	4,481
Earnings per share					
Basic	$ 0.83	$ 0.68	$ 0.65	$ 3.22	$ 5.39
Diluted	0.80	0.67	0.63	3.11	5.20
Weighted average shares outstanding					
Basic	827,723,034	830,971,528	831,189,779	837,416,683	831,850,073
Diluted	869,395,984	870,457,181	871,420,065	871,501,578	871,787,450
Net income includes:					
Gains on disposal of spectrum licenses	$ (37)	$ (1)	$ (29)	$ (168)	$ (235)

In December 2017, the TCJA was signed into legislation. The TCJA included numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction took place on January 1, 2018. We recognized a net tax benefit of $2.2 billion associated with the enactment of the TCJA in Income tax (expense) benefit in our Consolidated Statements of Comprehensive Income in the fourth quarter of 2017, primarily due to a re-measurement of deferred tax assets and liabilities.

Earnings per share is computed independently for each quarter and the sum of the quarters may not equal earnings per share for the full year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our periodic reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and

procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-K.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Form 10-K.

Changes in Internal Control over Financial Reporting

Beginning January 1, 2018, we adopted the new revenue standard and implemented significant new revenue accounting systems, processes and internal controls over revenue recognition to assist us in the application of the new revenue standard. Other than as discussed above, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions, providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles, providing reasonable assurance that receipts and expenditures are made in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report herein.

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

We maintain a code of ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, and Controller, which is a "Code of Ethics for Senior Financial Officers" as defined by applicable rules of the SEC. This code is publicly available on our website at investor.t-mobile.com. If we make any amendments to this code other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of this code we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at investor.t-mobile.com or in a Current Report on Form 8-K filed with the SEC.

The remaining information required by this item, including information about our Directors, Executive Officers and Audit Committee, will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or be included in an amendment to this Report.

Item 11. Executive Compensation

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

Item 14. Principal Accounting Fees and Services

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A or to be included in an amendment to this Report.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as a part of this Form 10-K:

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flows
Consolidated Statement of Stockholders' Equity
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

See the Index to Exhibits immediately following "Item 16. Form 10-K Summary" of this Form 10-K.

Item 16. Form 10–K Summary

None**.**

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INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
2.1	Business Combination Agreement, dated as of October 3, 2012, by and among MetroPCS Communications, Inc., Deutsche Telekom AG, T-Mobile Zwischenholding GMBH, T-Mobile Global Holding GMBH and T-Mobile USA, Inc.	8-K	10/3/2012	2.1	
2.2	Consent Solicitation Letter Agreement, dated December 5, 2012, by and among MetroPCS Communications, Inc. and Deutsche Telekom AG, amending Exhibit G to the Business Combination Agreement.	8-K	12/7/2012	2.1	
2.3	Amendment No. 1 to the Business Combination Agreement by and among Deutsche Telekom AG, T-Mobile USA, Inc., T-Mobile Global Zwischenholding GmbH, T-Mobile Global Holding GmbH and MetroPCS Communications, Inc., dated April 14, 2013.	8-K	4/15/2013	2.1	
2.4	Business Combination Agreement, dated as of April 29, 2018, by and among T-Mobile US, Inc., Huron Merger Sub LLC, Superior Merger Sub Corporation, Sprint Corporation, Starburst I, Inc., Galaxy Investment Holdings, Inc., and for the limited purposes set forth therein, Deutsche Telekom AG, Deutsche Telekom Holding B.V. and SoftBank Group Corp.	8-K	04/30/2018	2.1	
3.1	Fourth Amended and Restated Certificate of Incorporation.	8-K	5/2/2013	3.1	
3.2	Fifth Amended and Restated Bylaws.	8-K	5/2/2013	3.2	
3.3	Certificate of Designations of 5.50% Mandatory Convertible Preferred Stock, Series A, of T-Mobile US, Inc., dated December 12, 2014.	8-K	12/15/2014	3.1	
3.4	Certificate of Elimination of 5.5% Mandatory Convertible Preferred Stock, Series A, Par Value $0.00001 Per Share, dated February 15, 2018.	8-K	2/22/2018	3.1	
4.1	Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.1	
4.2	First Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.2	
4.3	Second Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.3	
4.4	Third Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.4	
4.5	Fourth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.5	
4.6	Fifth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.6	
4.7		8-K	5/2/2013	4.7	

	Sixth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.			
4.8	Seventh Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.8
4.9	Eighth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.9

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.10	Ninth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.10	
4.11	Tenth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.11	
4.12	Eleventh Supplemental Indenture, dated as of May 1, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.12	
4.13	Twelfth Supplemental Indenture, dated as of July 15, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	8/8/2013	4.18	
4.14	Thirteenth Supplemental Indenture, dated as of August 21, 2013, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.250% Senior Note due 2018.	8-K	8/22/2013	4.1	
4.15	Fourteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.125% Senior Note due 2022.	8-K	11/22/2013	4.1	
4.16	Fifteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.500% Senior Note due 2024.	8-K	11/22/2013	4.2	
4.17	Sixteenth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2014	4.3	
4.18	Seventeenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.000% Senior Notes due 2023.	8-K	9/5/2014	4.1	
4.19	Eighteenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.375% Senior Notes due 2025.	8-K	9/5/2014	4.2	
4.20	Nineteenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.3	
4.21	Twentieth Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.500% Senior Notes due 2026.	8-K	11/5/2015	4.1	
4.22	Twenty-First Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc.,	8-K	4/1/2016	4.1	

	the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.000% Senior Notes due 2024.			
4.23	Twenty-Second Supplemental Indenture, dated as of August 30, 2016, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/24/2016	4.3

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.24	Twenty-Third Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022.	8-K	3/16/2017	4.1	
4.25	Twenty-Fourth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2025.	8-K	3/16/2017	4.2	
4.26	Twenty-Fifth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027.	8-K	3/16/2017	4.3	
4.27	Twenty-Sixth Supplemental Indenture, dated as of April 27, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022-1.	8-K	4/28/2017	4.1	
4.28	Twenty-Seventh Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.125% Senior Note due 2025-1.	8-K	4/28/2017	4.2	
4.29	Twenty-Eighth Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027-1.	8-K	4/28/2017	4.3	
4.30	Twenty-Ninth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.300% Senior Notes due 2021.	8-K	5/9/2017	4.1	
4.31	Thirtieth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/9/2017	4.2	
4.32	Thirty-First Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-K	2/8/2018	4.56	
4.33	Thirty-Second Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026.	8-K	1/25/2018	4.1	
4.34	Thirty-Third Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028.	8-K	1/25/2018	4.2	
4.35	Noteholder Agreement dated as of April 28, 2013, by and between Deutsche Telekom AG and T-Mobile USA, Inc.	8-K	5/2/2013	4.13	

4.36	Thirty-Fourth Supplemental Indenture, dated as of April 26, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	5/1/2018	4.5

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.37	Thirty-Fifth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026-1.	8-K	5/4/2018	4.1	
4.38	Thirty-Sixth Supplemental Indenture, dated as of April 30, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028-1.	8-K	5/4/2018	4.2	
4.39	Thirty-Seventh Supplemental Indenture, dated as of May 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	5/21/2018	4.1	
4.40	Thirty-Eighth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.	8-K	12/21/2018	4.1	
4.41	Thirty-Ninth Supplemental Indenture, dated as of December 20, 2018, by and among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas.				X
10.1	Master Agreement, dated as of September 28, 2012, among T-Mobile USA, Inc., Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.1	
10.2	Amendment No. 1, dated as of November 30, 2012, to Master Agreement, dated as of November 30, 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.2	
10.3	Settlement and Amendment No. 2, dated as of May 8, 2014, to Master Agreement, dated as of November 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.				X
10.4	Master Prepaid Lease, dated as of November 30, 2012, by and among T-Mobile USA Tower LLC, T-Mobile West Tower LLC, T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.3	
10.5	MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.4	
10.6	First Amendment, dated as of November 30, 2012, to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.5	
10.7	Second Amendment, dated as of October 31, 2014, to MPL Site Master Lease Agreement, dated as of				X

November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.8	Sale Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.6	
10.9	First Amendment, dated as of November 30, 2012, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.7	
10.10	Second Amendment, dated as of October 31, 2014, to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.				X
10.11	Settlement Technical Closing Agreement, dated as of October 1, 2014, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.				X
10.12	Management Agreement, dated as of November 30, 2012, by and among Suncom Wireless Operating Company, L.L.C., Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Property Company, L.L.C., T-Mobile USA Tower LLC, T-Mobile West Tower LLC, CCTMO LLC, T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.8	
10.13	Stockholder's Agreement dated as of April 30, 2013 by and between MetroPCS Communications, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.1	
10.14	Waiver of Required Approval Under Section 3.6(a) of the Stockholder's Agreement, dated August 7, 2013, between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	8/8/2013	10.10	
10.15	License Agreement dated as of April 30, 2013 by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.2	
10.16	License Exchange Agreement, dated January 5, 2014, among T-Mobile USA, Inc., T-Mobile License LLC, Cellco Partnership d/b/a Verizon Wireless, Verizon Wireless (VAW) LLC, Athens Cellular, Inc. and Verizon Wireless of the East LP.	8-K	1/6/2014	10.1	
10.17	License Purchase Agreement, dated January 5, 2014, among T-Mobile USA, Inc., T-Mobile License LLC and Cellco Partnership d/b/a Verizon Wireless.	8-K	1/6/2014	10.2	
10.18	Receivables Sale and Conveyancing Agreement, dated as of February 26, 2014, among T-Mobile West LLC, T-	8-K	3/4/2014	10.1	

Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.19	Joinder and First Amendment to the Receivables Sale and Conveyancing Agreement, dated as of November 28, 2014, among Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-K	2/19/2015	10.55	
10.20	Joinder and Second Amendment to the Receivables Sale and Conveyancing Agreement, dated as of January 9, 2015, among SunCom Wireless Operating Company, LLC, Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-Q	4/28/2015	10.5	
10.21	Receivables Sale and Contribution Agreement, dated as of February 26, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	8-K	3/4/2014	10.2	
10.22	First Amendment to the Receivables Sale and Contribution Agreement, dated as of November 28, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/19/2015	10.56	
10.23	Second Amendment to the Receivables Sale and Contribution Agreement, dated as of January 9, 2015, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	4/28/2015	10.6	
10.24	Third Amendment to the Receivables Sale and Contribution Agreement, dated as of November 30, 2016, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/14/2017	10.33	
10.25	Fourth Amendment to the Receivables Sale and Contribution Agreement, dated as of May 5, 2017, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	7/20/2017	10.1	
10.26	Second Amended and Restated Master Receivables Purchase Agreement, dated as of November 30, 2016, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.	8-K	12/6/2016	10.1	
10.27	First Amendment to Second Amended and Restated Master Receivables Purchase Agreement, dated as of May 5, 2017, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.	10-Q	7/20/2017	10.2	
10.28	Third Amended and Restated Master Receivables Purchase Agreement, dated as of February 5, 2018, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank	10-K	2/8/2018	10.31	

	Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, TMobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.29	First Amendment, dated as of April 3, 2018, to Third Amended and Restated Master Receivables Purchase Agreement, dated as of February 5, 2018, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, MUFG Bank (Europe) N.V, Germany Branch, as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors.	10-Q	5/1/2018	10.13	
10.30	Second Amendment to the Third Amended and Restated Master Receivables Purchase Agreement, dated as of November 21, 2018, by and among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, MUFG Bank (Europe) N.V. Germany Branch, as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance				X
10.31	Term Loan Credit Agreement, dated as of November 9, 2015, among T-Mobile USA, Inc., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	11/12/2015	10.1	
10.32	Amendment No.1 to the Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.3	
10.33	Amendment No.2 to the Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.4	
10.34	Amendment No.3 to the Term Loan Credit Agreement, dated as of March 28, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.5	
10.35	Amendment No.4 to the Term Loan Credit Agreement, dated as of July 25, 2017, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	7/27/2017	10.1	
10.36	Amendment No. 5 to the Term Loan Credit Agreement, dated as of March 29, 2018, among T-Mobile USA, Inc., the guarantors party thereto, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	3/30/2018	10.1	
10.37	First Incremental Facility Amendment, dated as of December 29, 2016, to the Term Loan Credit Agreement, dated as of November 9, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto, the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	12/30/2016	10.3	

10.38	Second Incremental Facility Amendment, dated as of January 25, 2017, to the Term Loan Credit Agreement, dated as of November 9, 2015, as amended by that certain First Incremental Facility Amendment dated as of December 29, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto, the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	1/25/2017	10.1

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.39	Second Amended and Restated Receivables Sale Agreement, dated as of August 21, 2017, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/23/2017	10.2	
10.40	Third Amended and Restated Receivables Sale Agreement, dated as of October 23, 2018, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/30/2018	10.2	
10.41	Second Amended and Restated Receivables Purchase and Administration Agreement, dated as of August 21, 2017, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto	10-Q	10/23/2017	10.3	
10.42	First Amendment, dated as of December 18, 2017, to the Second Amended and Restated Receivables Purchase and Administration Agreement, dated as of August 21, 2017, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-K	2/8/2018	10.48	
10.43	Second Amendment, dated as of April 3, 2018, to the Second Amended and Restated Receivables Purchase and Administration Agreement, dated as of August 21, 2017, among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc. and T-Mobile USA, Inc., as performance guarantors, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	5/1/2018	10.14	
10.44	Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	10/30/2018	10.1	
10.45	First Amendment, dated as of December 21, 2018, to Third Amended and Restated Receivables Purchase and Administration Agreement, dated as of October 23, 2018, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto				X
10.46	Purchase Agreement, dated as of March 6, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	3/7/2016	1.1	
10.47	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of March 6, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.1	

10.48	Purchase Agreement, dated as of April 25, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/26/2016	1.1
10.49	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 25, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.2

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.50	Purchase Agreement, dated as of April 29, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/29/2016	1.1	
10.51	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 29, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.3	
10.52	Purchase Agreement, dated as of March 13, 2017, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	3/16/2017	10.1	
10.53	Purchase Agreement, dated as of January 22, 2018, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	1/25/2018	10.1	
10.54	Unsecured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.	8-K	12/30/2016	10.1	
10.55	Amendment No. 1, dated as of March 29, 2018, to the Unsecured Revolving Credit Agreement, dated as of December 29, 2016, among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Telekom AG, as administrative agent and lender.	8-K	3/30/2018	10.3	
10.56	Secured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.	8-K	12/30/2016	10.2	
10.57	Amendment No. 1, dated as of March 29, 2018, to the Secured Revolving Credit Agreement, dated as of December 29, 2016, among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Telekom AG, as administrative agent and lender.	8-K	3/30/2018	10.2	
10.58*	Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan.	S-1/A	2/27/2007	10.1(a)	
10.59*	MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan.	Schedule 14A	4/19/2010	Annex A	
10.60*	Form Change in Control Agreement for MetroPCS Communications, Inc.	10-Q	8/9/2010	10.2	
10.61*	Form Change in Control Agreement Amendment for MetroPCS Communications, Inc.	10-Q	10/30/2012	10.1	
10.62*	MetroPCS Communications, Inc. Employee Non-qualified Stock Option Award Agreement relating to the MetroPCS Communications, Inc. Amended and Restated 2004 Equity Incentive Compensation Plan.	10-K	3/1/2013	10.9(a)	
10.63*	Form Amendment to the MetroPCS Communications, Inc. Notice of Grant of Stock Option relating to the Second Amended and Restated 1995 Stock Option Plan of MetroPCS, Inc.	10-Q	8/9/2010	10.5	
10.64*		10-K	2/29/2012	10.12	

	Form MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan Employee Non-Qualified Stock Option Award Agreement.			
10.65*	Amended and Restated Employment Agreement of J. Braxton Carter dated as of December 20, 2017.	10-K	2/8/2018	10.69
10.66*	First Amendment, dated as of April 28, 2018, to Amended and Restated Employment Agreement, dated as of December 20, 2017, between T-Mobile US, Inc. and J. Braxton Carter.	10-Q	5/1/2018	10.12

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.67*	Employment Agreement of Thomas C. Keys dated as of January 25, 2013.	8-K	5/2/2013	10.4	
10.68*	Amended and Restated Employment Agreement of John J. Legere dated as of March 28, 2017.	10-Q	4/24/2017	10.7	
10.69*	First Amendment, dated as of April 28, 2018, to Amended and Restated Employment Agreement, dated as of April 1, 2017, between T-Mobile US, Inc. and John Legere.	10-Q	5/1/2018	10.10	
10.70*	T-Mobile US, Inc. Amended and Restated Compensation Term Sheet for Michael Sievert Effective as of January 1, 2017.	10-Q	4/24/2017	10.6	
10.71*	First Amendment, dated as of April 28, 2018, to Updated Compensation Term Sheet, dated as of January 1, 2017, between T-Mobile US, Inc. and G. Michael Sievert.	10-Q	5/1/2018	10.11	
10.72*	Form of Severance Letter Agreement.	10-Q	5/1/2018	10.9	
10.73*	Form of Indemnification and Advancement Agreement.	10-K	2/8/2018	10.76	
10.74*	T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan (As Amended and Restated Effective as of January 1, 2014).	10-K	2/25/2014	10.39	
10.75*	First Amendment to T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan				X
10.76*	T-Mobile US, Inc. Executive Continuity Plan as Amended and Restated Effective as of January 1, 2014.	8-K	10/25/2013	10.1	
10.77*	T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	10-Q	8/8/2013	10.20	
10.78*	Amendment to T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	Schedule 14A	4/26/2018	Annex A	
10.79*	T-Mobile USA, Inc. 2011 Long-Term Incentive Plan.	10-Q	8/8/2013	10.21	
10.80*	Annual Incentive Award Notice under the 2013 Omnibus Incentive Plan.	10-K	2/25/2014	10.45	
10.81*	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	8-K	6/4/2013	10.2	
10.82*	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	8/8/2013	10.24	
10.83*	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	8/8/2013	10.25	
10.84*	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) with Deferral Option for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-K	2/19/2015	10.43	
10.85*	Form of Restricted Stock Unit Award Agreement (Time-Vesting) with Deferral Option for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-K	2/19/2015	10.44	
10.86*	T-Mobile US, Inc. 2014 Employee Stock Purchase Plan.	S-8	2/19/2015	99.1	

10.87*	Amended Director Compensation Program effective as of May 1, 2013 (amended June 4, 2014 and further amended on June 1, 2015, June 16, 2016 and June 13, 2017).	10-Q	7/20/2017	10.4
10.88	Support Agreement, dated as of April 29, 2018, by and among SoftBank Group Corp., SoftBank Group Capital Limited, Starburst I, Inc., Galaxy Investment Holdings, Inc., T-Mobile US, Inc., and Deutsche Telekom AG.	8-K	04/30/2018	10.1

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.89	Commitment Letter, dated as of April 29, 2018, by and among T-Mobile USA, Inc. and the financial institutions party thereto.	8-K	04/30/2018	10.2	
10.90	Amended and Restated Commitment Letter, dated as of May 15, 2018, by and among T-Mobile USA, Inc. and the financial institutions party thereto.	8-K	05/17/2018	10.1	
10.91	Financing Matters Agreement, dated as of April 29, 2018, by and between T-Mobile USA, Inc. and Deutsche Telekom AG.	8-K	04/30/2018	10.3	
21.1	Subsidiaries of Registrant.				X
23.1	Consent of PricewaterhouseCoopers LLP.				X
24.1	Power of Attorney, pursuant to which amendments to this Form 10-K may be filed (included on the signature page contained in Part IV of the Form 10-K).	10-K	02/08/2018	24.1	
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

* Indicates a management contract or compensatory plan or arrangement.

** Furnished herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

February 6, 2019

/s/ John J. Legere
John J. Legere
Chief Executive Officer

Each person whose signature appears below constitutes and appoints John J. Legere and J. Braxton Carter, and each or either of them, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements (including post-effective amendments) to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 6, 2019.

Signature	Title
/s/ John J. Legere John J. Legere	Chief Executive Officer and Director (Principal Executive Officer)
/s/ G. Michael Sievert G. Michael Sievert	President and Chief Operating Officer Director
/s/ J. Braxton Carter J. Braxton Carter	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Peter Osvaldik Peter Osvaldik	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)
/s/ Timotheus Höttges Timotheus Höttges	Chairman of the Board

/s/ Srikant Datar Director

Srikant Datar

/s/ Lawrence H. Guffey Lawrence H. Guffey	Director
/s/ Christian P. Illek Christian P. Illek	Director
/s/ Bruno Jacobfeuerborn Bruno Jacobfeuerborn	Director
/s/ Raphael Kübler Raphael Kübler	Director
/s/ Thorsten Langheim Thorsten Langheim	Director
/s/ Olaf Swantee Olaf Swantee	Director
/s/ Teresa A. Taylor Teresa A. Taylor	Director
/s/ Kelvin R. Westbrook Kelvin R. Westbrook	Director

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-33409

tmuslogo.jpg

T-MOBILE US, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**20-0836269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12920 SE 38th Street, Bellevue, Washington	**98006-1350**
(Address of principal executive offices)	(Zip Code)

(425) 378-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.00001 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2017, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $17.8 billion based on the closing sale price as reported on NASDAQ. As of February 2, 2018, there were 854,428,593 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference certain portions of the definitive Proxy Statement for the registrant's Annual Meeting of Stockholders, which definitive Proxy Statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

T-Mobile US, Inc.
Form 10-K
For the Year Ended December 31, 2017

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of this Form 10-K, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- adverse economic or political conditions in the U.S. and international markets;
- competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers;
- the effects of any future merger, investment, or acquisition involving us, as well as the effects of mergers, investments, or acquisitions in the technology, media and telecommunications industry;
- challenges in implementing our business strategies or funding our operations, including payment for additional spectrum or network upgrades;
- the possibility that we may be unable to renew our spectrum licenses on attractive terms or acquire new spectrum licenses at reasonable costs and terms;
- difficulties in managing growth in wireless data services, including network quality;
- material changes in available technology and the effects of such changes, including product substitutions and deployment costs and performance;
- the timing, scope and financial impact of our deployment of advanced network and business technologies;
- the impact on our networks and business from major technology equipment failures;
- breaches of our and/or our third-party vendors' networks, information technology and data security;
- natural disasters, terrorist attacks or similar incidents;
- unfavorable outcomes of existing or future litigation;
- any changes in the regulatory environments in which we operate, including any increase in restrictions on the ability to operate our networks;
- any disruption or failure of our third parties' or key suppliers' provisioning of products or services;
- material adverse changes in labor matters, including labor campaigns, negotiations or additional organizing activity, and any resulting financial, operational and/or reputational impact;
- the ability to make payments on our debt or to repay our existing indebtedness when due or to comply with the covenants contained therein;
- adverse change in the ratings of our debt securities or adverse conditions in the credit markets;
- changes in accounting assumptions that regulatory agencies, including the Securities and Exchange Commission ("SEC"), may require, which could result in an impact on earnings;

- changes in tax laws, regulations and existing standards and the resolution of disputes with any taxing jurisdictions; and
- the possibility that the reset process under our trademark license with Deutsche Telekom results in changes to the royalty rates for our trademarks.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-K, unless the context indicates otherwise, references to “T-Mobile,” “T-Mobile US,” “our Company,” “the Company,” “we,” “our,” and “us” refer to T-Mobile US, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We intend to also use the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and the @JohnLegere Twitter (https://twitter.com/JohnLegere), Facebook and Periscope accounts, which Mr. Legere also uses as means for personal communications and observations, as means of disclosing information about the Company and its services and for complying with its disclosure obligations under Regulation FD. The information we post through these social media channels may be deemed material. Accordingly, investors

should monitor these social media channels in addition to following the Company's press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on the Company's investor relations website.

PART I.

Item 1. Business

Business Overview and Strategy

Un-carrier Strategy

We are the Un-carrier. Through our Un-carrier strategy, we've disrupted the wireless communications services industry by listening to our customers and providing them with added value and an exceptional experience. We introduced our Un-carrier strategy in 2013 and have since announced 14 signature initiatives that changed the wireless industry forever. We ended annual service contracts, overages, unpredictable international roaming fees, data buckets and more. Customer response to our Un-carrier strategy has allowed T-Mobile to grow into the third largest wireless provider in the United States. We will continue our relentless focus on customers and are determined to bring the Un-carrier to every potential customer in the United States.

Our relentless focus on customer experience through increased investment in customer care, distribution expansion, and digital initiatives has strengthened our customer growth and increased customer retention and satisfaction. We continue to invest and innovate in these areas to deliver our customers the best value in the industry. Everything we do is powered by our nationwide 4G LTE network, and we are rapidly preparing for the next generation of 5G services. Going forward, it is this network that will allow us to deliver innovative new products and services with the same customer focused and industry disrupting mentality that has redefined wireless service in the United States.

History

T-Mobile USA, Inc. ("T-Mobile USA"), a Delaware corporation, was formed in 1994 as VoiceStream Wireless PCS ("VoiceStream"), a subsidiary of Western Wireless Corporation ("Western Wireless"). VoiceStream was spun off from Western Wireless in 1999, acquired by Deutsche Telekom AG ("Deutsche Telekom") in 2001 and renamed T-Mobile USA, Inc. in 2002.

In 2013, T-Mobile US, Inc. was formed through the business combination between T-Mobile USA and MetroPCS Communications, Inc. ("MetroPCS"). The business combination was accounted for as a reverse acquisition with T-Mobile USA as the accounting acquirer. Accordingly, T-Mobile USA's historical financial statements became the historical financial statements of the combined company.

Our common stock trades on the NASDAQ Global Select Market of The NASDAQ Stock Market LLC ("NASDAQ") under the symbol "TMUS."

Business

We provide wireless services to 72.6 million customers in the postpaid, prepaid, and wholesale markets and generate revenue by providing affordable wireless communication services to these customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses are related to acquiring and retaining high-quality customers, providing a full range of devices, compensating employees, and operating and expanding our network. We provide service, devices and accessories across our flagship brands, T-Mobile and MetroPCS, through our owned and operated retail stores, third party distributors and our websites (www.T-Mobile.com and www.MetroPCS.com). The information on our websites is not part of this Form 10-K. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for addition information.

Customers

We provide wireless communication services to three primary categories of customers:

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Branded postpaid customers generally include customers that are qualified to pay after receiving wireless communication services utilizing phones, mobile broadband devices (including tablets), or DIGITS;

- Branded prepaid customers generally include customers who pay for wireless communication services in advance. Our branded prepaid customers include customers of T-Mobile and MetroPCS; and

- Wholesale customers include Machine-to-Machine ("M2M") and MVNO that operate on our network, but are managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communication services to branded postpaid and branded prepaid customers. Our ability to acquire and retain branded postpaid and prepaid customers is important to our business in the generation of service revenues, equipment revenues and other revenues. In 2017, our service revenues generated by providing wireless communication services by customer category were:

- 65% Branded postpaid customers;

- 31% Branded prepaid customers; and

- 4% Wholesale customers and Roaming and other services.

Segment and Geographic Information

We operate as a single operating segment. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

All of our revenues for the years ended December 31, 2017, 2016, and 2015 were earned in the United States, including Puerto Rico and the U.S. Virgin Islands. All of our long-lived assets are located in the United States, including Puerto Rico and the U.S. Virgin Islands.

Services and Products

We provide wireless communication services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, tablets and other mobile communication devices, which are manufactured by various suppliers. Services, devices and accessories are offered directly to consumers through the retail stores we operate, as well as through our websites and customer care channels. In addition, we sell devices to dealers and other third-party distributors for resale through independent third-party retail outlets and a variety of third-party websites.

Our primary service plan offerings, which allow customers to subscribe for wireless services separately from the purchase of a device include:

- Our T-Mobile ONE plan ("T-Mobile ONE") which gives our customers unlimited calls, unlimited text and unlimited high-speed 4G LTE data on their device, where monthly wireless service fees and sales taxes are included in the advertised monthly recurring charge. On T-Mobile ONE, video typically streams at DVD (480p) quality and tethering is at maximum 3G speeds. Customers on T-Mobile ONE can keep their price for service until they decide to change it and participating customers who use 2 GB or less of data in a month will get up to a $10 credit per qualifying line on their next month's bill. Additionally, qualifying T-Mobile ONE customers on family plans can opt in for a standard monthly Netflix service plan at no additional cost. Customers can choose to add on additional features for an additional cost as follows:

    - On T-Mobile ONE Plus, customers also receive unlimited High Definition video streaming, 10 GB of high-speed 4G LTE tethering, Voicemail to Text, NameID, unlimited Gogo in-flight internet passes on capable domestic flights and up to two times faster speeds when traveling abroad in 140+ countries and destinations.

    - On T-Mobile ONE Plus International, customers receive the benefits of T-Mobile ONE Plus as well as free and reduced calling from the U.S., Mexico, and Canada to foreign countries and unlimited high-speed 4G LTE tethering.

- Simple Choice plans, which were launched in 2013 as part of phase 1.0 of our Un-carrier initiatives, eliminated annual service contracts and simplified the lineup of consumer rate plans to one affordable plan for unlimited voice and messaging services with the option to add data services. On January 25, 2017, we streamlined our Simple Choice plan offerings to new customers into our T-Mobile ONE plan.

Depending on their credit profile, customers are qualified either for postpaid or prepaid service.

Our device options for customers on T-Mobile ONE, and previously on Simple Choice plans, include:

- Depending on their credit profile, qualifying customers who purchase a device from us have the option of financing all or a portion of the purchase price at the time of sale over an installment period of up to 24 months using our Equipment Installment Plan ("EIP").

- In addition, qualifying customers who finance their initial device with an EIP can enroll in our Just Upgrade My Phone ("JUMP!"®) program to later upgrade their device. Upon a qualifying JUMP! upgrade, the customer's remaining EIP balance is settled provided they trade-in their used device at the time of upgrade in good working condition and purchase a new device from us on a new EIP.

- In 2015, we introduced JUMP! On Demand. With JUMP! On Demand, a low monthly payment covers the cost of leasing a new device and gives qualified customers the freedom to exchange it for a new device up to one time per month for no extra fee. Upon device upgrade or at lease end, customers must return their device in good working condition or purchase their device. Customers that choose to purchase their device have the option to finance their device over a nine-month EIP.

Network

The speed and capacity of our LTE network allows us to offer "America's Best Unlimited Network" to our customers. Our advancements in network technology and our spectrum resources ensure we can continue to increase the breadth and depth of our network as the industry moves towards 5G.

Spectrum Growth

We provide mobile communication services utilizing mid-band spectrum licenses, such as Advanced Wireless Services ("AWS") and Personal Communications Service ("PCS"), and low-band spectrum licenses utilizing our 600 MHz and 700 MHz spectrum.

- We owned an average of 110 MHz of spectrum nationwide as of December 31, 2017, comprised of an average of 31 MHz in the 600 MHz band, 10 MHz in the 700 MHz band, 29 MHz in the 1900 MHz PCS band and 40 MHz in the AWS band. This is compared to an average of 79 MHz of spectrum nationwide as of December 31, 2016.

- In April 2017, the Federal Communications Commission (the "FCC") announced the results of the broadcast incentive auction which showed that we purchased a nationwide average of 31 MHz of 600 MHz low-band spectrum for $8.0 billion. This spectrum covered 328 million points of presence ("POPs") as of December 31, 2017. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets included in Part II, Item 8 of this Form 10-K for further information.

- As of December 31, 2017, T-Mobile owned approximately 41 MHz of low-band spectrum (600 MHz and 700 MHz), quadruple its pre-auction low-band holdings. The purchased spectrum covers 100% of the U.S.

    - As of December 31, 2017, at least 10 MHz of 600 MHz spectrum covering over 1.2 million square miles and approximately 62 million POPs was clear and available for deployment.

    - T-Mobile has actively engaged with broadcasters to accelerate FCC clearance timelines, entering into approximately 40 agreements with several parties. These agreements will, in aggregate, accelerate clearing, bringing the total clearing target to over 100 million POPs expected by year-end 2018. We expect to reach a clearing target of 250 million POPs by year-end 2019. T-Mobile remains committed to assisting broadcasters occupying 600 MHz spectrum to move to new frequencies.

    - In addition to spectrum clearing, T-Mobile aggressively started deployments of 600 MHz spectrum, lighting up spectrum in 586 cities and towns in 28 states across the country, covering 300,000 square miles as of December 31, 2017.

    - We had two new 600 MHz-capable devices in our retail distribution for the 2017 holiday season (LG V30 and Samsung GS8 Active). We expect more than a dozen new smartphones to be rolled out in 2018 to be 600 MHz-capable.

    - Our 600 MHz spectrum holdings will be used to deploy America's first nationwide 5G network expected by 2020.

- Over the last year, we have entered into and closed on various agreements for the acquisition and exchange of 700 MHz A-Block, AWS and PCS spectrum licenses. See Note 5 – Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

- We intend to opportunistically acquire spectrum licenses in private party transactions and future FCC spectrum license auctions.
- Our wireless infrastructure included approximately 61,000 macro sites and approximately 18,000 distributed antenna system (DAS) and small cell sites as of December 31, 2017.

Network Coverage Growth

- We continue to expand our coverage breadth and covered 322 million people with 4G LTE as of December 31, 2017.
- By the end of 2018, we are targeting a population coverage of 325 million and a geographic coverage of 2.5 million square miles.

Network Speed Leadership

As "America's Best Unlimited Network," we offer the fastest nationwide 4G LTE upload and download speeds in the United States. The fourth quarter of 2017 is the 16th consecutive quarter we have led the industry in both categories, and this is based on the results of millions of user-generated speed tests.

Network Capacity Growth

We continue to expand our capacity through the re-farming of existing spectrum and implementation of new technologies including Voice over LTE ("VoLTE"), Carrier Aggregation, 4x4 MIMO, 256 Quadrature Amplitude Modulation ("QAM") and Licensed Assisted Access ("LAA").

- VoLTE comprised almost 80% of total voice calls as of December 31, 2017, compared to 64% as of December 31, 2016. Moving voice traffic to VoLTE frees up spectrum and allows for the transition of spectrum currently used for 2G and 3G to 4G LTE. We are leading the U.S. wireless industry in the rate of VoLTE adoption.
- Carrier aggregation is live for our customers in over 875 markets. This advanced technology delivers superior speed and performance by bonding multiple discrete spectrum channels together.
- 4x4 MIMO is currently available in over 475 markets. This technology effectively delivers twice the speed and incremental network capacity to customers by doubling the number of data paths between the cell site and a customer's device. We plan to start deploying massive MIMO (FD-MIMO) in selected locations later in 2018.
- We have rolled out 256 QAM in over 925 markets. 256 QAM increases the number of bits delivered per transmission to enable faster speed. T-Mobile is the first carrier globally to have rolled out the combination of carrier aggregation, 4x4 MIMO and 256 QAM.
- T-Mobile is implementing a significant small cell program. We plan to roll out 25,000 small cells in 2018 and early 2019. This is on top of the approximately 18,000 small cells and DAS nodes already rolled out as of the end of 2017. In conjunction with the small cell rollout, we have also started rolling out License Assisted Access. The first LAA small cell went live in New York City in the fourth quarter of 2017.

Distribution

Our network expansion has provided a unique opportunity to grow our distribution footprint by over 30 million POPs from the beginning of 2016 through year-end 2017, bringing our total distribution footprint to over 260 million people. In 2017, we built nearly 1,500 new T-Mobile stores and over 1,300 net new MetroPCS stores. Many of these additional stores are in geographic areas where T-Mobile had not previously competed. In 2017, we opened T-Mobile stores in more than 600 cities and towns where we did not previously have a retail presence.

As of December 31, 2017, we had approximately 20,100 total points of distribution, including approximately 2,200 direct owned stores, 13,300 exclusive third party locations and 4,600 non-exclusive third-party locations as well as distribution through our websites and customer care channels. Our distribution density in major metropolitan areas provides customers with the convenience of having retail and service locations close to where they live and work.

Expansion of our distribution footprint will continue in 2018. In 2018, our retail store expansion will be exclusively focused on Greenfield markets, building on this significant future growth opportunity.

Competition

The wireless telecommunications industry is highly competitive. We are the third largest provider of postpaid service plans and the largest provider of prepaid service plans in the U.S. as measured by customers. Our competitors include other national carriers, such as AT&T Inc. ("AT&T"), Verizon Communications, Inc. ("Verizon") and Sprint Corporation ("Sprint"). AT&T and Verizon are significantly larger than us and enjoy greater resources and scale advantages as compared to us. In addition, our competitors include numerous smaller regional carriers, existing MVNOs, including TracFone Wireless, Inc. and Comcast Corporation ("Comcast"), and future MVNOs, such as Charter Communications, Inc., many of which offer or plan to offer no-contract, postpaid and prepaid service plans. Competitors also include providers who offer similar communication services, such as voice, messaging and data services, using alternative technologies or services. Competitive factors within the wireless telecommunications industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies, availability of additional spectrum licenses and regulatory changes. Some competitors have shown a willingness to use aggressive pricing as a source of differentiation. Other competitors have sought to add ancillary services, like mobile video, to enhance their offerings. Taken together, the competitive factors we face continue to put pressure on growth and margins as companies compete to retain the current customer base and continue to add new customers.

Employees

As of December 31, 2017, we employed approximately 51,000 full-time and part-time employees, including network, retail, administrative and customer support functions.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our licenses and authorizations, the sale, transfer and acquisition of certain licenses, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements and proceedings that affect our operations and that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net neutrality, disabilities access, privacy and cybersecurity, consumer protection, and the universal service and Lifeline programs. Many of these and other issues are being considered in ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or results of operations. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Wireless communications providers must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10 years in the case of cellular, PCS and point-to-point microwave licenses. AWS licenses have an initial term of 15 years, with successive 10-year terms thereafter. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition.

Additionally, Congress' and the FCC's allocation of additional spectrum for broadband commercial mobile radio service ("CMRS"), which includes cellular, PCS and specialized mobile radio, could significantly increase competition. We cannot assess the impact that any developments that may occur in the U.S. economy or any future spectrum allocations by the FCC may have on license values. FCC spectrum auctions and other market developments may adversely affect the market value of our licenses in the future. A significant decline in the value of our licenses could adversely affect our financial condition and results of operations. In addition, the FCC periodically reviews its policies on how to evaluate carriers' spectrum holdings. A change in these policies could affect spectrum resources and competition among us and other carriers.

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest albeit subject to review. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our company by Deutsche Telekom. This declaratory ruling, and our licenses, are conditioned on Deutsche Telekom's and the Company's compliance with a network security agreement

with the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland Security. Failure to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation of our spectrum licenses.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communication providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of devices while driving, zoning and land use. Additionally, the Federal Trade Commission ("FTC") and other federal agencies have asserted that they have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown and changes to regulations, or the applicability of regulations, could result in higher operating and capital expenses, or reduced revenues in the future.

Available Information

Our Form 10-K and all other reports and amendments filed with or furnished to the SEC, are publicly available free of charge on the Investor Relations section of our website at investor.t-mobile.com or at www.sec.gov as soon as reasonably practicable after these materials are filed with or furnished to the SEC. Our corporate governance guidelines, code of ethics for senior financial officers, code of business conduct, and charters for the audit, compensation, nominating and corporate governance and executive committees of our Board of Directors are also posted on the Investor Relations section of our website at investor.t-mobile.com. The information on our websites is not part of this or any other report we file with, or furnishes to, the SEC.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating T-Mobile. Our business, financial condition, liquidity, or operating results, as well as the price of our common stock and other securities, could be materially adversely affected by any of these risks.

Risks Related to Our Business and the Wireless Industry

Competition, industry consolidation, and changes in the market for wireless services could negatively affect our ability to attract and retain customers and adversely affect our business, financial condition, and operating results.

We have multiple wireless competitors, some of which have greater resources than us and compete for customers based principally on service/device offerings; price; network coverage, speed and quality; and customer service. We expect market saturation to continue to cause the wireless industry's customer growth rate to be moderate in comparison with historical growth rates, or possibly negative, leading to ongoing competition for customers. We also expect that our customers' appetite for data services will place increasing demands on our network capacity. This competition and our capacity will continue to put pressure on pricing and margins as companies compete for potential customers. Our ability to compete will depend on, among other things, continued absolute and relative improvement in network quality and customer service, effective marketing and selling of products and services, innovation, attractive pricing, and cost management, all of which will involve significant expenses.

Joint ventures, mergers, acquisitions and strategic alliances in the wireless sector have resulted in and are expected to result in larger competitors competing for a limited number of customers. The two largest national wireless communication providers currently serve a significant percentage of all wireless customers and hold significant spectrum and other resources. Our largest competitors may be able to enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, refusal of our large competitors to provide critical access to resources and inputs, such as roaming services on reasonable terms, could improve their position within the wireless broadband mobile services industry.

We face intense and increasing competition from other service providers as industry sectors converge, such as cable, telecom services and content, satellite, and other service providers. Companies like Comcast and AT&T (and AT&T's proposed acquisition of Time Warner, Inc.) will have the scale and assets to aggressively compete in a converging industry. Verizon, through the acquisitions of AOL, Inc. and Yahoo! Inc. is also a significant competitor focusing on premium content offerings to diversify outside of core wireless. Further, some of our competitors now provide content services in addition to voice and

broadband services, and consumers are increasingly accessing video content from Internet-based providers and applications, all of which create increased competition in this area. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of our larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, could make it more difficult for us to continue to attract and retain customers, and may adversely affect our competitive position and ability to grow, which would have a material adverse effect on our business, financial condition and operating results.

The scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use, may adversely affect our business strategy and financial condition and operating results.

We will need to acquire additional spectrum in order to continue our customer growth, expand and deepen our coverage, maintain our quality of service, meet increasing customer demands and deploy new technologies. We will be at a competitive disadvantage and possibly experience erosion in the quality of service in certain markets if we fail to gain access to necessary spectrum before reaching network capacity. As a result, we are actively seeking to make additional investment in spectrum, which could be significant.

The continued interest in, and acquisition of, spectrum by existing carriers and others may reduce our ability to acquire and/or increase the cost of acquiring spectrum in the secondary market or negatively impact our ability to gain access to spectrum through other means, including government auctions. We may need to enter into spectrum sharing or leasing arrangements, which are subject to certain risks and uncertainties and may involve significant expenditures. Gaining access to the spectrum we won in the FCC 600 MHz auction in 2017 may take up to three years or more. Any material delay could adversely impact our ability to implement our plans and efforts to improve our network. In addition, our return on investment in spectrum depends on our ability to attract additional customers and to provide additional services and usage to existing customers. As a result, the return on any investment in spectrum that we make may not be as much as we anticipate or take longer than expected. Additionally, we may be unable to secure the spectrum we need in any auction we may elect to participate in or in the secondary market, on favorable terms or at all.

The FCC may impose conditions on the use of new wireless broadband mobile spectrum that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas. Additional conditions that may be imposed by the FCC include heightened build-out requirements, limited license terms or renewal rights, and clearing obligations that may make it less attractive or less economical to acquire spectrum. In addition, rules may be established for future government spectrum auctions that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

If we cannot acquire needed spectrum from the government or otherwise, if competitors acquire spectrum that will allow them to provide services competitive with our services, or if we cannot deploy services over acquired spectrum on a timely basis without burdensome conditions, at reasonable cost, and while maintaining network quality levels, then our ability to attract and retain customers and our associated financial condition and operating results could be materially adversely affected.

If we are unable to take advantage of technological developments on a timely basis, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Significant technological changes continue to impact the communications industry. In general, these technological changes enhance communications and enable a broader array of companies to offer services competitive with ours. In order to grow and remain competitive with new and evolving technologies in our industry, we will need to adapt to future changes in technology, continually invest in our network, enhance our existing offerings, and introduce new offerings to address our current and potential customers' changing demands. Enhancing our network, such as deploying 5G, is subject to risk from equipment changes and migration of customers from existing spectrum bands and the potential inability to secure spectrum necessary to deploy advanced technologies. Adopting new and sophisticated technologies may result in implementation issues such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, customer dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. In general, the development of new services in the wireless telecommunications industry will require us to anticipate and respond to the continuously changing demands of our customers, which we may not be able to do accurately or timely. If our new services fail to retain or gain acceptance

in the marketplace or if costs associated with these services are higher than anticipated, this could have a material adverse effect on our business, financial condition and operating results.

We could be harmed by data loss or other security breaches, whether directly or by way of third parties.

Our business, like that of most retailers and wireless companies, involves the receipt, storage, and transmission of confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions and intellectual property ("confidential information"). Unauthorized access to confidential information may be difficult to anticipate, detect, or prevent, particularly given that the methods of unauthorized access constantly change and evolve. We may experience unauthorized access or distribution of confidential information by third parties or employees, errors or breaches by third party suppliers, or other breaches of security that compromise the integrity of confidential information, and such breaches can have a materially adverse effect on our business or damage our reputation.

Cyber-attacks, such as denial of service and other malicious attacks, could disrupt our internal systems and applications, impair our ability to provide services to our customers, and have other adverse effects on our business and that of others who depend on our services. As a telecommunications carrier, we are considered a critical infrastructure provider and therefore may be more likely to be the target of such attacks. Such attacks against companies may be perpetrated by a variety of groups or persons, including those in jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we provide confidential, proprietary and personal information to third-party service providers when it is necessary to pursue business objectives. We and our third-party service providers have been subject to unauthorized access to confidential information in the past, including a breach at one of our credit check providers in September 2015 in which a subset of records containing current and potential customer information was compromised by an external party.

Our procedures and safeguards to prevent unauthorized access to sensitive data and to defend against attacks seeking to disrupt our services must be continually evaluated and revised to address the ever-evolving threat landscape. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third-party supplier environments. If we are subject to such attacks or security breaches, we may incur significant costs, be subject to regulatory investigations, sanctions and private litigation, experience disruptions to our operations or suffer damage to our reputation. Any future cyber-attacks or security breaches may materially adversely affect our business, financial condition, and operating results.

System failures and business disruptions may allow unauthorized use of or interference with our network and other systems which could be materially adversely affect our reputation and financial condition.

To be successful, we must provide our customers with reliable, trustworthy service and protect the communications, location, and personal information shared or generated by our customers. We rely upon both our systems and networks and the systems and networks of other providers and suppliers to provide and support our services and, in some cases, protect our customers' information and our information. Failure of our or others' systems, networks, or infrastructure may prevent us from providing reliable service or may allow for the unauthorized use of or interference with our networks and other systems or for the compromise of customer information. Examples of these risks include:

- human error such as responding to deceptive communications or unintentionally executing malicious code;
- physical damage, power surges or outages, or equipment failure, including those as a result of severe weather, natural disasters, terrorist attacks, political instability and volatility, and acts of war;
- theft of customer and/or proprietary information offered for sale for competitive advantage or corporate extortion;
- unauthorized access to our IT and business systems or to our network and critical infrastructure and those of our suppliers and other providers;

- supplier failures or delays; and
- system failures or outages of our business systems or communications network.

Such events could cause us to lose customers, lose revenue, incur expenses, suffer reputational damage, and subject us to litigation or governmental investigation. Remediation costs could include liability for information loss, repairing infrastructure and systems, and/or costs of incentives offered to customers. Our insurance may not cover, or be adequate to fully reimburse us for, costs and losses associated with such events.

We are in the process of implementing a new billing system, which will support a portion of our subscribers, while maintaining our legacy billing system. Any unanticipated difficulties, disruption, or significant delays could have adverse operational, financial, and reputational effects on our business.

We are currently implementing a new customer billing system, which involves a new third-party supported platform and utilization of a phased deployment approach. Post implementation, we plan to operate both the existing and new billing systems in parallel to aid in the transition to the new system until all phases of the conversion are complete.

The implementation may cause major system or business disruptions, or we may fail to implement the new billing system in a timely or effective manner. In addition, the third-party billing services supporting vendor may experience errors, cyber-attacks, or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of this new billing services system could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers, or negatively impact overall customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, material weaknesses in our internal control over financial reporting, and reputational damage.

We rely on third parties to provide products or services for the operation of our business, and a failure or inability by such parties to provide these products or services could adversely affect our business, financial condition, and operating results.

We depend heavily on suppliers, their subcontractors, and other third parties in order for us to efficiently operate our business. Due to the complexity of our business, it is not unusual for multiple vendors located in multiple locations to help us to develop, maintain, and troubleshoot products and services, such as network components, software development services, and billing and customer service support. Our suppliers may provide services outside of the United States, which carries associated additional regulatory and legal obligations. We commonly rely upon the suppliers to provide contractual assurances and accurate information regarding risks associated with their provision of products or services in accordance with our expectations and standards such as our supplier code of conduct and our third party-risk management standards. Failure of such suppliers to comply with our expectations and standards could have a material adverse effect on our business, financial condition, and operating results.

There are multiple sources for the types of products and services we purchase or use. However, there are a limited number of suppliers for billing services, voice and data communications transport services, network infrastructure, equipment, handsets, other devices, and payment processing services, among other products and services. Disruptions or failure of such suppliers to adequately perform could have a material adverse effect on our business, financial condition, and operating results.

In the past, our suppliers, contractors, service providers and third-party retailers may not have always performed at the levels we expected or at the levels required by their contracts. Our business could be severely disrupted if key suppliers, contractors, service providers, or third-party retailers fail to comply with their contracts or become unable to continue provision of services or supplies. Our business could also be disrupted if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier or if we are required to replace the supplied products or services with those from another source, especially if the replacement becomes necessary on short notice. Any such disruptions could have a material adverse effect on our business, financial condition, and operating results.

Economic, political, and market conditions may adversely affect our business, financial condition, and operating results, as well as our access to financing on favorable terms or at all.

Our business, financial condition, and operating results are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, economic growth, energy costs, and other macro-economic factors. Difficult, or worsening, general economic conditions could have a material adverse effect on our business, financial condition, and operating results.

Market volatility, political and economic uncertainty, and weak economic conditions, such as a recession or economic slowdown, may materially adversely affect our business, financial condition, and operating results in a number of ways. Our services are available to a broad customer base, a significant segment of which may be more

vulnerable to weak economic conditions. We may have greater difficulty in gaining new customers within this segment, and existing customers may be more likely to terminate service due to an inability to pay.

Weak economic conditions and credit conditions may also adversely impact our suppliers and dealers, some of which have filed for or may be considering bankruptcy, or may experience cash flow or liquidity problems, or are unable to obtain or refinance

credit such that they may no longer be able to operate. Any of these could adversely impact our ability to distribute, market, or sell our products and services.

In addition, instability in the global financial markets could lead to periodic volatility in the credit, equity, and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

The agreements governing our indebtedness and other financing arrangements include restrictive covenants that limit our operating flexibility.

The agreements governing our indebtedness and other financing arrangements impose significant operating and financial restrictions on us. These restrictions, subject in certain cases to customary baskets, exceptions, and incurrence-based ratio tests, may limit our or our subsidiaries' ability to engage in some transactions, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock, or making other restricted payments or investments;
- selling or buying assets, properties, or licenses, including participating in future FCC auctions of spectrum or private sales of spectrum;
- developing assets, properties, or licenses that we have or in the future may procure;
- creating liens on assets;
- engaging in mergers, acquisitions, business combinations, or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit our ability to react to changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements and other financing arrangements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these agreements and other agreements, giving our lenders the right to terminate any commitments they had made to provide us with further funds and to require us to repay all amounts then outstanding. Any of these events would have a material adverse effect on our business, financial condition, and operating results.

Our significant indebtedness could adversely affect our business, financial condition and operating results.

Our ability to make payments on our debt, to repay our existing indebtedness when due, and to fund our capital-intensive business and operations, and significant planned capital expenditures will depend on our ability to generate cash in the future, which is in turn subject to the operational risks described elsewhere in this report. Our debt service obligations could have material adverse effects on our business, financial condition, and operating results, including by:

- limiting our flexibility in planning for, or reacting to, changes in our business or the communications industry or pursuing growth opportunities;
- reducing the amount of cash available for other operational or strategic needs; and
- placing us at a competitive disadvantage to competitors who are less leveraged than we are.

Some of our debt also has a floating rate of interest linked to various indices. If the change in indices result in interest rate increases, debt service requirements will increase, which could adversely affect our cash flow and operating results. In addition, any agreements we have and may continue to enter into to limit our exposure to interest rate increases may not offer complete protection from this risk, and any portion not subject to such agreements would have full exposure to interest rate increases. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could result in a loss of investor confidence regarding our financial statements or may have a material adverse effect on our business.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we along with our independently registered public accounting firm are required to report on the effectiveness of our internal control over financial reporting. We rely heavily on IT systems as an important part of our internal controls in order to operate, transact, and otherwise manage our business, as well as provide

effective and timely reporting of our financial results. Failure to design and maintain effective internal controls, including those over our IT systems, could constitute a material weakness that could result in inaccurate financial statements, inaccurate disclosures, or failure to prevent fraud. If we or our independent registered public accounting firm were unable to conclude that we have effective internal control over financial reporting, investor confidence regarding our financial statements and our business could be materially adversely affected.

Our financial condition and operating results will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription, or dealer fraud. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as national retailers, dealers, and others, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operating results.

We rely on highly-skilled personnel throughout all levels of our business. Our business could be harmed if we are unable to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture.

The market for highly-skilled workers and leaders in our industry is extremely competitive. We believe that our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented and highly-skilled personnel for all areas of our organization. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, changes to U.S. immigration policy, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our Company and our industry, and the effectiveness of our compensation programs. Our continued ability to compete effectively depends on our ability to retain and motivate our existing employees and to attract new employees. If we do not succeed in retaining and motivating our existing key employees and attracting new key personnel, we may not be able to meet our business plan and, as a result, our revenue growth and profitability may be materially adversely affected.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm our business.

We may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with our business;
- difficulties in effectively integrating the financial and operational reporting systems of the business involved in any such transaction into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction expenses in connection with any such transaction, whether consummated or not;
- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction;
- acquisition financing may not be available on reasonable terms or at all and any such financing could significantly increase our outstanding indebtedness or otherwise affect our capital structure or credit ratings; and

- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from our transaction, which could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

For any or all of these reasons, our pursuit of an acquisition, investment, or merger may have a material adverse effect on our business, financial condition, and operating results.

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Risks Related to Legal and Regulatory Matters

Changes in regulations or in the regulatory framework under which we operate could adversely affect our business, financial condition and operating results.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, as do some state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and the resolution of issues of interference between spectrum bands. Additionally, the FTC and other federal and state agencies have asserted that they have jurisdiction over some consumer protection, and elimination and prevention of anticompetitive business practices with respect to the provision of wireless products and services. We are subject to regulatory oversight by various federal, state and local agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to: roaming, interconnection, spectrum allocation and licensing, facilities siting, pole attachments, intercarrier compensation, Universal Service Fund ("USF"), net neutrality, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including handset financing and insurance activities.

We cannot assure you that the FCC or any other federal, state or local agencies will not adopt regulations or take enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations. For example, under the Obama administration, the FCC established new net neutrality and privacy regimes that applied to our operations. Both sets of rules potentially subjected some of our initiatives and practices to more burdensome requirements and heightened scrutiny by federal and state regulators, the public, edge providers, and private litigants regarding whether such initiatives or practices are compliant. While the FCC rules are now largely rolled back under the Trump administration, some state legislators and regulators are seeking to replace them with state laws, perpetuating uncertainty regarding the regulatory environment around these issues.

In addition, states are increasingly focused on the quality of service and support that wireless communication providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. We also face potential investigations by, and inquiries from or actions by state Public Utility Commissions. We also cannot assure you that Congress will not amend the Communications Act, from which the FCC obtains its authority and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business.

Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and operating results. We could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such non-compliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, financial condition, and operating results.

Unfavorable outcomes of legal proceedings may adversely affect our business, financial condition and operating results.

We are regularly involved in a number of legal proceedings before various state and federal courts, the FCC, the FTC, other federal agencies, and state and local regulatory agencies, including state attorneys general. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energies of management and other key personnel. The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition and operating results.

We offer highly regulated financial services products. These products expose us to a wide variety of state and federal regulations.

The financing of devices, through our EIP and JUMP! On Demand programs, has expanded our regulatory compliance obligations. Failure to remain compliant with applicable regulations, may increase our risk exposure in the following areas:

- consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including but not limited to the Consumer Financial Protection Board, state attorneys general, the FCC and the FTC; and

- regulatory fines, penalties, enforcement actions, civil litigation, and/or class action lawsuits.

Failure to comply with applicable regulations and the realization of any of these risks could have a material adverse effect on our business, financial condition, and operating results.

We may not be able to adequately protect the intellectual property rights on which our business depends or may be accused of infringing intellectual property rights of third parties.

We rely on a combination of patent, service mark, trademark, and trade secret laws and contractual restrictions to establish and protect our proprietary rights, all of which offer only limited protection. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. We may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to ours. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We cannot be sure that any legal actions against such infringers will be successful, even when our rights have been infringed. We cannot assure you that our pending or future patent applications will be granted or enforceable, or that the rights granted under any patent that may be issued will provide us with any competitive advantages. In addition, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or will provide adequate protection of our brands. We do not have insurance coverage for intellectual property losses, and as such, a charge for an anticipated settlement or an adverse ruling awarding damages represents an unplanned loss event. Any of these factors could have a material adverse effect on our business, financial condition, and operating results.

Third parties may claim we infringe their intellectual property rights. We are a defendant in numerous intellectual property lawsuits, including patent infringement lawsuits, which exposes us to the risk of adverse financial impact either by way of significant settlement amounts or damage awards. As we adopt new technologies and new business systems, and provide customers with new products and/or services, we may face additional infringement claims. These claims could require us to cease certain activities or to cease selling relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources, and expose us to significant damages awards or settlements, any or all of which could have a material adverse effect on our operations and financial condition. In addition to litigation directly involving our Company, our vendors and suppliers can be threatened with patent litigation and/or subjected to the threat of disruption or blockage of sale, use, or importation of products, posing the risk of supply chain interruption to particular products and associated services which could have a material adverse effect on our business, financial condition and operating results.

Our business may be impacted by new or changing tax laws or regulations and actions by federal, state, and/or local agencies, or how judicial authorities apply tax laws.

In connection with the products and services we sell, we calculate, collect, and remit various federal, state, and local taxes, surcharges and regulatory fees (“tax” or “taxes”) to numerous federal, state and local governmental authorities, including federal USF contributions and common carrier regulatory fees. In addition, we incur and pay state and local taxes and fees on purchases of goods and services used in our business.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of tax laws (including the recently enacted Tax Cuts and Jobs Act of 2017 in the United States) is uncertain and subject to differing interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services. Changes in tax laws could also impact revenue on tax inclusive plans.

In the event that we have incorrectly described, disclosed, calculated, assessed, or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state, and/or local municipalities were to significantly increase taxes on our network, operations, or services, or seek to impose new taxes, it could have a material adverse effect on our business, financial condition and operating results.

Our wireless licenses are subject to renewal and may be revoked in the event that we violate applicable laws.

Our existing wireless licenses are subject to renewal upon the expiration of the 10-year or 15-year period for which they are granted. Historically, the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. In addition, our licenses are subject to our compliance with the terms set forth in the agreement

pertaining to national security among Deutsche Telekom, the Federal Bureau of Investigation, the Department of Justice, the Department of Homeland Security and the Company. The failure of Deutsche Telekom or the Company to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation or non-renewal of our spectrum licenses. If we fail to timely file to renew any wireless license or fail to meet any regulatory requirements for renewal, including construction and substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. The FCC has pending a rulemaking proceeding to reevaluate, among other things, its wireless license renewal showings and standards and may in this or other proceedings promulgate changes or additional substantial requirements or conditions to its renewal rules, including revising license build-out requirements. Accordingly, we cannot assure you that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, financial condition, and operating results.

Our business could be adversely affected by findings of product liability for health/safety risks from wireless devices and transmission equipment, as well as by changes to regulations/radio frequency emission standards.

We do not manufacture the devices or other equipment that we sell, and we depend on our suppliers to provide defect-free and safe equipment. Suppliers are required by applicable law to manufacture their devices to meet certain governmentally imposed safety criteria. However, even if the devices we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for any harm caused by products we sell if such products are later found to have design or manufacturing defects. We generally seek to enter into indemnification agreements with the manufacturers who supply us with devices to protect us from losses associated with product liability, but we cannot guarantee that we will be fully protected against all losses associated with a product that is found to be defective.

Allegations have been made that the use of wireless handsets and wireless transmission equipment, such as cell towers, may be linked to various health concerns, including cancer and brain tumors. Lawsuits have been filed against manufacturers and carriers in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, the FCC has from time to time gathered data regarding wireless handset emissions and its assessment of this issue may evolve based on its findings. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. These allegations may lead to changes in regulatory standards. There have also been other allegations regarding wireless technology, including allegations that wireless handset emissions may interfere with various electronic medical devices (including hearing aids and pacemakers), airbags and anti-lock brakes. Defects in the products of our suppliers, such as the 2016 recall by a handset Original Equipment Manufacturer ("OEM") on one of its smartphone devices, could have a material adverse effect on our business, financial condition and operating results.

Additionally, there are safety risks associated with the use of wireless devices while operating vehicles or equipment. Concerns over any of these risks and the effect of any legislation, rules or regulations that have been and may be adopted in response to these risks could limit our ability to sell our wireless services.

Risks Related to Ownership of our Common Stock

We are controlled by Deutsche Telekom, whose interests may differ from the interests of our other stockholders.

Deutsche Telekom beneficially owns and possesses majority voting power of the fully diluted shares of our common stock.

Through its control of the voting power of our common stock and the rights granted to Deutsche Telekom in our certificate of incorporation and the Stockholder's Agreement, Deutsche Telekom controls the election of our directors and all other matters requiring the approval of our stockholders. By virtue of Deutsche Telekom's voting control, we are a "controlled company," as defined in the NASDAQ listing rules, and are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed

companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

In addition, our certificate of incorporation and the Stockholder's Agreement restrict us from taking certain actions without Deutsche Telekom's prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of our common stock, including:

- the incurrence of debt (excluding certain permitted debt) if our consolidated ratio of debt to cash flow, as defined in the indenture dated April 28, 2013, for the most recently ended four full fiscal quarters for which financial statements are available would exceed 5.25 to 1.0 on a pro forma basis;
- the acquisition of any business, debt or equity interests, operations or assets of any person for consideration in excess of $1.0 billion;
- the sale of any of our or our subsidiaries' divisions, businesses, operations or equity interests for consideration in excess of $1.0 billion;
- the incurrence of secured debt (excluding certain permitted secured debt);
- any change in the size of our Board of Directors;
- the issuances of equity securities in excess of 10% of our outstanding shares or to repurchase debt held by Deutsche Telekom;
- the repurchase or redemption of equity securities or the declaration of extraordinary or in-kind dividends or distributions other than on a pro rata basis; or
- the termination or hiring of our chief executive officer.

These restrictions could prevent us from taking actions that our Board of Directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

Deutsche Telekom effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our certificate of incorporation, a sale or merger of our Company and other transactions requiring stockholder approval under Delaware law. Deutsche Telekom's controlling interest may have the effect of making it more difficult for a third party to acquire, or discouraging a third party from seeking to acquire, the Company. Deutsche Telekom may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counter-party in a number of commercial arrangements, and may make decisions adverse to the interests of our other stockholders.

In addition, we license certain trademarks from Deutsche Telekom, including the right to use the trademark "T-Mobile" as a name for the Company and our flagship brand, under a trademark license agreement between Deutsche Telekom and the Company. As described in more detail in our proxy statement under the heading "Transactions with Related Persons and Approval", we are obligated under the trademark license to pay Deutsche Telekom a royalty in an amount equal to 0.25%, which we refer to as the royalty rate, of the net revenue (as defined in the trademark license) generated by products and services sold by the Company under the licensed trademarks. However, the license agreement includes a royalty rate adjustment mechanism that will occur in early 2018 and potentially result in a new royalty rate effective in January 2019. We also have the right to terminate the trademark license upon one year's prior notice. An increase in the royalty rate or termination of the trademark license could have a material adverse effect on our business, financial condition and operating results.

Future sales or issuances of our common stock, including sales by Deutsche Telekom, could have a negative impact on our stock price.

We cannot predict the effect, if any, that market sales of shares or the availability of shares of our common stock will have on the prevailing trading price of our common stock from time to time. Sales or issuances of a substantial number of shares of our common stock could cause our stock price to decline and could result in dilution of your shares.

We and Deutsche Telekom are parties to the Stockholder's Agreement pursuant to which Deutsche Telekom is free to transfer its shares in public sales without notice, as long as such transactions would not result in the transferee owning 30% or more of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transferee makes a binding offer to purchase all of the other outstanding shares on the same price and terms. The Stockholder's Agreement does not otherwise impose any other restrictions on the sales of common stock by Deutsche Telekom. Moreover, we have filed a shelf registration statement with respect to the common stock and certain debt securities held by Deutsche Telekom, which would facilitate the resale by Deutsche Telekom of all or any portion of the shares of our common stock it holds. The sale of shares of our common stock by Deutsche Telekom (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease

in our stock price. In addition, even if Deutsche Telekom does not sell a large number of its shares into the market, its right to transfer a large number of shares into the market may depress our stock price.

Our stock price may be volatile, and may fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

The trading prices of the securities of communications companies historically have been highly volatile, and the trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in reaction to a number of events and factors that may include, among other things:

- our or our competitors' actual or anticipated operating and financial results; introduction of new products and services by us or our competitors or changes in service plans or pricing by us or our competitors;
- analyst projections, predictions and forecasts, analyst target prices for our securities and changes in, or our failure to meet, securities analysts' expectations;
- transaction in our common stock by major investors;
- share repurchases by us or purchases by Deutsche Telekom;
- Deutsche Telekom's financial performance, results of operation, or actions implied or taken by Deutsche Telekom;
- entry of new competitors into our markets or perceptions of increased price competition, including a price war;
- our performance, including subscriber growth, and our financial and operational metric performance;
- market perceptions relating to our services, network, handsets, and deployment of our LTE platform and our access to iconic handsets, services, applications, or content;
- market perceptions of the wireless communications industry and valuation models for us and the industry;
- conditions or trends in the Internet and the industry sectors we operate in;
- changes in our credit rating or future prospects;
- changes in interest rates;
- changes in our capital structure, including issuance of additional debt or equity to the public;
- the availability or perceived availability of additional capital in general and our access to such capital;
- actual or anticipated consolidation, or other strategic mergers or acquisition activities involving us or our competitors, or other participants in related or adjacent industries, or market speculations regarding such activities;
- disruptions of our operations or service providers or other vendors necessary to our network operations;
- the general state of the U.S. and world politics and economies; and
- availability of additional spectrum, whether by the announcement, commencement, bidding and closing of auctions for new spectrum or the acquisition of companies that own spectrum, and the extent to which we or our competitors succeed in acquiring additional spectrum.

In addition, the stock market has been volatile in the recent past and has experienced significant price and volume fluctuations, which may continue for the foreseeable future. This volatility has had a significant impact on the trading price of securities issued by many companies, including companies in the communications industry. These changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future.

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. We currently intend to use future earnings, if any, to invest in our business and to fund our existing stock repurchase program.

Our previously announced stock repurchase program, and any subsequent stock purchase program put in place from time to time, could affect the price of our common stock, increase the volatility of our common stock and could diminish our cash reserves. Such repurchase program may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

We may have in place from time to time, a stock repurchase program. Any such stock repurchase program adopted will not obligate the Company to repurchase any dollar amount or number of shares of common stock and may be suspended or discontinued at any time, which could cause the market price of our common stock to decline. The timing and actual number of shares repurchased under any such stock repurchase program depends on a variety of factors including the timing of open trading windows, the price of our common stock, corporate and regulatory requirements and other market conditions. We may effect repurchases under any stock repurchase program from time to time in the open market, in privately negotiated transactions or otherwise, including accelerated stock repurchase arrangements. Repurchases pursuant to any such stock repurchase program could affect our stock price and increase its volatility. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock. Although our stock repurchase program is intended to enhance stockholder value, short-term stock price fluctuations could reduce the program's effectiveness. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. See Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities and Note 10 - Repurchases of Common Stock included in Part II of this Form 10-K for further information.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2017, our significant properties that we primarily leased and were used in connection with switching centers, data centers, call centers and warehouses were as follows:

	Approximate Number	Approximate Size in Square Feet
Switching centers	61	1,300,000
Data centers	6	500,000
Call center	17	1,400,000
Warehouses	15	500,000

As of December 31, 2017, we primarily leased:

- Approximately 61,000 macro sites and approximately 18,000 distributed antenna system and small cell sites.
- Approximately 2,200 T-Mobile and MetroPCS retail locations, including stores and kiosks ranging in size from approximately 100 square feet to 17,000 square feet.
- Office space totaling approximately 900,000 square feet for our corporate headquarters in Bellevue, Washington. We use these offices for engineering and administrative purposes.
- Office space throughout the U.S., totaling approximately 1,700,000 square feet as of December 31, 2017, for use by our regional offices primarily for administrative, engineering and sales purposes.

In February 2018, we extended the leases related to our corporate headquarters facility.

Item 3. Legal Proceedings

See Note 13 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding certain legal proceedings in which we are involved.

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Item 4. Mine Safety Disclosures

None.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TMUS." As of December 31, 2017, there were 269 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

The high and low common stock sales prices per share were as follows:

	High	Low
Year Ended December 31, 2017		
First quarter	$ 65.41	$ 55.30
Second quarter	68.88	59.59
Third quarter	65.47	59.13
Fourth quarter	64.64	54.60
Year Ended December 31, 2016		
First quarter	$ 41.23	$ 33.23
Second quarter	44.13	37.93
Third quarter	48.11	42.71
Fourth quarter	59.19	44.91

Dividends

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. In addition, no dividend may be declared or paid on our common stock, other than dividends payable solely in shares of our common stock, unless all accrued dividends for all completed dividend periods have been declared and paid on our preferred stock. As of December 15, 2017, 20 million shares of our preferred stock converted to approximately 32 million shares of our common stock at a conversion rate of 1.6119 common shares for each share of previously outstanding preferred stock and certain cash-in-lieu of fractional shares. There are no preferred shares outstanding as of December 31, 2017. We currently intend to use future earnings, if any, to invest in our business and to fund our existing stock repurchase program. Subject to Delaware law, our Board of Directors will determine the payment of future dividends on our common stock, if any, and the amount of any dividends in light of:

- any applicable contractual or charter restrictions limiting our ability to pay dividends;
- our earnings and cash flows;
- our capital requirements;
- our future needs for cash;
- our financial condition; and
- other factors our Board of Directors deems relevant.

Repurchases of Common Stock

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018. Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements. The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The repurchase program does not obligate us to acquire any particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion. Repurchased shares are retired.

We also understand that Deutsche Telekom AG, our majority stockholder, or its affiliates, is considering plans to purchase additional shares of our common stock. Such purchases would likely take place through December 31, 2018, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements.

The following table summarizes information regarding shares repurchased during the quarter ended December 31, 2017:

	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in millions)
10/1/2017 - 10/31/2017	—	$ —	—	$ —
11/1/2017 - 11/30/2017	—	—	—	—
12/1/2017 - 12/31/2017	7,010,889	63.34	7,010,889	1,056
	7,010,889		7,010,889	1,056

From the inception of the repurchase program through February 5, 2018, we repurchased approximately 12.3 million shares at an average price per share of $63.68 for a total purchase price of approximately $783 million. As of February 5, 2018, there was approximately $717 million of repurchase authority remaining.

Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the S&P 500 index, the NASDAQ Composite index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2012 to December 31, 2017. For periods prior to the closing of the business combination with MetroPCS, our stock price performance represents the stock price of MetroPCS, adjusted to reflect the 1-for-2 reverse stock split effected on April 30, 2013.

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	At December 31,					
	2012	2013	2014	2015	2016	2017
T-Mobile US, Inc.	$ 100.00	$ 210.69	$ 168.73	$ 245.01	$ 360.19	$ 397.77
S&P 500	100.00	132.39	150.51	152.59	170.84	208.14
NASDAQ Composite	100.00	141.63	162.09	173.33	187.19	242.29
Dow Jones US Mobile Telecommunications TSM	100.00	132.12	118.02	123.77	157.74	161.29

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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Item 6. Selected Financial Data

The following selected financial data are derived from our consolidated financial statements. In connection with the business combination with MetroPCS, the selected financial data prior to May 1, 2013 represents T-Mobile USA's historical financial data. The data below should be read together with Risk Factors included in Part I, Item 1A, Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 and Financial Statements and Supplementary Data included in Part II, Item 8 of this Form 10-K.

Selected Financial Data

(in millions, except per share and customer amounts)	As of and for the Year Ended December 31,				
	2017	2016	2015	2014	2013
Statement of Operations Data					
Total service revenues	$ 30,160	$ 27,844	$ 24,821	$ 22,375	$ 19,068
Total revenues [1]	40,604	37,490	32,467	29,920	24,605
Operating income [1]	4,888	4,050	2,479	1,772	1,181
Total other expense, net [1]	(1,727)	(1,723)	(1,501)	(1,359)	(1,130)
Income tax benefit (expense)	1,375	(867)	(245)	(166)	(16)
Net income	4,536	1,460	733	247	35
Net income attributable to common stockholders	4,481	1,405	678	247	35
Earnings per share:					
Basic	$ 5.39	$ 1.71	$ 0.83	$ 0.31	$ 0.05
Diluted	$ 5.20	$ 1.69	$ 0.82	$ 0.30	$ 0.05
Balance Sheet Data					
Cash and cash equivalents	$ 1,219	$ 5,500	$ 4,582	$ 5,315	$ 5,891
Property and equipment, net	22,196	20,943	20,000	16,245	15,349
Spectrum licenses	35,366	27,014	23,955	21,955	18,122
Total assets	70,563	65,891	62,413	56,639	49,946
Total debt, excluding tower obligations	28,319	27,786	26,243	21,946	20,182
Stockholders' equity	22,559	18,236	16,557	15,663	14,245
Statement of Cash Flows and Operational Data					
Net cash provided by operating activities	$ 7,962	$ 6,135	$ 5,414	$ 4,146	$ 3,545
Purchases of property and equipment	(5,237)	(4,702)	(4,724)	(4,317)	(4,025)
Purchases of spectrum licenses and other intangible assets, including deposits	(5,828)	(3,968)	(1,935)	(2,900)	(381)
Net cash (used in) provided by financing activities	(1,179)	463	3,413	2,524	4,044
Total customers (in thousands)[2]	72,585	71,455	63,282	55,018	46,684

(1) Effective January 1, 2017, we changed an accounting principle. The imputed discount on Equipment Installment Plan ("EIP") receivables, which is amortized over the financed installment term using the effective interest method, and was previously presented within Interest income in our Consolidated Statements of Comprehensive Income, is now presented within Other revenues in our Consolidated Statements of Comprehensive Income. We have applied this change retrospectively and presented the effect of $280 million, $248 million, $414 million, $356 million and $185 million on the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively in the table above. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(2) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The objectives of our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are to provide users of our consolidated financial statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is provided as a supplement to, and should be read together with, our audited consolidated financial statements for the three years ended December 31, 2017 included in Part II, Item 8 of this Form 10-K. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Business Overview

Change in Accounting Principle

Effective January 1, 2017, the imputed discount on EIP receivables, which is amortized over the financed installment term using the effective interest method and was previously recognized within Interest income in our Consolidated Statements of Comprehensive Income, is recognized within Other revenues in our Consolidated Statements of Comprehensive Income. We believe this presentation is preferable because it provides a better representation of amounts earned from the Company's major ongoing operations and aligns with industry practice thereby enhancing comparability. We have applied this change retrospectively and the effect of this change for the years ended December 31, 2016 and 2015, was a reclassification of $248 million and $414 million, respectively, from Interest income to Other revenues. The amortization of imputed discount on our EIP receivables for the year ended December 31, 2017 was $280 million. For additional information, see Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Un-carrier Strategy

The Un-carrier is about adding value to the customer relationship by changing the rules of the industry and giving our customers more. We introduced our Un-carrier strategy in 2013 with the objective of eliminating customer pain points from the unnecessary complexity of the wireless communication industry. Since that time, we have continued our efforts with the launch of additional initiatives of our Un-carrier strategy. During 2017, we launched the following Un-carrier initiatives:

- In January 2017, we introduced, Un-carrier Next, where monthly wireless service fees and sales taxes are included in the advertised monthly recurring charge for T-Mobile ONE. We also unveiled Kickback on T-Mobile ONE, where participating customers who use 2 GB or less of data in a month, will get up to a $10 credit per qualifying line on their next month's bill. In addition, we introduced the Un-contract for T-Mobile ONE with the first-ever price guarantee on an unlimited 4G LTE plan which allows current T-Mobile ONE customers to keep their price for service until they decide to change it.
- In September 2017, we introduced, Un-carrier Next: Netflix On Us, through an exclusive new partnership with Netflix where qualifying T-Mobile ONE customers on family plans can opt in for a standard monthly Netflix service plan at no additional cost.

Our ability to acquire and retain branded customers is important to our business in the generation of revenues and we believe our Un-carrier strategy, along with ongoing network improvements, has been successful in attracting and

retaining customers as evidenced by continued branded customer growth and improved branded postpaid phone and branded prepaid customer churn.

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(in thousands)	Year Ended December 31, 2017	2016	2015	2017 Versus 2016 # Change	% Change	2016 Versus 2015 # Change	% Change
Net customer additions							
Branded postpaid customers	3,620	4,097	4,510	(477)	(12%)	(413)	(9%)
Branded prepaid customers	855	2,508	1,315	(1,653)	(66%)	1,193	91%
Total branded customers	4,475	6,605	5,825	(2,130)	(32%)	780	13%

	Year Ended December 31, 2017	2016	2015	Bps Change 2017 Versus 2016	Bps Change 2016 Versus 2015
Branded postpaid phone churn	1.18%	1.30%	1.39%	-12 bps	-9 bps
Branded prepaid churn	4.04%	3.88%	4.45%	16 bps	-57 bps

On September 1, 2016, we sold our marketing and distribution rights to certain existing T-Mobile co-branded customers to a current MVNO partner for nominal consideration (the "MVNO Transaction"). Upon the sale, the MVNO Transaction resulted in a transfer of 1,365,000 branded postpaid phone customers and 326,000 branded prepaid customers to wholesale customers. Prospectively from September 1, 2016, revenue for these customers is recorded within wholesale revenues in our Consolidated Statements of Comprehensive Income. Additionally, the impact of the MVNO Transaction resulted in improvements to branded postpaid phone churn for year ended December 31, 2016.

We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

During the year ended December 31, 2016, a handset OEM announced recalls on certain of its smartphone devices. As a result, in 2016 we recorded no revenue associated with the device sales to customers and impaired the devices to their net realizable value. The OEM agreed to reimburse T-Mobile for direct and indirect costs associated with the recall, as such, we recorded an amount due from the OEM as an offset to the loss recorded in Cost of equipment sales and the costs incurred within Selling, general and administrative in our Consolidated Statements of Comprehensive Income and a reduction to Accounts payable and accrued liabilities in our Consolidated Balance Sheets. The reimbursement was received from the OEM in 2017.

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Hurricane Impacts

During the third and fourth quarters of 2017, our operations in Texas, Florida and Puerto Rico experienced losses related to hurricanes. The impact to operating income for the year ended December 31, 2017, from lost revenue, assets damaged or destroyed and other hurricane related costs are included in the table below. We expect additional expenses to be incurred and customer activity to be impacted in the first quarter of 2018, primarily related to our operations in Puerto Rico. We have recognized insurance recoveries related to those hurricane losses in the amount of approximately $93 million for the year ended December 31, 2017 as an offset to the costs incurred within Cost of services in our Consolidated Statements of Comprehensive Income and as an increase to Other current assets in our Consolidated Balance Sheets. We continue to assess the damage of the hurricanes and work with our insurance carriers to submit claims for property damage and business interruption. We expect to record additional insurance recoveries related to these hurricanes in future periods.

(in millions, except per share amounts, ARPU, ABPU, and bad debt expense as a percentage of total revenues)	Year Ended December 31, 2017		
	Gross	Reimbursement	Net
Increase (decrease)			
Revenues			
Branded postpaid revenues	$ (37)	$ —	$ (37)
Of which, branded postpaid phone revenues	*(35)*	—	*(35)*
Branded prepaid revenues	(11)	—	(11)
Total service revenues	(48)	—	(48)
Equipment revenues	(8)	—	(8)
Total revenues	(56)	—	(56)
Operating expenses			
Cost of services	198	(93)	105
Cost of equipment sales	4	—	4
Selling, general and administrative	36	—	36
Of which, bad debt expense	*20*	—	*20*
Total operating expense	238	(93)	145
Operating income (loss)	$ (294)	$ 93	$ (201)
Net income (loss)	$ (193)	$ 63	$ (130)
Earnings per share - basic	$ (0.23)	$ 0.07	$ (0.16)
Earnings per share - diluted	(0.22)	0.07	(0.15)
Operating measures			
Bad debt expense as a percentage of total revenues	0.05 %	— %	0.05 %
Branded postpaid phone ARPU	$ (0.09)	$ —	$ (0.09)
Branded postpaid ABPU	(0.08)	—	(0.08)
Branded prepaid ARPU	(0.05)	—	(0.05)
Non-GAAP financial measures			
Adjusted EBITDA	$ (294)	$ 93	$ (201)

Results of Operations

Highlights for the year ended December 31, 2017, compared to the same period in 2016

- Total revenues of $40.6 billion increased $3.1 billion, or 8%. The increase was primarily driven by growth in service and equipment revenues as further discussed below. On September 1, 2016, we sold our marketing and distribution rights to certain existing T-Mobile co-branded customers to a current MVNO partner for nominal consideration. The MVNO Transaction shifted Branded postpaid revenues to Wholesale revenues, but did not materially impact total revenues.

- Service revenues of $30.2 billion increased $2.3 billion, or 8%. The increase was primarily due to growth in our average branded customer base as a result of strong customer response to our Un-carrier initiatives, promotions and the success of our MetroPCS brand.

- Equipment revenues of $9.4 billion increased $648 million, or 7%. The increase was primarily due to higher average revenue per device sold and an increase from customer purchases of leased devices at the end of the lease term, partially offset by lower lease revenues.

- Operating income of $4.9 billion increased $838 million, or 21%. The increase was primarily due to higher Total service revenues and lower Depreciation and amortization, partially offset by higher Selling, general and administrative, lower Gains on disposal of spectrum licenses and higher Cost of services expenses.

- Net income of $4.5 billion increased $3.1 billion, or 211%. The increase was primarily due to the impact of the Tax Cuts and Jobs Act of 2017 (the "TCJA"), which resulted in a net tax benefit of $2.2 billion in 2017, and higher operating income driven by the factors described above, partially offset by the negative impact from hurricanes. Net income included net, after-tax spectrum gains of $174 million and $509 million, for the years ended December 31, 2017 and 2016, respectively.

- Adjusted EBITDA, a non-GAAP financial measure, of $11.2 billion increased $574 million, or 5%. The increase was primarily due to higher operating income driven by the factors described above, partially offset by lower Gains on disposal of spectrum licenses. Adjusted EBITDA included pre-tax spectrum gains of $235 million and $835 million for the years ended December 31, 2017 and 2016, respectively.

- Net cash provided by operating activities of $8.0 billion increased $1.8 billion, or 30%. See “Liquidity and Capital Resources” section for additional information.

- Free Cash Flow, a non-GAAP financial measure, of $2.7 billion increased $1.3 billion, or 90%. See “Liquidity and Capital Resources” section for additional information.

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Set forth below is a summary of our consolidated results:

(in millions)	Year Ended December 31, 2017	2016 (As Adjusted - See Note 1)	2015	2017 Versus 2016 $ Change	2017 Versus 2016 % Change	2016 Versus 2015 $ Change	2016 Versus 2015 % Change
Revenues							
Branded postpaid revenues	$ 19,448	$ 18,138	$ 16,383	$ 1,310	7 %	$ 1,755	11 %
Branded prepaid revenues	9,380	8,553	7,553	827	10 %	1,000	13 %
Wholesale revenues	1,102	903	692	199	22 %	211	30 %
Roaming and other service revenues	230	250	193	(20)	(8) %	57	30 %
Total service revenues	30,160	27,844	24,821	2,316	8 %	3,023	12 %
Equipment revenues	9,375	8,727	6,718	648	7 %	2,009	30 %
Other revenues	1,069	919	928	150	16 %	(9)	(1) %
Total revenues	40,604	37,490	32,467	3,114	8 %	5,023	15 %
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	6,100	5,731	5,554	369	6 %	177	3 %
Cost of equipment sales	11,608	10,819	9,344	789	7 %	1,475	16 %
Selling, general and administrative	12,259	11,378	10,189	881	8 %	1,189	12 %
Depreciation and amortization	5,984	6,243	4,688	(259)	(4) %	1,555	33 %
Cost of MetroPCS business combination	—	104	376	(104)	(100) %	(272)	(72) %
Gains on disposal of spectrum licenses	(235)	(835)	(163)	600	(72) %	(672)	NM
Total operating expense	35,716	33,440	29,988	2,276	7 %	3,452	12 %
Operating income	4,888	4,050	2,479	838	21 %	1,571	63 %
Other income (expense)							
Interest expense	(1,111)	(1,418)	(1,085)	307	(22) %	(333)	31 %
Interest expense to affiliates	(560)	(312)	(411)	(248)	79 %	99	(24) %
Interest income	17	13	6	4	31 %	7	117 %
Other expense, net	(73)	(6)	(11)	(67)	NM	5	(45) %
Total other expense, net	(1,727)	(1,723)	(1,501)	(4)	— %	(222)	15 %
Income before income taxes	3,161	2,327	978	834	36 %	1,349	138 %
Income tax benefit (expense)	1,375	(867)	(245)	2,242	(259) %	(622)	254 %
Net income	$ 4,536	$ 1,460	$ 733	$ 3,076	211 %	$ 727	99 %
Net cash provided by operating activities	$ 7,962	$ 6,135	$ 5,414	$ 1,827	30 %	$ 721	13 %
Net cash used in investing activities	(11,064)	(5,680)	(9,560)	(5,384)	95 %	3,880	(41) %
Net cash (used in) provided by financing activities	(1,179)	463	3,413	(1,642)	(355) %	(2,950)	(86) %
Non-GAAP Financial Measures							
Adjusted EBITDA	$ 11,213	$ 10,639	$ 7,807	$ 574	5 %	$ 2,832	36 %
Free Cash Flow	2,725	1,433	690	1,292	90 %	743	108 %

NM - Not Meaningful

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The following discussion and analysis is for the year ended December 31, 2017, compared to the same period in 2016 unless otherwise stated.

Total revenues increased $3.1 billion, or 8%, primarily due to higher revenues from branded postpaid and prepaid customers as well as higher equipment revenues as discussed below.

Branded postpaid revenues increased $1.3 billion, or 7%, primarily from:

- A 7% increase in average branded postpaid phone customers, primarily from growth in our customer base driven by the continued strong customer response to our Un-carrier initiatives and promotions for services and devices, including the growing success of our business channel, T-Mobile for Business; and
- The positive impact from a decrease in the non-cash net revenue deferral for Data Stash; partially offset by
- A 1% decrease in branded postpaid phone ARPU primarily driven by dilution from promotions targeting families and new segments;
- The MVNO Transaction; and
- The negative impact from hurricanes of approximately $37 million.

Branded prepaid revenues increased $827 million, or 10%, primarily from:

- A 7% increase in average branded prepaid customers primarily driven by growth in the customer base; and
- A 2% increase in branded prepaid ARPU from the success of our MetroPCS brand and the optimization of our third-party distribution channels; partially offset by
- The negative impact from hurricanes of approximately $11 million.

Wholesale revenues increased $199 million, or 22%, primarily from the impact of the MVNO Transaction, growth in MVNO customers and higher minimum commitment revenues.

Roaming and other service revenues decreased $20 million, or 8%.

Equipment revenues increased $648 million, or 7%, primarily from:

- An increase of $445 million in device sales revenues excluding purchased lease devices, primarily due to:
  - Higher average revenue per device sold due to an increase in the high-end device mix and the impacts of an OEM recall of its smartphone devices in 2016, partially offset by an increase in promotions and device-related commissions spending; partially offset by
  - A 2% decrease in the number of devices sold, excluding purchased lease devices, driven by a lower branded postpaid handset upgrade rate. Device sales revenue is recognized at the time of sale;
- An increase of $395 million from customers' purchase of leased devices at the end of the lease term;
- An increase of $231 million primarily related to proceeds from liquidation of returned customer handsets in 2017; and
- An increase of $130 million in SIM and upgrade revenue; partially offset by
-

A decrease of $539 million in lease revenues from declining JUMP! On Demand population due to shifting focus to our EIP financing option beginning in the first quarter of 2016;

- A decrease of $18 million in accessory revenue primarily related to the decrease in device sales volume; and
- The negative impact from hurricanes of approximately $8 million.

Under our JUMP! On Demand program, upon device upgrade or at lease end, customers must return or purchase their device. Revenue for purchased leased devices is recorded as equipment revenues when revenue recognition criteria have been met.

Gross EIP device financing to our customers increased by $437 million for the year ended December 31, 2017, primarily due to growth in the gross amount of equipment financed on EIP. The increase was also due to certain customers on leased devices reaching the end of lease term who financed their devices over a nine-month EIP.

Other revenues increased $150 million, or 16%, primarily due to higher revenue from revenue share agreements with third parties.

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Our operating expenses consist of the following categories:

- **Cost of services** primarily includes costs directly attributable to providing wireless service through the operation of our network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs.

- **Cost of equipment sales** primarily includes costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, costs related to returned and purchased leased devices, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.

- **Selling, general and administrative** primarily includes costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include commissions paid to dealers and retail employees for activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense, losses from sales of receivables and back office administrative support activities.

Operating expenses increased $2.3 billion, or 7%, primarily from higher Cost of services, Cost of equipment sales, Selling, general and administrative and lower Gains on disposal of spectrum licenses, partially offset by lower Depreciation and amortization as discussed below.

Cost of services increased $369 million, or 6%, primarily from:

- Higher lease, engineering and employee-related expenses associated with network expansion; and
- The negative impact from hurricanes of $105 million, net of insurance recoveries; partially offset by
- Lower long distance and toll costs as we continue to renegotiate contracts with vendors; and
- Lower regulatory expenses.

Cost of equipment sales increased $789 million, or 7%, primarily from:

- An increase of $806 million in device cost of equipment sales, excluding purchased leased devices, primarily due to:
    - A higher average cost per device sold primarily from an increase in the high-end device mix and from the impact of an OEM recall of its smartphone devices in 2016; partially offset by
    - A 2% decrease in the number of devices sold, excluding purchased lease devices, driven by a lower branded postpaid handset upgrade rate.
- An increase of $201 million in lease device cost of equipment sales, primarily due to:
    - An increase in lease buyouts as leases began reaching their term dates in 2017; partially offset by
    - A decrease in write downs to market value of devices returned to inventory resulting from a decrease in the number of leased device upgrades.
- These increases are partially offset by a decrease of $159 million primarily related to:
    - A decrease in insurance and warranty claims;

    - Higher proceeds from liquidation of returned customer handsets under our insurance programs; and
    - Lower inventory adjustments related to physical adjustments and obsolete inventory; partially offset by
    - Higher costs from an increase in the volume of liquidated returned customer handsets outside of our insurance programs.

- A decrease of $57 million in accessory cost primarily driven by the decrease in device sales volume.

Under our JUMP! On Demand program, upon device upgrade or at the end of the lease term, customers must return or purchase their device. The cost of purchased leased devices is recorded as Cost of equipment sales. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales.

Selling, general and administrative increased $881 million, or 8%, primarily from higher commissions, employee-related costs, promotional and advertising costs, and costs related to outsourced functions and managed services to support our growing customer base, partially offset by lower handset repair services cost. Additionally, the negative impact from hurricanes of approximately $36 million contributed to the increase.

Depreciation and amortization decreased $259 million, or 4%, primarily from:

- Lower depreciation expense related to our JUMP! On Demand program resulting from a lower number of devices under lease. Under our JUMP! On Demand program, the cost of a leased wireless device is depreciated to its estimated residual value over the period expected to provide utility to us; partially offset by
- The continued build-out of our 4G LTE network;
- The implementation of the first component of our new billing system; and
- Growth in our distribution footprint.

Cost of MetroPCS business combination decreased $104 million. On July 1, 2015, we officially completed the shutdown of the MetroPCS CDMA network. Network decommissioning costs primarily relate to the acceleration of lease costs for cell sites that would have otherwise been recognized as cost of services over the remaining lease term had we not decommissioned the cell sites. We do not expect to incur significant additional network decommissioning costs in 2018.

Gains on disposal of spectrum licenses decreased $600 million, or 72%, primarily from gains of $636 million and $191 million on disposal of spectrum licenses with AT&T and Sprint during the first quarter and third quarter of 2016, respectively. These 2016 gains were partially offset by gains of $235 million from spectrum license transactions with AT&T and Verizon in 2017.

Net income increased $3.1 billion, primarily due to the Tax Cuts and Jobs Act of 2017 ("TCJA") as discussed below, higher operating income and a net decrease in interest expense, partially offset by the negative impact from hurricanes of approximately $130 million, net of insurance recoveries.

- **Operating income**, the components of which are discussed above, increased $838 million, or 21%. The negative impact from the hurricanes for the year ended December 31, 2017 was approximately $201 million, net of insurance recoveries.
- **Income tax benefit (expense)** changed $2.2 billion, from an expense of $867 million in 2016 to a benefit of $1.4 billion in 2017 primarily from:
    - A lower effective tax rate. The effective tax rate was a benefit of 43.5% in 2017, compared to an expense of 37.3% in 2016. The decrease in the effective income tax rate was primarily due to the impact of the TCJA, which resulted in a net tax benefit of $2.2 billion in 2017, substantially due to a re-measurement of deferred tax assets and liabilities; and
    - A $319 million reduction in the valuation allowance against deferred tax assets in certain state jurisdictions in 2017; partially offset by
    - Higher income before income taxes.

  The TCJA was enacted December 22, 2017 and is generally effective beginning January 1, 2018. The TCJA includes numerous changes to existing tax law, which have been reflected in the 2017 consolidated financial statements. The state corporate income tax impact of the TCJA is complex and will continue to evolve as jurisdictions evaluate conformity to the numerous federal tax law changes. As such, a re-measurement of

state deferred tax assets and liabilities and the associated net tax benefit or expense may result within the next 12 months. The TCJA resulted in a net tax benefit of $2.2 billion in 2017.

See Note 11 - Income Taxes of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

- **Interest expense** decreased $307 million, or 22%, primarily from:

  - A decrease from the early redemption of our $1.98 billion Senior Secured Term Loans and $8.3 billion of Senior Notes; partially offset by

- An increase from the issuance of the $1.5 billion of Senior Notes in March 2017; and
- An increase from the issuance of the $1.0 billion of Senior Notes in April 2016.

- **Interest expense to affiliates** increased $248 million, or 79%, primarily from:
  - Issuance of $4.0 billion secured term loan facility with Deutsche Telekom AG ("DT") entered into in January 2017;
  - Issuance of a total of $4.0 billion in Senior Notes in May 2017;
  - An increase in drawings on our Revolving Credit Facility; and
  - Issuance of $500 million in Senior Notes in September 2017; partially offset by
  - A decrease from lower interest rates achieved through refinancing of a total of $2.5 billion of Senior Reset Notes in April 2017.

  See Note 7 – Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

- **Other expense, net** increased $67 million primarily from:
  - A $73 million net loss recognized from the early redemption of certain Senior Notes; and
  - A $13 million net loss recognized from the refinancing of our outstanding Senior Secured Term Loans.

  See Note 7 – Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Net income included net, after-tax gains on disposal of spectrum licenses of $174 million and $509 million for the years ended December 31, 2017 and 2016, respectively.

Guarantor Subsidiaries

The financial condition and results of operations of the Parent, Issuer and Guarantor Subsidiaries is substantially similar to our consolidated financial condition. The most significant components of the financial condition of our Non-Guarantor Subsidiaries were as follows:

(in millions)	December 31, 2017	December 31, 2016	Change	
			$	%
Other current assets	$ 628	$ 565	$ 63	11 %
Property and equipment, net	306	375	(69)	(18 %)
Tower obligations	2,198	2,221	(23)	(1 %)
Total stockholders' deficit	(1,454)	(1,374)	(80)	6 %

The most significant components of the results of operations of our Non-Guarantor Subsidiaries were as follows:

(in millions)	Year Ended December 31,		Change	
	2017	2016	$	%
Service revenues	$ 2,113	$ 2,023	$ 90	4 %
Cost of equipment sales	1,003	1,027	(24)	(2 %)
Selling, general and administrative	856	868	(12)	(1 %)
Total comprehensive income	28	24	4	17 %

The change to the results of operations of our Non-Guarantor Subsidiaries was primarily from:

- Higher Service revenues primarily due to the result of an increase in activity of the non-guarantor subsidiary that provides device insurance, primarily driven by growth in our customer base;
- Lower Cost of equipment sales expenses primarily due to a decrease in device insurance claims and a decrease in higher cost devices used, partially offset by a decrease in device non-return fees charged to customers; and

- Lower Selling, general and administrative expenses primarily due to a decrease in device insurance program service fees, partially offset by higher costs to support our growing customer base.

All other results of operations of the Parent, Issuer and Guarantor Subsidiaries are substantially similar to the Company's consolidated results of operations. See Note 16 – Guarantor Financial Information of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

The following discussion and analysis is for the year ended December 31, 2016, compared to the same period in 2015 unless otherwise stated.

Certain prior year amounts relating to the change in accounting principle which presents the imputed discount on EIP receivables, which is amortized over the financed installment term using the effective interest method, and was previously presented within Interest income in our Consolidated Statements of Comprehensive Income, is now presented within Other revenues in our Consolidated Statements of Comprehensive Income have been reclassified to conform to the current presentation. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Total revenues increased $5.0 billion, or 15%, primarily due to:

Branded postpaid revenues increased $1.8 billion, or 11%, primarily from:

- A 13% increase in the number of average branded postpaid phone and mobile broadband customers, driven by strong customer response to our Un-carrier initiatives and promotions for services and devices;
- Higher device insurance program revenues primarily from customer growth; and
- Higher regulatory program revenues; partially offset by
- An increase in the non-cash net revenue deferral for Data Stash; and
- The MVNO Transaction.

Branded prepaid revenues increased $1.0 billion, or 13%, primarily from:

- A 13% increase in the number of average branded prepaid customers driven by the success of our MetroPCS brand; and
- Continued growth in new markets.

Wholesale revenues increased $211 million, or 30%, primarily from:

- The MVNO Transaction;
- Growth in customers of certain MVNO partners; and
- An increase in data usage per customer.

Roaming and other service revenues increased $57 million, or 30%, primarily due to higher international roaming revenues driven by an increase in inbound roaming volumes.

Equipment revenues increased $2.0 billion, or 30%, primarily from:

-

An increase of $1.2 billion in lease revenues resulting from the launch of our JUMP! On Demand program at the end of the second quarter of 2015. Revenues associated with leased devices are recognized over the lease term; and

- An increase of $570 million in device sales revenues, primarily due to a 9% increase in the number of devices sold. Device sales revenue is recognized at the time of sale.

Gross EIP device financing to our customers increased by $923 million to $6.1 billion primarily due to an increase in devices financed due to our focus on EIP sales in 2016, compared to focus on devices financed on JUMP! On Demand after the launch of the program at the end of the second quarter of 2015.

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Other revenues decreased $9 million, or 1%, primarily due to:

- An increase in sales of certain EIP receivables pursuant to our EIP receivables sales arrangement resulting from an increase in the maximum funding commitment in June 2016. Interest associated with EIP receivables is imputed at the time of a device sale and then recognized over the financed installment term. See Note 2 - Receivables and Allowance for Credit Losses of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information; and
- Focus on devices financed on JUMP! On Demand in the third and fourth quarters of 2015 following the launch of the program of at the end of the second quarter 2015; partially offset by
- Higher revenue from revenue share agreements with third parties; and
- An increase in co-location rental income from leasing space on wireless communication towers to third parties.

Operating expenses increased $3.5 billion, or 12%, primarily due to:

Cost of services increased $177 million, or 3%, primarily from:

- Higher regulatory program costs and expenses associated with network expansion and the build-out of our network to utilize our 700 MHz A-Block spectrum licenses, including higher employee-related costs; partially offset by
- Lower long distance and toll costs; and
- Synergies realized from the decommissioning of the MetroPCS CDMA network.

Cost of equipment sales increased $1.5 billion, or 16%, primarily from:

- A 9% increase in the number of devices sold; and
- An increase in the impact from returned and purchased leased devices.

Under our JUMP! On Demand program, the cost of the leased wireless device is capitalized and recognized as depreciation expense over the term of the lease rather than recognized as cost of equipment sales when the device is delivered to the customer. Additionally, upon device upgrade or at lease end, customers must return or purchase their device. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales.

Selling, general and administrative increased $1.2 billion, or 12%, primarily from strategic investments to support our growing customer base including higher:

- Employee-related costs;
- Commissions driven by an increase in branded customer additions; and
- Promotional costs.

Depreciation and amortization increased $1.6 billion, or 33%, primarily from:

- $1.5 billion in depreciation expense related to devices leased under our JUMP! On Demand program launched at the end of the second quarter of 2015. Under our JUMP! On Demand program, the cost of a leased wireless device is depreciated over the lease term to its estimated residual value. The total number of devices under lease was higher year-over-year, resulting in higher depreciation expense; and

- The continued build-out of our 4G LTE network.

Cost of MetroPCS business combination decreased $272 million, or 72%, primarily from lower network decommissioning costs. In 2014, we began decommissioning the MetroPCS CDMA network and certain other redundant network cell sites as part of the business combination. On July 1, 2015, we officially completed the shutdown of the MetroPCS CDMA network. Network decommissioning costs, which are excluded from Adjusted EBITDA, primarily relate to the acceleration of lease costs for cell sites that would have otherwise been recognized as cost of services over the remaining lease term had we not decommissioned the cell sites.

Gains on disposal of spectrum licenses increased $672 million primarily from a $636 million gain from a spectrum license transaction with AT&T recorded in the first quarter of 2016 and $199 million from other transactions in 2016, compared to

$163 million in 2015. See Note 5 – Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Net income increased $727 million, or 99%, primarily from:

- **Operating income**, the components of which are discussed above, increased $1.6 billion, or 63%.
- **Interest expense to affiliates** decreased $99 million, or 24%, primarily from:
  - Changes in the fair value of embedded derivative instruments associated with our Senior Reset Notes issued to Deutsch Telekom in 2015; partially offset by
  - Higher interest rates on certain Senior Reset Notes issued to Deutsch Telekom, which were adjusted at reset dates in the second quarter of 2016 and in 2015.
- **Income tax expense** increased $622 million, or 254%, primarily from:
  - Higher income before income taxes; and
  - A higher effective tax rate. The effective tax rate was 37.3% in 2016, compared to 25.1% in 2015. The increase in the effective income tax rate was primarily due to income tax benefits for discrete income tax items recognized in 2015 that did not impact 2016; partially offset by the recognition of $58 million of excess tax benefits related to share-based payments following the adoption of ASU 2016-09 as of January 1, 2016.
- **Interest expense** increased $333 million, or 31%, primarily from:
  - Higher average debt balances with third parties; and
  - Lower capitalized interest costs of $83 million primarily due to a higher level of build out of our network to utilize our 700 MHz A-Block spectrum licenses in 2015, compared to 2016.

Net income during 2016 and 2015 included net, after-tax gains on disposal of spectrum licenses of $509 million and $100 million, respectively.

Guarantor Subsidiaries

The financial condition and results of operations of the Parent, Issuer and Guarantor Subsidiaries is substantially similar to our consolidated financial condition.

The most significant components of the financial condition of our Non-Guarantor Subsidiaries were as follows:

(in millions)	December 31, 2016	December 31, 2015	Change	
			$	%
Other current assets	$ 565	$ 400	$ 165	41 %
Property and equipment, net	375	454	(79)	(17 %)
Tower obligations	2,221	2,247	(26)	(1 %)
Total stockholders' deficit	(1,374)	(1,359)	(15)	(1 %)

The most significant components of the results of operations of our Non-Guarantor Subsidiaries were as follows:

(in millions)	Year Ended December 31, 2016	Year Ended December 31, 2015	Change $	Change %
Service revenues	$ 2,023	$ 1,669	$ 354	21 %
Cost of equipment sales	1,027	720	307	43 %
Selling, general and administrative	868	733	135	18 %
Total comprehensive income	24	60	(36)	(60 %)

The change to the results of operations of our Non-Guarantor Subsidiaries was primarily from the increases in Service revenues, Cost of equipment sales and Selling, general and administrative were primarily the result of an increase in activity of the non-guarantor subsidiary that provides device insurance, primarily driven by growth in our customer base. All other results

of operations of the Parent, Issuer and Guarantor Subsidiaries are substantially similar to the Company's consolidated results of operations. See Note 16 – Guarantor Financial Information of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.

Total Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Branded customers generally include customers that are qualified either for postpaid service utilizing phones, mobile broadband devices (including tablets), or DIGITS, where they generally pay after receiving service, or prepaid service, where they generally pay in advance. Wholesale customers include M2M and MVNO customers that operate on our network, but are managed by wholesale partners.

The following table sets forth the number of ending customers:

(in thousands)	December 31, 2017	December 31, 2016	December 31, 2015	2017 Versus 2016		2016 Versus 2015	
				# Change	% Change	# Change	% Change
Customers, end of period							
Branded postpaid phone customers [1]	34,114	31,297	29,355	2,817	9 %	1,942	7 %
Branded postpaid other customers [1]	3,933	3,130	2,340	803	26 %	790	34 %
Total branded postpaid customers	38,047	34,427	31,695	3,620	11 %	2,732	9 %
Branded prepaid customers	20,668	19,813	17,631	855	4 %	2,182	12 %
Total branded customers	58,715	54,240	49,326	4,475	8 %	4,914	10 %
Wholesale customers [2]	13,870	17,215	13,956	(3,345)	(19 %)	3,259	23 %
Total customers, end of period	72,585	71,455	63,282	1,130	2 %	8,173	13 %
Adjustments to branded postpaid phone customers [3]	—	(1,365)	—	1,365	(100 %)	(1,365)	NM
Adjustments to branded prepaid customers [3]	—	(326)	—	326	(100 %)	(326)	NM
Adjustments to wholesale customers [3]	—	1,691	—	(1,691)	(100 %)	1,691	NM

NM - Not Meaningful

(1) During 2017, we retitled our "Branded postpaid mobile broadband customers" category to "Branded postpaid other customers" and reclassified DIGITS customers from our "Branded postpaid phone customers" category for the second quarter of 2017, when the DIGITS product was released.

(2) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

(3) The MVNO Transaction resulted in a transfer of Branded postpaid phone customers and Branded prepaid customers to Wholesale customers on September 1, 2016. Prospectively from September 1, 2016, net customer additions for these customers are included within Wholesale customers.

Branded Customers

Total branded customers increased 4,475,000, or 8%, in 2017 primarily from:

- Higher branded postpaid phone customers driven by the continued strong customer response to our Un-carrier initiatives and promotional activities, the growing success of our business channel, T-Mobile for

Business, continued growth in existing markets and distribution expansion to new Greenfield markets, and lower churn, partially offset by increased competitive activity in the marketplace with all competitors having launched Unlimited rate plans in the first quarter of 2017;

- Higher branded prepaid customers driven by the continued success of our Metro PCS brand and continued growth from distribution expansion, partially offset by the optimization of our third-party distribution channels; and

- Higher branded postpaid other customers primarily due to higher connected devices and DIGITS.

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Total branded customers increased 4,914,000, or 10%, in 2016 primarily from:

- Higher branded prepaid customers driven by the success of our MetroPCS brand, continued growth in new markets and distribution expansion, partially offset by the optimization of our third-party distribution channels; and
- Higher branded postpaid customers driven by strong customer response to our Un-carrier initiatives and promotional activities, partially offset by higher deactivations on a growing customer base.

Wholesale

Wholesale customers decreased 3,345,000, or 19%, primarily due to Lifeline subscribers, which were excluded from our reported wholesale subscriber base as of the beginning of the second quarter of 2017. This decrease was partially offset by the continued success of our M2M partnerships.

Wholesale customers increased 3,259,000, or 23%, in 2016 primarily due the continued success of our M2M partnerships and the MVNO transaction.

Net Customer Additions

The following table sets forth the number of net customer additions:

	Year Ended December 31,			2017 Versus 2016		2016 Versus 2015	
(in thousands)	**2017**	**2016**	**2015**	**# Change**	**% Change**	**# Change**	**% Change**
Net customer additions							
Branded postpaid phone customers [1]	2,817	3,307	3,511	(490)	(15%)	(204)	(6%)
Branded postpaid other customers [1]	803	790	999	13	2%	(209)	(21%)
Total branded postpaid customers	3,620	4,097	4,510	(477)	(12%)	(413)	(9%)
Branded prepaid customers	855	2,508	1,315	(1,653)	(66%)	1,193	91%
Total branded customers	4,475	6,605	5,825	(2,130)	(32%)	780	13%
Wholesale customers [2]	1,183	1,568	2,439	(385)	(25%)	(871)	(36%)
Total net customer additions	5,658	8,173	8,264	(2,515)	(31%)	(91)	(1%)

(1) During 2017, we retitled our "Branded postpaid mobile broadband customers" category to "Branded postpaid other customers" and reclassified DIGITS customer net additions from our "Branded postpaid phone customers" category for the second quarter of 2017, when the DIGITS product was released.

(2) Net customer activity for Lifeline was excluded beginning in the second quarter of 2017 due to our determination based upon changes in the applicable government regulations that the Lifeline program offered by our wholesale partners is uneconomical.

Branded Customers

Total branded net customer additions decreased 2,130,000, or 32%, in 2017 primarily from:

- Lower branded prepaid net customer additions primarily due to higher deactivations from a growing customer base, increased competitive activity in the marketplace and de-emphasis of the T-Mobile prepaid brand. Additional decreases resulted from the optimization of our third-party distribution channels; and
- Lower branded postpaid phone net customer additions primarily due to increased competitive activity in the marketplace partially offset by the continued strong customer response to our Un-carrier initiatives and promotional activities, the growing success of our business channel, T-Mobile for Business, continued

growth in new markets and distribution expansion to new Greenfield markets, and lower churn; partially offset by

- Higher branded postpaid other net customer additions primarily due to higher gross customer additions from connected devices and DIGITS, offset by higher deactivations from a growing customer base.

Total branded net customer additions increased 780,000, or 13%, in 2016 primarily from:

- Higher branded prepaid net customer additions primarily due to the success of our MetroPCS brand, continued growth in new markets and distribution expansion, partially offset by an increase in the number of qualified branded prepaid customers migrating to branded postpaid plans; partially offset by

- Lower branded postpaid mobile broadband net customer additions primarily due to higher deactivations resulting from churn on a growing branded postpaid mobile broadband customer base, partially offset by higher gross customer

additions; and

- Lower branded postpaid phone net customer additions primarily due to lower gross customer additions from higher deactivations on a growing customer base, partially offset by lower churn as well as an increase in the number of qualified branded prepaid customers migrating to branded postpaid plans as well as the optimization of our third-party distribution channels.

Wholesale

Wholesale net customer additions decreased 385,000, or 25%, in 2017 primarily from lower gross customer additions, partially offset by lower deactivations driven by the removal of the Lifeline program customers. While we continue to focus on more profitable wholesale opportunities, we believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4,528,000 reported wholesale customers in 2017.

Wholesale net customer additions decreased 871,000, or 36%, in 2016 primarily due to higher MVNO deactivations from certain MVNO partners.

Customers Per Account

Customers per account is calculated by dividing the number of branded postpaid customers as of the end of the period by the number of branded postpaid accounts as of the end of the period. An account may include branded postpaid phone, mobile broadband, and DIGITS customers. We believe branded postpaid customers per account provides management, investors and analysts with useful information to evaluate our branded postpaid customer base on a per account basis.

	December 31 2017	December 31 2016	December 31 2015	Change		Change	
				#	%	#	%
Branded postpaid customers per account	2.93	2.86	2.54	0.07	2 %	0.32	13 %

Branded postpaid customers per account increased 2% in 2017 primarily from promotions targeting families.

Branded postpaid customers per account increased 13% in 2016 primarily from growth of customers on family plan promotions and increased penetration of mobile broadband devices. In addition, the increase in 2016 was impacted by the MVNO Transaction.

Churn

Churn represents the number of customers whose service was disconnected as a percentage of the average number of customers during the specified period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

	Year Ended December 31,			Bps Change 2017 Versus 2016	Bps Change 2016 Versus 2015
	2017	2016	2015		
Branded postpaid phone churn	1.18 %	1.30 %	1.39 %	-12 bps	-9 bps
Branded prepaid churn	4.04 %	3.88 %	4.45 %	16 bps	-57 bps

Branded postpaid phone churn decreased 12 basis points in 2017 primarily from:

- The MVNO Transaction as the customers transferred had a higher rate of churn; and
- Increased customer satisfaction and loyalty from ongoing improvements to network quality, customer service and the overall value of our offerings in the marketplace.

Branded postpaid phone churn decreased 9 basis points in 2016 primarily from:

- The MVNO Transaction as the customers transferred had a higher rate of churn; and

- Increased customer satisfaction and loyalty from ongoing improvements to network quality, customer service and the overall value of our offerings in the marketplace.

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Branded prepaid churn increased 16 basis points in 2017 primarily due to higher churn from increased competitive activity in the marketplace, partially offset by increased customer satisfaction and loyalty from ongoing improvements to network quality, customer service and overall value of our offerings in the marketplace.

Branded prepaid churn decreased 57 basis points in 2016 primarily from:

- A decrease in certain customers, which have a higher rate of branded prepaid churn;
- Strong performance of the MetroPCS brand; and
- A methodology change in the third quarter of 2015 as discussed below.

During 2015, we had a methodology change that had no impact on our reported branded prepaid ending customers or net customer additions, but resulted in computationally lower gross customer additions and deactivations.

Average Revenue Per User, Average Billings Per User

ARPU represents the average monthly service revenue earned from customers. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue realization per customer and assist in forecasting our future service revenues generated from our customer base. Branded postpaid phone ARPU excludes mobile broadband and DIGITS customers and related revenues.

Average Billings Per User ("ABPU") represents the average monthly customer billings, including monthly lease revenues and EIP billings before securitization, per customer. We believe branded postpaid ABPU provides management, investors and analysts with useful information to evaluate average branded postpaid customer billings as it is indicative of estimated cash collections, including device financing payments, from our customers each month.

The following tables illustrate the calculation of our operating measures ARPU and ABPU and reconcile these measures to the related service revenues:

(in millions, except average number of customers, ARPU and ABPU)	Year Ended December 31,			2017 Versus 2016		2016 Versus 2015	
	2017	2016	2015	$ Change	% Change	$ Change	% Change
Calculation of Branded Postpaid Phone ARPU							
Branded postpaid service revenues	$ 19,448	$ 18,138	$ 16,383	$ 1,310	7 %	$ 1,755	11 %
Less: Branded postpaid other revenues	(1,077)	(773)	(588)	(304)	39 %	(185)	31 %
Branded postpaid phone service revenues	$ 18,371	$ 17,365	$ 15,795	$ 1,006	6 %	$ 1,570	10 %
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	32,596	30,484	27,604	2,112	7 %	2,880	10 %
Branded postpaid phone ARPU [1]	$ 46.97	$ 47.47	$ 47.68	$ (0.50)	(1 %)	$ (0.21)	— %
Calculation of Branded Postpaid ABPU							
Branded postpaid service revenues	$ 19,448	$ 18,138	$ 16,383	$ 1,310	7 %	$ 1,755	11 %
EIP billings	5,866	5,432	5,494	434	8 %	(62)	(1 %)
Lease revenues	877	1,416	224	(539)	(38 %)	1,192	532 %
Total billings for branded postpaid customers	$ 26,191	$ 24,986	$ 22,101	$ 1,205	5 %	$ 2,885	13 %
Divided by: Average number of branded postpaid customers (in thousands) and number of months in period	36,079	33,184	29,341	2,895	9 %	3,843	13 %
Branded postpaid ABPU	$ 60.49	$ 62.75	$ 62.77	$ (2.26)	(4 %)	$ (0.02)	— %

Calculation of Branded Prepaid ARPU

Branded prepaid service revenues	$ 9,380	$ 8,553	$ 7,553	$ 827	10 %	$ 1,000	13 %
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	20,204	18,797	16,704	1,407	7 %	2,093	13 %
Branded prepaid ARPU	$ 38.69	$ 37.92	$ 37.68	$ 0.77	2 %	$ 0.24	1 %

(1) Branded postpaid phone ARPU includes the reclassification of 43,000 DIGITS average customers and related revenue to the "Branded postpaid other customers" category for the second quarter of 2017.

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Branded Postpaid Phone ARPU

Branded postpaid phone ARPU decreased $0.50, or 1%, in 2017 primarily from:

- Dilution from promotions targeting families and new segments; and
- The negative impact from hurricanes of approximately $0.09; partially offset by
- The MVNO Transaction as those customers had a lower ARPU; and
- A decrease in the non-cash net revenue deferral for Data Stash.

Under existing revenue standards, T-Mobile continues to expect that Branded postpaid phone ARPU in full-year 2018 will be generally stable compared to full-year 2017, with some quarterly variations.

We adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), as amended, on January 1, 2018. Adoption of the standard will impact the timing, amount and allocation of our revenue and is expected to impact ARPU. We will provide additional disclosures comparing results to previous GAAP in our 2018 consolidated financial statements. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding recently issued accounting standards.

Branded postpaid phone ARPU decreased $0.21 in 2016 primarily from:

- Decreases due to an increase in the non-cash net revenue deferral for Data Stash; and
- Dilution from promotional activities; partially offset by
- Higher data attach rates;
- The positive impact from our T-Mobile ONE rate plans prior to the release of Un-carrier Next in 2017 which began including taxes and fees;
- The transfer of customers as part of the MVNO Transaction as those customers had lower ARPU;
- Continued growth of our insurance programs; and
- Higher regulatory program revenues.

Branded Postpaid ABPU

Branded postpaid ABPU decreased $2.26, or 4%, in 2017 primarily from:

- Lower lease revenues;
- Growth in the branded postpaid other customer base with lower ARPU; and
- The negative impact from hurricanes of approximately $0.08.

Branded postpaid ABPU decreased $0.02 in 2016 primarily from:

- Lower EIP billings due to the impact of our JUMP! On Demand program launched at the end of the second quarter of 2015;

- Lower branded postpaid phone ARPU, as described above; and
- Dilution from increased penetration of mobile broadband devices; partially offset by
- An increase in lease revenues.

Branded Prepaid ARPU

Branded prepaid ARPU increased $0.77, or 2%, in 2017 primarily from:

- Continued growth of MetroPCS customers who generate higher ARPU; and
- The optimization of our third-party distribution channels; partially offset by
- The negative impact from hurricanes of approximately $0.05.

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Branded prepaid ARPU increased $0.24, or 1%, in 2016 primarily from:

- A decrease in certain customers that had lower average branded prepaid ARPU, as well as higher data attach rates; partially offset by
- Dilution from growth of customers on rate plan promotions.

Adjusted EBITDA

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, non-cash Stock-based compensation and certain income and expenses not reflective of T-Mobile's operating performance. Net income margin represents Net income divided by Service revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA is a non-GAAP financial measure utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a metric to evaluate and compensate our personnel and management for their performance, and as a benchmark to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications companies because it is indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, network decommissioning costs as they are not indicative of our ongoing operating performance and certain other nonrecurring income and expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

The following table illustrates the calculation of Adjusted EBITDA and reconciles Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2017 Versus 2016		2016 Versus 2015	
(in millions)	2017	2016	2015	$ Change	% Change	$ Change	% Change
Net income	$ 4,536	$ 1,460	$ 733	$ 3,076	211 %	$ 727	99 %
Adjustments:							
Interest expense	1,111	1,418	1,085	(307)	(22)%	333	31 %
Interest expense to affiliates	560	312	411	248	79 %	(99)	(24)%
Interest income [1]	(17)	(13)	(6)	(4)	31 %	(7)	117 %
Other (income) expense, net	73	6	11	67	1,117 %	(5)	(45)%
Income tax expense (benefit)	(1,375)	867	245	(2,242)	(259)%	622	254 %
Operating income [1]	4,888	4,050	2,479	838	21 %	1,571	63 %
Depreciation and amortization	5,984	6,243	4,688	(259)	(4)%	1,555	33 %
Cost of MetroPCS business combination [2]	—	104	376	(104)	(100)%	(272)	(72)%
Stock-based compensation [3]	307	235	222	72	31 %	13	6 %
Other, net [4]	34	7	42	27	386 %	(35)	(83)%
Adjusted EBITDA [1]	$ 11,213	$ 10,639	$ 7,807	$ 574	5 %	$ 2,832	36 %
Net income margin (Net income divided by service revenues)	15 %	5 %	3 %		1000 bps		200 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by service revenues) [1]	37 %	38 %	31 %		-100 bps		700 bps

(1)

The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively re-classified as Other revenues. See the table below and Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(2) Beginning in the first quarter of 2017, the Company will no longer separately present Cost of MetroPCS business combination as it is insignificant.

(3) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the consolidated financial statements.

(4) Other, net may not agree to the Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur, and are therefore excluded in Adjusted EBITDA.

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Adjusted EBITDA increased $574 million, or 5%, in 2017 primarily from:

- An increase in branded postpaid and prepaid service revenues primarily due to strong customer response to our Un-carrier initiatives, the ongoing success of our promotional activities, and the continued strength of our MetroPCS brand;
- Higher wholesale revenues; and
- Higher other revenues; partially offset by
- Higher selling, general and administrative expenses;
- Lower gains on disposal of spectrum licenses of $600 million; gains on disposal were $235 million for the year ended December 31, 2017, compared to $835 million in the same period in 2016;
- Higher cost of services expense;
- Higher net losses on equipment; and
- The negative impact from hurricanes of approximately $201 million, net of insurance recoveries.

Adjusted EBITDA increased $2.8 billion, or 36%, in 2016 primarily from:

- Increased branded postpaid and prepaid service revenues primarily due to strong customer response to our Un-carrier initiatives and the ongoing success of our promotional activities;
- Higher gains on disposal of spectrum licenses of $672 million; gains on disposal were $835 million in 2016 compared to $163 million in 2015;
- Lower losses on equipment; and
- Focused cost control and synergies realized from the MetroPCS business combination, primarily in cost of services; partially offset by
- Higher selling, general and administrative.

Effective January 1, 2017, the imputed discount on EIP receivables, which was previously recognized within Interest income in our Consolidated Statements of Comprehensive Income, is recognized within Other revenues in our Consolidated Statements of Comprehensive Income. Due to this presentation, the imputed discount on EIP receivables is included in Adjusted EBITDA. See Note 1 - Summary of Significant Accounting Policies of Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

We have applied this change retrospectively and presented the effect on the years ended December 31, 2016 and 2015, in the table below.

	Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions)	As Filed	Change in Accounting Principle	As Adjusted	As Filed	Change in Accounting Principle	As Adjusted
Operating income	$ 3,802	$ 248	$ 4,050	$ 2,065	$ 414	$ 2,479
Interest income	261	(248)	13	420	(414)	6
Net income	1,460	—	1,460	733	—	733

Net income as a percentage of service revenue	5 %	— %	5 %	3 %	— %	3 %
Adjusted EBITDA	$ 10,391	$ 248	$ 10,639	$ 7,393	$ 414	$ 7,807
Adjusted EBITDA margin (Adjusted EBITDA divided by service revenues)	37 %	1 %	38 %	30 %	1 %	31 %

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of long-term debt and common stock, capital leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and secured and unsecured revolving credit facilities with DT.

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Cash Flows

The following is an analysis of our cash flows for the years ended December 31, 2017, 2016 and 2015:

(in millions)	Year Ended December 31,			2017 Versus 2016		2016 Versus 2015	
	2017	2016	2015	$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 7,962	$ 6,135	$ 5,414	$ 1,827	30 %	$ 721	13 %
Net cash used in investing activities	(11,064)	(5,680)	(9,560)	(5,384)	95 %	3,880	(41 %)
Net cash (used in) provided by financing activities	(1,179)	463	3,413	(1,642)	(355 %)	(2,950)	(86 %)

Operating Activities

Net cash provided by operating activities increased $1.8 billion, or 30%, in 2017 primarily from:

- $3.1 billion increase in Net income;
- $2.0 billion decrease in net non-cash adjustments to Net income primarily due to changes in Deferred income tax expense and Depreciation and amortization, partially offset by Gains on disposal of spectrum licenses; and
- $757 million decrease in net cash outflows from changes in working capital primarily due to improvements in Accounts payable and accrued liabilities, Deferred purchase price from sales of receivables and Accounts receivable, partially offset by changes in Equipment installment plan receivables and Other current and long-term assets and liabilities. The change in EIP receivables was primarily due to a decrease in net cash proceeds from the sale of EIP receivables as the year ended December 31, 2016 benefited from net cash proceeds of $361 million related to upsizing of the EIP securitization facility.

Cash provided by operating activities increased $721 million, or 13%, in 2016 primarily from:

- $727 million increase in Net income;
- $1.4 billion increase in net non-cash income and expenses included in Net income primarily due to changes in Depreciation and amortization, Deferred income tax expense and Gains on disposal of spectrum licenses; partially offset by
- $1.4 billion increase in net cash outflows from changes in working capital primarily due to changes in Accounts payable and accrued liabilities of $1.9 billion as well as the change in Equipment installment plan receivables, including inflows from the sale of certain EIP receivables, partially offset by the change in Inventories. Net cash used for Accounts payable and accrued liabilities was $1.2 billion in 2016 as compared to net cash provided by Accounts payable and accrued liabilities of $693 million in 2015. Net cash proceeds from the sale of EIP and service receivables was $536 million in 2016 as compared to $884 million in 2015.

Investing Activities

Net cash used in investing activities increased $5.4 billion, or 95%, in 2017 primarily from:

- A $3.0 billion decrease in Sales of short-term investments;
- A $1.9 billion increase in Purchases of spectrum licenses and other intangible assets, including deposits, primarily driven by our winning bid for 1,525 licenses in the 600 MHz spectrum auction during the second quarter of 2017; and

- A $535 million increase in Purchases of property and equipment, including capitalized interest primarily driven by growth in network build as we continued deployment of low band spectrum, including beginning deployment of 600 MHz.

Cash used in investing activities decreased $3.9 billion, or 41%, in 2016, to a use of $5.7 billion primarily from:

- $4.7 billion for Purchases of property and equipment, including capitalized interest of $142 million primarily related to the build-out of our 4G LTE network;

- $4.0 billion for Purchases of spectrum licenses and other intangible assets, including a $2.2 billion deposit made to a third party in connection with a potential asset purchase; partially offset by

- $3.0 billion in Sales of short-term investments.

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Financing Activities

Net cash used in and provided by financing activities changed by $1.6 billion to a use of $1.2 billion, in 2017 primarily from:

- $10.2 billion for Repayments of long-term debt;
- $2.9 billion for Repayments of our revolving credit facility;
- $486 million for Repayments of capital lease obligations;
- $427 million for Repurchases of common shares; and
- $300 million for Repayments of short-term debt for purchases of inventory, property and equipment, net; partially offset by
- $10.5 billion in Proceeds from issuance of long-term debt; and
- $2.9 billion in Proceeds from borrowing on our revolving credit facility.

Cash provided by financing activities decreased $3.0 billion, or 86%, in 2016, to an inflow of $463 million primarily from:

- $997 million in Proceeds from issuance of long-term debt; partially offset by
- $205 million for Repayments of capital lease obligations;
- $150 million for Repayments of short-term debt for purchases of inventory, property and equipment, net; and
- $121 million for Tax withholdings on share-based awards.

Cash and Cash Equivalents

As of December 31, 2017, our Cash and cash equivalents were $1.2 billion.

Free Cash Flow

Free Cash Flow represents net cash provided by operating activities less payments for purchases of property and equipment. Free Cash Flow is a non-GAAP financial measure utilized by our management, investors and analysts of T-Mobile's financial information to evaluate cash available to pay debt and provide further investment in the business.

The following table illustrates the calculation of Free Cash Flow and reconciles Free Cash Flow to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure:

	Year Ended December 31,			2017 Versus 2016		2016 Versus 2015	
(in millions)	2017	2016	2015	$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 7,962	$ 6,135	$ 5,414	$ 1,827	30 %	$ 721	13 %
Cash purchases of property and equipment	(5,237)	(4,702)	(4,724)	(535)	11 %	22	— %
Free Cash Flow	$ 2,725	$ 1,433	$ 690	$ 1,292	90 %	$ 743	108 %

Free Cash Flow increased $1.3 billion in 2017 primarily from:

- Higher net cash provided by operating activities, as described above; partially offset by
- Higher purchases of property and equipment primarily due to growth in network build as we deployed 700 MHz spectrum and began to deploy 600 MHz. Cash purchases of property and equipment includes capitalized interest of $136 million and $142 million for 2017 and 2016, respectively.

Free Cash Flow increased $743 million in 2016 primarily from:

- Higher net cash provided by operating activities, as described above; and
- Lower purchases of property and equipment from the build-out of our 4G LTE network in 2016, as described above. Cash purchases of property and equipment includes capitalized interest of $142 million and $246 million for 2016 and 2015, respectively.

We adopted ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments” on January 1, 2018. The standard will require a retrospective approach and impact the presentation of cash flows related to beneficial interests in securitization transactions, which is the deferred purchase price, resulting in a reclassification of cash

inflows from Operating activities to Investing activities of approximately $4.3 billion and $3.5 billion for the years ended December 31, 2017 and 2016, respectively, in our Consolidated Statements of Cash Flows. The standard will also impact the presentation of cash payments for debt prepayment or debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $188 million for the year ended December 31, 2017, in our consolidated financial statements. In the first quarter of 2018, we plan to redefine Free Cash Flow to reflect the above changes in classification and present cash flows on a consistent basis for investor transparency. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding recently issued accounting standards.

Debt

As of December 31, 2017, our total debt was $28.3 billion, excluding our tower obligations, of which $26.7 billion was classified as long-term debt. Significant debt-related activity during 2017 included:

Debt to Third Parties

Issuances and Borrowings

During the year ended December 31, 2017, we issued the following Senior Notes:

(in millions)	Principal Issuances	Issuance Costs	Net Proceeds from Issuance of Long-Term Debt
4.000% Senior Notes due 2022	$ 500	$ 2	$ 498
5.125% Senior Notes due 2025	500	2	498
5.375% Senior Notes due 2027	500	1	499
Total of Senior Notes issued	$ 1,500	$ 5	$ 1,495

On March 16, 2017, T-Mobile USA and certain of its affiliates, as guarantors, issued a total of $1.5 billion of public Senior Notes with various interest rates and maturity dates. Issuance costs related to the public debt issuance totaled $5 million for the year ended December 31, 2017. We used the net proceeds of $1.495 billion from the transaction to redeem callable high yield debt.

On January 25, 2018, T-Mobile USA and certain of its affiliates, as guarantors, (i) issued $1.0 billion of public 4.500% Senior Notes due 2026 and (ii) issued $1.5 billion of public 4.750% Senior Notes due 2028. We intend to use the net proceeds of $2.493 billion from the transaction to redeem up to $1.75 billion of 6.625% Senior Notes due 2023, and up to $600 million of 6.836% Senior Notes due 2023, with the balance to be used for general corporate purposes, including partial pay down of borrowings under our revolving credit facility with DT. Issuance costs related to the public debt issuance totaled approximately $7 million.

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Notes Redemptions

During the year ended December 31, 2017, we made the following note redemptions:

(in millions)	Principal Amount	Write-off of Premiums, Discounts and Issuance Costs [1]	Call Penalties [1] [2]	Redemption Date	Redemption Price
6.625% Senior Notes due 2020	$ 1,000	$ (45)	$ 22	February 10, 2017	102.208 %
5.250% Senior Notes due 2018	500	1	7	March 4, 2017	101.313 %
6.250% Senior Notes due 2021	1,750	(71)	55	April 1, 2017	103.125 %
6.464% Senior Notes due 2019	1,250	—	—	April 28, 2017	100.000 %
6.542% Senior Notes due 2020	1,250	—	21	April 28, 2017	101.636 %
6.633% Senior Notes due 2021	1,250	—	41	April 28, 2017	103.317 %
6.731% Senior Notes due 2022	1,250	—	42	April 28, 2017	103.366 %
Total note redemptions	$ 8,250	$ (115)	$ 188		

(1) Write-off of premiums, discounts, issuance costs and call penalties are included in Other expense, net in our Consolidated Statements of Comprehensive Income. Write-off of premiums, discounts and issuance costs are included in Other, net within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) The call penalty is the excess paid over the principal amount. Call penalties are included within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

Prior to December 31, 2017, we delivered a notice of redemption on $1.0 billion aggregate principal amount of our 6.125% Senior Notes due 2022. The notes were redeemed on January 15, 2018, at a redemption price equal to 103.063% of the principal amount of the notes (plus accrued and unpaid interest thereon). The redemption premium was approximately $31 million and the write-off of issuance costs was approximately $1 million. The outstanding principal amount was reclassified from Long-term debt to Short-term debt in our Consolidated Balance Sheets as of December 31, 2017.

Debt to Affiliates

Issuances and Borrowings

During the year ended December 31, 2017, we made the following borrowings:

(in millions)	Net Proceeds from Issuance of Long-Term Debt	Extinguishments	Write-off of Discounts and Issuance Costs [1]
LIBOR plus 2.00% Senior Secured Term Loan due 2022	$ 2,000	$ —	$ —
LIBOR plus 2.00% Senior Secured Term Loan due 2024	2,000	—	—
LIBOR plus 2.750% Senior Secured Term Loan [2]	—	(1,980)	13
Total	$ 4,000	$ (1,980)	$ 13

(1) Write-off of discounts and issuance costs are included in Other expense, net in our Consolidated Statements of Comprehensive Income and Other, net within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) Our Senior Secured Term Loan extinguished during the year ended December 31, 2017 was Third Party debt.

On January 25, 2017, T-Mobile USA, Inc. ("T-Mobile USA"), and certain of its affiliates, as guarantors, entered into an agreement to borrow $4.0 billion under a secured term loan facility ("Incremental Term Loan Facility") with DT, our majority stockholder, to refinance $1.98 billion of outstanding senior secured term loans under its Term Loan Credit Agreement dated November 9, 2015, with the remaining net proceeds from the transaction used to redeem callable high yield debt. The Incremental Term Loan Facility increased DT's incremental term loan commitment provided to T-Mobile USA under that certain First Incremental Facility Amendment dated as of December 29, 2016, from $660 million to $2.0 billion and provided T-Mobile USA with an additional $2.0 billion incremental term loan commitment.

On January 31, 2017, the loans under the Incremental Term Loan Facility were drawn in two tranches: (i) $2.0 billion of which bears interest at a rate equal to a per annum rate of LIBOR plus a margin of 2.00% and matures on November 9, 2022, and (ii) $2.0 billion of which bears interest at a rate equal to a per annum rate of LIBOR plus a margin of 2.25% and matures on January 31, 2024. In July 2017, we repriced the $2.0 billion Incremental Term Loan Facility maturing on January 31, 2024, with DT by reducing the interest rate to a per annum rate of LIBOR plus a margin of 2.00%. No issuance fees were incurred related to this debt agreement for the year ended December 31, 2017.

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On March 31, 2017, the Incremental Term Loan Facility was amended to waive all interim principal payments. The outstanding principal balance will be due at maturity.

During the year ended December 31, 2017, we issued the following Senior Notes to DT:

(in millions)	Principal Issuances (Redemptions)	Discounts [1]	Net Proceeds from Issuance of Long-Term Debt
4.000% Senior Notes due 2022	$ 1,000	$ (23)	$ 977
5.125% Senior Notes due 2025	1,250	(28)	1,222
5.375% Senior Notes due 2027 [2]	1,250	(28)	1,222
6.288% Senior Reset Notes due 2019	(1,250)	—	(1,250)
6.366% Senior Reset Notes due 2020	(1,250)	—	(1,250)
Total	$ 1,000	$ (79)	$ 921

(1) Discounts reduce Proceeds from issuance of long-term debt and are included within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows.

(2) In April 2017, we issued to DT $750 million in aggregate principal amount of the 5.375% Senior Notes due 2027, and in September 2017, we issued to DT the remaining $500 million in aggregate principal amount of the 5.375% Senior Notes due 2027.

On March 13, 2017, DT agreed to purchase a total of $3.5 billion in aggregate principal amounts of Senior Notes with various interest rates and maturity dates (the “new DT Notes”).

Through net settlement in April 2017, we issued to DT a total of $3.0 billion in aggregate principal amount of the new DT Notes and redeemed the $2.5 billion in outstanding aggregate principal amount of Senior Reset Notes with various interest rates and maturity dates (the “old DT Notes”).

The redemption prices of the old DT Notes were 103.144% and 103.183%, resulting in a total of $79 million in early redemption fees. These early redemption fees were recorded as discounts on the issuance of the new DT Notes.

In September 2017, we issued to DT $500 million in aggregate principal amount of 5.375% Senior Notes due 2027, which is the final tranche of the new DT Notes. We were not required to pay any underwriting fees or issuance costs in connection with the issuance of the notes.

Net proceeds from the issuance of the new DT Notes were $921 million and are included in Proceeds from issuance of long-term debt in our Consolidated Statements of Cash Flows.

On May 9, 2017, we exercised our option under existing purchase agreements and issued the following Senior Notes to DT:

(in millions)	Principal Issuances	Premium	Net Proceeds from Issuance of Long-Term Debt
5.300% Senior Notes due 2021	$ 2,000	$ —	$ 2,000
6.000% Senior Notes due 2024	1,350	40	1,390
6.000% Senior Notes due 2024	650	24	674
Total	$ 4,000	$ 64	$ 4,064

The proceeds were used to fund a portion of the purchase price of spectrum licenses won in the 600 MHz spectrum auction. Net proceeds from these issuances include $64 million in debt premiums. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

On January 22, 2018, DT agreed to purchase $1.0 billion in aggregate principal amount of 4.500% Senior Notes due 2026 and $1.5 billion in aggregate principal amount of 4.750% Senior Notes due 2028 directly from T-Mobile USA and certain of its affiliates, as guarantors, with no underwriting discount (the “DT Notes”).

DT has agreed that the payment for the DT notes will be made by delivery of $1.25 billion in aggregate principal amount of 8.097% Senior Reset Notes due 2021 and $1.25 billion in aggregate principal amount of 8.195% Senior Reset Notes due 2022 (collectively, the "DT Senior Reset Notes") held by DT and which T-Mobile USA will have called for redemption, in exchange for the DT notes. In connection with such exchange, we will pay DT in cash the premium portion of the redemption price set

forth in the indenture governing the DT Senior Reset Notes, plus accrued but unpaid interest on the DT Senior Reset Notes to, but not including, the exchange date.

The closing of the issuance and sale of the DT notes to DT, and exchange of the DT Senior Reset Notes, is expected to occur on or about April 30, 2018.

Financing Arrangements

We maintain a handset financing arrangement with Deutsche Bank AG ("Deutsche Bank"), which allows for up to $108 million in borrowings. Under the handset financing arrangement, we can effectively extend payment terms for invoices payable to certain handset vendors. The interest rate on the handset financing arrangement is determined based on LIBOR plus a specified margin per the arrangement. Obligations under the handset financing arrangement are included in Short-term debt in our Consolidated Balance Sheets. In 2016, we utilized and repaid $100 million under the financing arrangement. As of December 31, 2017 and 2016, there was no outstanding balance.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. The interest rate on the vendor financing arrangements is determined based on the difference between LIBOR and a specified margin per the agreements. Obligations under the vendor financing arrangements are included in Short-term debt in our Consolidated Balance Sheets. In 2017, we utilized and repaid $300 million under the financing arrangement. As of December 31, 2017 and 2016, there was no outstanding balance.

Revolving Credit Facility

We had an unsecured revolving credit facility with Deutsche Telekom which allowed for up to $500 million in borrowings. In December 2016, we terminated our $500 million unsecured revolving credit facility with Deutsche Telekom.

In December 2016, T-Mobile USA entered into a $2.5 billion revolving credit facility with Deutsche Telekom which comprised of (i) a three-year $1.0 billion unsecured revolving credit agreement and (ii) a three-year $1.5 billion secured revolving credit agreement. The applicable margin for the Unsecured Revolving Credit Facility ranges from 2.00% to 3.25% per annum for Eurodollar Rate loans. The applicable margin for the Secured Revolving Credit Facility ranges from 1.00% to 1.75% per annum for Eurodollar Rate loans. As of December 31, 2017 and 2016, there were no outstanding borrowings under the revolving credit facility.

In January 2018, we utilized proceeds under the revolving credit facility to redeem $1.0 billion in aggregate principal amount of our 6.125% Senior Notes due 2022 and for general corporate purposes. As of February 5, 2018, there were no outstanding borrowings on the revolving credit facility. The Proceeds and borrowings from the revolving credit facility are presented in Proceeds from borrowing on revolving credit facility and Repayments of revolving credit facility within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows.

See Note 7 - Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

We could seek additional sources of liquidity, including through the issuance of additional long-term debt in 2018, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions or other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of high yield callable debt and stock purchases.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. There are a number of risks and uncertainties that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures and credit facilities governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries (each as defined in Note 16 – Guarantor Financial Information of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form

10-K) to: incur more debt; pay dividends and make distributions on our common stock; make certain investments; repurchase stock; create liens or other encumbrances; enter into transactions with affiliates; enter into transactions that restrict dividends or distributions from subsidiaries; and merge, consolidate, or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuer to loan funds or make payments to the Parent. However, the Issuer is allowed to make certain permitted payments to the Parent under the terms of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of December 31, 2017.

Capital Lease Facilities

We have entered into uncommitted capital lease facilities with certain partners, which provide us with the ability to enter into capital leases for network equipment and services. As of December 31, 2017, we have committed to $2.1 billion of capital leases under these capital lease facilities, of which $887 million was executed during the year ended December 31, 2017.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses and the construction, expansion and upgrading of our network infrastructure. Property and equipment capital expenditures primarily relate to our network transformation, including the build out of 700 MHz A-Block and 600 MHz spectrum licenses. We expect cash purchases of property and equipment, excluding capitalized interest, to be in the range of $4.9 billion to $5.3 billion in 2018. This includes expenditures for 5G deployment. Similar to 2017, cash capital expenditures will be front-end loaded in 2018 due to the build out of 600 MHz spectrum licenses. This does not include property and equipment obtained through capital lease agreements, leased wireless devices transferred from inventory or any additional purchases of spectrum licenses.

In April 2017, the FCC announced that we were the winning bidder of 1,525 licenses in the 600 MHz spectrum auction for an aggregate price of $8.0 billion. At the inception of the auction in June 2016, we deposited $2.2 billion with the FCC which, based on the outcome of the auction, was sufficient to cover our down payment obligation due in April 2017. In May 2017, we paid the FCC the remaining $5.8 billion of the purchase price using cash reserves and by issuing debt to DT, our majority stockholder, pursuant to existing debt purchase commitments. See Note 7 - Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

The $5.8 billion payment of the purchase price is included in Purchases of spectrum licenses and other intangible assets, including deposits within Net cash used in investing activities in our Consolidated Statements of Cash Flows. The licenses are included in Spectrum licenses as of December 31, 2017, on our Consolidated Balance Sheets. We began deployment of these licenses on our network in the third quarter of 2017. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

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Contractual Obligations

The following table summarizes our contractual obligations and borrowings as of December 31, 2017 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods:

(in millions)	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Long-term debt [1]	$ 1,000	$ —	$ 8,000	$ 17,450	$ 26,450
Interest on long-term debt	1,501	2,939	2,539	1,976	8,955
Capital lease obligations, including interest and maintenance	682	972	218	172	2,044
Tower obligations [2]	189	379	381	1,006	1,955
Operating leases [3]	2,448	4,083	2,686	2,251	11,468
Purchase obligations [4]	2,146	2,216	1,492	960	6,814
Network decommissioning [5]	101	123	60	21	305
Total contractual obligations	$ 8,067	$ 10,712	$ 15,376	$ 23,836	$ 57,991

(1) Represents principal amounts of long-term debt to affiliates and third parties at maturity, excluding unamortized premium from purchase price allocation fair value adjustment, capital lease obligations and vendor financing arrangements. See Note 7 – Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(2) Future minimum payments, including principal and interest payments and imputed lease rental income, related to the tower obligations. See Note 8 – Tower Obligations of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(3) Future minimum lease payments for all cell site leases presented above to include payments due for the initial non-cancelable lease term only as they represent the payments which we cannot avoid at our option and also corresponds to our lease term assessment for new leases.

(4) The minimum commitment for certain obligations is based on termination penalties that could be paid to exit the contracts. Termination penalties are included in the above table as payments due as of the earliest we could exit the contract, typically in less than one year. For certain contracts that include fixed volume purchase commitments and fixed prices for various products, the purchase obligations are calculated using fixed volumes and contractually fixed prices for the products that are expected to be purchased. This table does not include open purchase orders as of December 31, 2017 under normal business purposes. See Note 13 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

(5) Represents future undiscounted cash flows related to decommissioned MetroPCS CDMA network and certain other redundant cell sites as of December 31, 2017.

Certain commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment. Other long-term liabilities, excluding network decommissioning, have been omitted from the table above due to the uncertainty of the timing of payments, combined with the absence of historical trending to be used as a predictor of such payments. See Note 14 – Additional Financial Information of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

The purchase obligations reflected in the table above are primarily commitments to purchase handsets and accessories, equipment, software, programming and network services, and marketing activities, which will be used or sold in the ordinary course of business. These amounts do not represent T-Mobile's entire anticipated purchases in the future, but represent only those items for which T-Mobile is contractually committed. Where T-Mobile is committed to make a minimum payment to the supplier regardless of whether it takes delivery, T-Mobile has included only that minimum payment as a purchase obligation. Additionally, included within purchase obligations are amounts for the acquisition of spectrum licenses, which are subject to regulatory approval and other customary closing conditions.

In January 2018, we closed on a Unit Purchase Agreement to acquire the remaining equity in INS, a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. See Note 13 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

In January 2018, we closed on our previously announced acquisition of Layer3 TV, Inc. ("Layer3 TV") for consideration of approximately $325 million, subject to customary working capital and other post-closing adjustments. Upon closing of the transaction, Layer3 TV became a wholly-owned consolidated subsidiary. See Note

13 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Off-Balance Sheet Arrangements

In 2015, we entered into an arrangement, as amended, to sell certain EIP accounts receivable on a revolving basis as an additional source of liquidity. In August 2017, the arrangement was amended to reduce the maximum funding commitment to $1.2 billion and extend the scheduled expiration date to November 2018. In December 2017, the arrangement was again

amended to increase the maximum funding commitment to $1.3 billion. See Note 3 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

In 2014, we entered into an arrangement, as amended, to sell certain service accounts receivable on a revolving basis as an additional source of liquidity. In November 2016, the arrangement was amended to increase the maximum funding commitment to $950 million and extend the scheduled expiration date to March 2018. In February 2018, the arrangement was again amended to extend the scheduled expiration date to March 2019. As of December 31, 2017, T-Mobile derecognized net receivables of $2.7 billion upon sale through these arrangements. See Note 3 – Sales of Certain Receivables of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Related-Party Transactions

During the year ended December 31, 2017, we entered into certain debt related transactions with affiliates. See Note 7 – Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

We also have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing.

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act of 1934, as amended ("Exchange Act"). Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the year ended December 31, 2017, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with DT. We have relied upon DT for information regarding their activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: Gostaresh Ertebatat Taliya, Irancell Telecommunications Services Company ("MTN Irancell"), Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. For the year ended December 31, 2017, gross revenues of all DT affiliates generated by roaming and interconnection traffic with Iran were less than $4 million and estimated net profits were less than $4 million.

In addition, DT, through certain of its non-U.S. subsidiaries, operating a fixed line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the year ended December 31, 2017 were less than $0.4 million. We understand that DT intends to continue these activities.

Critical Accounting Policies and Estimates

Our significant accounting policies are fundamental to understanding our results of operations and financial condition as they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Six of these policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Actual results could differ from those estimates.

Management and the Audit Committee of the Board of Directors have reviewed and approved these critical accounting policies.

Allowances

We maintain an allowance for credit losses, which is management's estimate of such losses inherent in the receivables portfolio, comprised of accounts receivable and EIP receivable segments. Changes in the allowance for credit losses and, therefore, in related provision for credit losses ("bad debt expense") can materially affect earnings. Credit risk characteristics are assessed for each receivable segment. In applying the judgment and review required to determine the allowance for credit losses, management considers a number of factors, including customer behavior, credit quality of the customer base and other qualitative factors such as macro-economic conditions. While our methodology attributes portions of the allowance to specific portfolio segments, the entire allowance for credit losses is available to absorb credit losses inherent in the total receivables portfolio.

Management also considers an amount that represents management's judgment of risks inherent in the process and assumptions used in establishing the allowance for credit losses, including process risk and other subjective factors, including industry trends and emerging risk assessments.

To the extent that actual loss experience differs significantly from historical trends or assumptions, the appropriate allowance levels for realized credit losses could differ from the estimate. We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on customer credit ratings and the length of time from the original billing date.

We offer certain retail customers the option to pay for their devices and other purchases in installments over a period of up to 24 months using a zero interest EIP. At the time of an installment sale, we impute a discount for interest and record the EIP receivables at their present value, which is determined by discounting future payments at the imputed interest rate. The difference between the present value of the EIP receivables and their face amount results in a discount which is recorded as a direct reduction to the carrying value of the EIP receivable with a corresponding reduction to equipment revenue. The imputed discount rate is primarily comprised of current market interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate valuation allowance at the time of issuance as the effects of uncertainty about future cash flows are included in the initial present value measurement of the EIP receivable. The imputed discount on EIP receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we recognize an allowance for credit losses to the extent the amount of estimated credit losses on the gross EIP receivable segment exceed the remaining unamortized imputed discount balances.

Total imputed discount and allowances as of December 31, 2017 and 2016 was approximately 8.1% and 8.0%, respectively, of the total amount of gross accounts receivable, including EIP receivables.

Depreciation

Depreciation commences once assets have been placed in service. We generally depreciate property and equipment over the period the property and equipment provide economic benefit. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to T-Mobile, which is generally shorter than the lease term and considers expected losses. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property, plant and equipment. These studies consider actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that an asset's useful life is different from the previous assessment, the remaining book values are depreciated prospectively over the adjusted remaining estimated useful life. See Note 1 – Summary of Significant Accounting Policies and Note 4 – Property and Equipment of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding depreciation of assets, including management's underlying estimates of useful lives.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

We assess the carrying value of goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31 or more frequently if events or changes in circumstances indicate that assets might be impaired.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if a quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative

assessment indicates it is more likely than not the fair value of the reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

The fair value of the reporting unit is determined using a market approach, which is based on market capitalization. We recognize market capitalization is subject to volatility and will monitor changes in market capitalization to determine whether declines, if any, necessitate an interim impairment review. In the event market capitalization does decline below its book value, we will consider the length, severity and reasons for the decline when assessing whether potential impairment exists, including considering whether a control premium should be added to the market capitalization. We believe short-term fluctuations in share price may not necessarily reflect the underlying aggregate fair value.

We test spectrum licenses for impairment on an aggregate basis, consistent with the management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the carrying amount of spectrum licenses exceeds the fair value, an impairment loss is recognized. We estimate the fair value of the spectrum licenses using the Greenfield approach, which is an income approach that estimates the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield approach values the spectrum licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except the asset to be valued (in this case, spectrum licenses). The value of the spectrum licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. We base the assumptions underlying the Greenfield approach on a combination of market participant data and our historical results, trends and business plans. Future cash flows in the Greenfield approach are based on estimates and assumptions of market participant revenues, EBITDA margin, network build-out period and a long-term growth rate for a market participant. The cash flows are discounted using a weighted average cost of capital.

The valuation approaches utilized to estimate fair value for the purposes of the impairment tests of goodwill and spectrum licenses require the use of assumptions and estimates, which involve a degree of uncertainty. If actual results or future expectations are not consistent with the assumptions, this may result in the recording of significant impairment charges on goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues, EBITDA margins, capital expenditures and the long-term growth rate. See Note 1 – Summary of Significant Accounting Policies and Note 5 – Goodwill, Spectrum Licenses and Other Intangible Assets of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding our annual impairment test and impairment charges.

Guarantee Liabilities

We offer a device trade-in program, JUMP!, which provides eligible customers a specified-price trade-in right to upgrade their device. Upon enrollment, participating customers must finance the purchase of a device on an EIP and have a qualifying T-Mobile monthly wireless service plan, which is treated as a single multiple-element arrangement when entered into at or near the same time. Upon qualifying JUMP! program upgrades, the customers' remaining EIP balance is settled provided they trade-in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in JUMP!, we establish a liability through the reduction of revenue, for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee. The guarantee liability is valued based on various economic and customer behavioral assumptions, which requires judgment, including estimating the customer's remaining EIP balance at trade-in, the expected fair value of the used device at trade-in, and the probability and timing of trade-in. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. All assumptions are reviewed periodically.

Rent Expense

Most of the leases on our tower sites have fixed rent escalations which provide for periodic increases in the amount of rent payable over time. We calculate straight-line rent expense for each of these leases based on the fixed non-cancellable term of the lease plus all periods, if any, for which failure to renew the lease imposes a penalty on us in such amount that a renewal appears, at lease inception or significant modification, to be reasonably assured. We consider several factors in assessing whether renewal periods are reasonably assured of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites. We make

significant assumptions at lease inception in determining and assessing the factors that constitute a "penalty." In doing so, we primarily consider costs incurred in acquiring and developing new sites, the useful life of site improvements and equipment costs, future economic conditions and the extent to which improvements in wireless technologies can be incorporated into a current assessment of whether an economic compulsion will exist in the future to renew a lease.

Income Taxes

We recognize deferred tax assets and liabilities based on temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is maintained against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available. We consider many factors when determining whether a valuation allowance is needed, including recent cumulative earnings experience by taxing jurisdiction, expectations of future income, the carryforward periods available for tax reporting purposes and other relevant factors.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Accounting Pronouncements Not Yet Adopted

See Note 1 – Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to economic risks in the normal course of business, primarily from changes in interest rates, including changes in investment yields and changes in spreads due to credit risk and other factors. These risks, along with other business risks, impact our cost of capital. Our policy is to manage exposure related to fluctuations in interest rates in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. We have established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of our debt portfolio. We do not foresee significant changes in the strategies used to manage market risk in the near future.

We are exposed to changes in interest rates on our Incremental Term Loan Facility with DT, our majority stockholder. See Note 7 – Debt of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

To perform the sensitivity analysis, we assessed the risk of a change in the fair value from the effect of a hypothetical interest rate change of positive 150 and negative 50 basis points. In cases where the debt is redeemable and the fair value calculation results in a liability greater than the cost to replace the debt, the maximum liability is assumed to be no greater than the current cost to redeem the debt. As of December 31, 2017, the change in the fair value of our Incremental Term Loan Facility, based on this hypothetical change, is shown in the table below:

			Fair Value Assuming	
(in millions)	**Carrying Amount**	**Fair Value**	**+150 Basis Point Shift**	**-50 Basis Point Shift**
LIBOR plus 2.00% Senior Secured Term Loan due 2022	$ 2,000	$ 2,000	$ 1,914	$ 2,000
LIBOR plus 2.00% Senior Secured Term Loan due 2024	2,000	2,020	1,868	2,020

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Item 8. Financial Statements and Supplementary Data

Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of T-Mobile US, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of T-Mobile US, Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016**,** and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the presentation of imputed discount on Equipment Installment Plan ("EIP") receivables.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 7, 2018

We have served as the Company's auditor since 2001.

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T-Mobile US, Inc.
Consolidated Balance Sheets

(in millions, except share and per share amounts)	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 1,219	$ 5,500
Accounts receivable, net of allowances of $86 and $102	1,915	1,896
Equipment installment plan receivables, net	2,290	1,930
Accounts receivable from affiliates	22	40
Inventories	1,566	1,111
Asset purchase deposit	—	2,203
Other current assets	1,903	1,537
Total current assets	8,915	14,217
Property and equipment, net	22,196	20,943
Goodwill	1,683	1,683
Spectrum licenses	35,366	27,014
Other intangible assets, net	217	376
Equipment installment plan receivables due after one year, net	1,274	984
Other assets	912	674
Total assets	$ 70,563	$ 65,891
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 8,528	$ 7,152
Payables to affiliates	182	125
Short-term debt	1,612	354
Deferred revenue	779	986
Other current liabilities	414	405
Total current liabilities	11,515	9,022
Long-term debt	12,121	21,832
Long-term debt to affiliates	14,586	5,600
Tower obligations	2,590	2,621
Deferred tax liabilities	3,537	4,938
Deferred rent expense	2,720	2,616
Other long-term liabilities	935	1,026
Total long-term liabilities	36,489	38,633
Commitments and contingencies (Note 13)		
Stockholders' equity		
5.50% Mandatory Convertible Preferred Stock Series A, par value $0.00001 per share, 100,000,000 shares authorized; 0 and 20,000,000 shares issued; 0 and 20,000,000 shares outstanding; $0 and $1,000 aggregate liquidation value	—	—
Common Stock, par value $0.00001 per share, 1,000,000,000 shares authorized; 860,861,998 and 827,768,818 shares issued, 859,406,651 and 826,357,331 shares outstanding	—	—
Additional paid-in capital	38,629	38,846
Treasury stock, at cost, 1,455,347 and 1,411,487 shares issued	(4)	(1)
Accumulated other comprehensive income	8	1
Accumulated deficit	(16,074)	(20,610)
Total stockholders' equity	22,559	18,236
Total liabilities and stockholders' equity	$ 70,563	$ 65,891

The accompanying notes are an integral part of these consolidated financial statements.

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T-Mobile US, Inc.
Consolidated Statements of Comprehensive Income

(in millions, except share and per share amounts)	Year Ended December 31, 2017	2016 (As Adjusted - See Note 1)	2015 (As Adjusted - See Note 1)
Revenues			
Branded postpaid revenues	$ 19,448	$ 18,138	$ 16,383
Branded prepaid revenues	9,380	8,553	7,553
Wholesale revenues	1,102	903	692
Roaming and other service revenues	230	250	193
Total service revenues	30,160	27,844	24,821
Equipment revenues	9,375	8,727	6,718
Other revenues	1,069	919	928
Total revenues	40,604	37,490	32,467
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	6,100	5,731	5,554
Cost of equipment sales	11,608	10,819	9,344
Selling, general and administrative	12,259	11,378	10,189
Depreciation and amortization	5,984	6,243	4,688
Cost of MetroPCS business combination	—	104	376
Gains on disposal of spectrum licenses	(235)	(835)	(163)
Total operating expense	35,716	33,440	29,988
Operating income	4,888	4,050	2,479
Other income (expense)			
Interest expense	(1,111)	(1,418)	(1,085)
Interest expense to affiliates	(560)	(312)	(411)
Interest income	17	13	6
Other expense, net	(73)	(6)	(11)
Total other expense, net	(1,727)	(1,723)	(1,501)
Income before income taxes	3,161	2,327	978
Income tax benefit (expense)	1,375	(867)	(245)
Net income	4,536	1,460	733
Dividends on preferred stock	(55)	(55)	(55)
Net income attributable to common stockholders	$ 4,481	$ 1,405	$ 678
Net income	$ 4,536	$ 1,460	$ 733
Other comprehensive income (loss), net of tax			
Unrealized gain (loss) on available-for-sale securities, net of tax effect $2, $1 and $(1)	7	2	(2)
Other comprehensive income (loss)	7	2	(2)
Total comprehensive income	$ 4,543	$ 1,462	$ 731
Earnings per share			
Basic	$ 5.39	$ 1.71	$ 0.83
Diluted	$ 5.20	$ 1.69	$ 0.82
Weighted average shares outstanding			
Basic	831,850,073	822,470,275	812,994,028
Diluted	871,787,450	833,054,545	822,617,938

The accompanying notes are an integral part of these consolidated financial statements.

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T-Mobile US, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2017	2016	2015
Operating activities			
Net income	$ 4,536	$ 1,460	$ 733
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	5,984	6,243	4,688
Stock-based compensation expense	306	235	201
Deferred income tax (benefit) expense	(1,404)	914	256
Bad debt expense	388	477	547
Losses from sales of receivables	299	228	204
Deferred rent expense	76	121	167
Gains on disposal of spectrum licenses	(235)	(835)	(163)
Change in fair value of embedded derivatives	(52)	(25)	148
Changes in operating assets and liabilities			
Accounts receivable	(444)	(603)	(259)
Equipment installment plan receivables	(894)	97	1,089
Inventories	(844)	(802)	(2,495)
Deferred purchase price from sales of receivables	(86)	(270)	(185)
Other current and long-term assets	(575)	(133)	(217)
Accounts payable and accrued liabilities	1,079	(1,201)	693
Other current and long-term liabilities	(233)	158	22
Other, net	61	71	(15)
Net cash provided by operating activities	7,962	6,135	5,414
Investing activities			
Purchases of property and equipment, including capitalized interest of $136, $142 and $246	(5,237)	(4,702)	(4,724)
Purchases of spectrum licenses and other intangible assets, including deposits	(5,828)	(3,968)	(1,935)
Purchases of short-term investments	—	—	(2,997)
Sales of short-term investments	—	2,998	—
Other, net	1	(8)	96
Net cash used in investing activities	(11,064)	(5,680)	(9,560)
Financing activities			
Proceeds from issuance of long-term debt	10,480	997	3,979
Proceeds from tower obligations	—	—	140
Proceeds from borrowing on revolving credit facility	2,910	—	—
Repayments of revolving credit facility	(2,910)	—	—
Repayments of capital lease obligations	(486)	(205)	(57)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(300)	(150)	(564)
Repayments of long-term debt	(10,230)	(20)	—
Proceeds from exercise of stock options	21	29	47
Repurchases of common shares	(427)	—	—
Tax withholdings on share-based awards	(166)	(121)	(156)
Dividends on preferred stock	(55)	(55)	(55)
Other, net	(16)	(12)	79
Net cash (used in) provided by financing activities	(1,179)	463	3,413
Change in cash and cash equivalents	(4,281)	918	(733)
Cash and cash equivalents			

Beginning of period	5,500	4,582	5,315
End of period	$ 1,219	$ 5,500	$ 4,582
Supplemental disclosure of cash flow information			
Interest payments, net of amounts capitalized, $79, $0 and $0 of which recorded as debt discount (Note 7)	$ 2,028	$ 1,681	$ 1,298
Income tax payments	31	25	54
Changes in accounts payable for purchases of property and equipment	313	285	46
Leased devices transferred from inventory to property and equipment	1,131	1,588	2,451
Returned leased devices transferred from property and equipment to inventory	(742)	(602)	(166)
Issuance of short-term debt for financing of property and equipment	292	150	500
Assets acquired under capital lease obligations	887	799	470

The accompanying notes are an integral part of these consolidated financial statements.

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T-Mobile US, Inc.
Consolidated Statement of Stockholders' Equity

(in millions, except shares)	Preferred Stock Outstanding	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders Equity
Balance as of December 31, 2014	20,000,000	807,468,603	$ —	$ 38,503	$ 1	$ (22,841)	$ 15,663
Net income	—	—	—	—	—	733	733
Other comprehensive loss	—	—	—	—	(2)	—	(2)
Stock-based compensation	—	—	—	227	—	—	227
Exercise of stock options	—	2,381,650	—	47	—	—	47
Stock issued for employee stock purchase plan	—	761,085	—	21	—	—	21
Issuance of vested restricted stock units	—	11,956,345	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(4,176,464)	—	(156)	—	—	(156)
Excess tax benefit from stock-based compensation	—	—	—	79	—	—	79
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
Balance as of December 31, 2015	20,000,000	818,391,219	—	38,666	(1)	(22,108)	16,557
Net income	—	—	—	—	—	1,460	1,460
Other comprehensive income	—	—	—	—	2	—	2
Stock-based compensation	—	—	—	264	—	—	264
Exercise of stock options	—	982,904	—	29	—	—	29
Stock issued for employee stock purchase plan	—	1,905,534	—	63	—	—	63
Issuance of vested restricted stock units	—	7,712,463	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,605,807)	—	(122)	—	—	(122)
Transfer RSU to NQDC plan	—	(28,982)	(1)	1	—	—	—
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
Prior year Retained Earnings	—	—	—	—	—	38	38
Balance as of December 31, 2016	20,000,000	826,357,331	(1)	38,846	1	(20,610)	18,236
Net income	—	—	—	—	—	4,536	4,536
Other comprehensive income	—	—	—	—	7	—	7
Stock-based compensation	—	—	—	344	—	—	344
Exercise of stock options	—	450,493	—	19	—	—	19
Stock issued for employee stock purchase plan	—	1,832,043	—	82	—	—	82
Issuance of vested restricted stock units	—	8,338,271	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	—	(2,754,721)	—	(166)	—	—	(166)
Mandatory conversion of preferred shares to common shares	(20,000,000)	32,237,983	—	—	—	—	—
Repurchases of common stock	—	(7,010,889)	—	(444)	—	—	(444)
Transfer RSU to NQDC plan	—	(43,860)	(3)	3	—	—	—
Dividends on preferred stock	—	—	—	(55)	—	—	(55)
	—	859,406,651	$ (4)	$ 38,629	$ 8	$ (16,074)	$ 22,559

Balance as of December 31, 2017							

The accompanying notes are an integral part of these consolidated financial statements.

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Business

T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company"), together with its consolidated subsidiaries, is a leading provider of mobile communications services, including voice, messaging and data, under its flagship brands, T-Mobile and MetroPCS, in the United States ("U.S."), Puerto Rico and the U.S. Virgin Islands. We provide mobile communications services primarily using 4G Long-Term Evolution ("LTE") technology. We also offer a wide selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories for sale, as well as financing through Equipment Installment Plans ("EIP") and leasing through JUMP! On Demand™. Additionally, we provide reinsurance for handset insurance policies and extended warranty contracts offered to our mobile communications customers.

Basis of Presentation

The consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We operate as a single operating segment. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities ("VIE") where we are deemed to be the primary beneficiary and VIEs, which cannot be deconsolidated, such as those related to Tower obligations. Intercompany transactions and balances have been eliminated in consolidation.

Certain prior year amounts have been reclassified, such as those relating to the imputed discount on EIP receivables reclassified from Interest income to Other revenues in our Consolidated Statements of Comprehensive Income, to conform to the current year's presentation. See "Change in Accounting Principle" below.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect the financial statements and accompanying notes. Examples include service revenues earned but not yet billed, service revenues billed but not yet earned, relative selling prices, allowances for credit losses and sales returns, discounts for imputed interest on EIP receivables, guarantee liabilities, losses incurred but not yet reported, tax liabilities, deferred income taxes including valuation allowances, useful lives of long-lived assets, cost estimates of asset retirement obligations, residual values on leased handsets, reasonably assured renewal terms for operating leases, stock-based compensation forfeiture rates, and fair value measurements, including those related to goodwill, spectrum licenses, intangible assets, beneficial interests in factoring and securitization transactions and derivative financial instruments. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances. These estimates are inherently subject to judgment and actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid money market funds and U.S. Treasury securities with remaining maturities of three months or less at the date of purchase.

Receivables and Allowance for Credit Losses

Accounts receivable consist primarily of amounts currently due from customers, other carriers and third-party retail channels. Accounts receivable not held for sale are reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses. Accounts receivable held for sale are reported at the lower of amortized cost or fair value. We have an arrangement to sell the majority of service accounts receivable on a revolving basis, which are treated as sales of financial assets.

We offer certain retail customers the option to pay for their devices and other purchases in installments over a period of up to 24 months using an EIP. EIP receivables not held for sale are reported in the balance sheet at outstanding principal adjusted for any charge-offs, allowance for credit losses and unamortized discounts. Receivables held for sale are reported at the lower of amortized cost or fair value. At the time of an installment sale, we impute a discount

for interest as there is no stated rate of interest on the EIP receivables and record the EIP receivables at their present value, which is determined by discounting future payments at the imputed interest rate. The difference between the present value of the EIP receivables and their face amount results in a discount which is recorded as a direct reduction to the carrying value with a corresponding reduction to equipment

revenues in our Consolidated Statements of Comprehensive Income. We determine the imputed discount rate based primarily on current market interest rates and the estimated credit risk on the EIP receivables. As a result, we do not recognize a separate valuation allowance at the time of issuance as the effects of uncertainty about future cash flows are included in the initial present value measurement of the receivable. The imputed discount on EIP receivables is amortized over the financed installment term using the effective interest method and recognized as Other revenues in our Consolidated Statements of Comprehensive Income.

Subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

The current portion of the EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of the EIP receivables is included in Equipment installment plan receivables due after one year, net in our Consolidated Balance Sheets. We have an arrangement to sell certain EIP receivables on a revolving basis, which are treated as sales of financial assets.

We maintain an allowance for credit losses and determine its appropriateness through an established process that assesses the losses inherent in our receivables portfolio. We develop and document our allowance methodology at the portfolio segment level - accounts receivable portfolio and EIP receivable portfolio segments. While we attribute portions of the allowance to our respective accounts receivable and EIP portfolio segments, the entire allowance is available to absorb credit losses inherent in the total receivables portfolio.

Our process involves procedures to appropriately consider the unique risk characteristics of our accounts receivable and EIP receivable portfolio segments. For each portfolio segment, losses are estimated collectively for groups of receivables with similar characteristics. Our allowance levels are influenced by receivable volumes, receivable delinquency status, historical loss experience and other conditions influencing loss expectations, such as macro-economic conditions.

Inventories

Inventories consist primarily of wireless devices and accessories, which are valued at the lower of cost or market. Cost is determined using standard cost which approximates average cost. Shipping and handling costs paid to wireless device and accessories vendors, and costs to refurbish used devices recovered through our device upgrade programs are included in the standard cost of inventory. We record inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Long-Lived Assets

Long-lived assets include assets that do not have indefinite lives, such as property and equipment and other intangible assets. We assess potential impairments to our long-lived assets when events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, we test recoverability. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and eventual disposition of the asset or asset group. If the undiscounted cash flows do not exceed the asset or asset group’s carrying amount, then an impairment loss is recorded, measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment

Property and equipment consists of buildings and equipment, wireless communication systems, leasehold improvements, capitalized software, leased wireless devices and construction in progress. Buildings and equipment include certain network server equipment. Wireless communication systems include assets to operate our wireless network and IT data centers, including tower assets and leasehold improvements, assets related to the liability for the retirement of long-lived assets and capital leases. Leasehold improvements include asset improvements other than those related to the wireless network.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any, in Property and equipment, net on our Consolidated Balance Sheets. We generally depreciate property and equipment over the period

the property and equipment provide economic benefit. Depreciable life studies are performed periodically to confirm the appropriateness of useful lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate the useful life of an asset is different from the previous assessment, the remaining book value is depreciated prospectively over the adjusted remaining

estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

We introduced JUMP! On Demand, which allows customers to lease a device over a period of up to 18 months and upgrade it for a new device up to one time per month. To date, all of our leased devices were classified as operating leases. At operating lease inception, leased wireless devices are transferred from inventory to property and equipment. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Revenues associated with the leased wireless devices, net of incentives, are generally recognized over the lease term. Upon device upgrade or at lease end, customers must return or purchase their device. Returned devices transferred from Property and equipment, net are recorded as inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

Costs of major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of our wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which includes obtaining leases, zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. We capitalize interest associated with the acquisition or construction of certain property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated over the useful life of the related assets.

Future obligations related to capital leases are included in Short-term debt and Long-term debt in our Consolidated Balance Sheets. Depreciation of assets held under capital leases is included in Depreciation and amortization expense in our Consolidated Statements of Comprehensive Income.

We record an asset retirement obligation for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. In periods subsequent to initial measurement, we recognize changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. Our obligations relate primarily to certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

We capitalize certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once the final selection of the specific software solution has been made and management authorizes and commits to funding the software project. Capitalized software costs are included in Property and equipment, net in our Consolidated Balance Sheets and are amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Other Intangible Assets

Intangible assets that do not have indefinite useful lives are amortized over their estimated useful lives. Customer lists are amortized using the sum-of-the-years-digits method over the expected period in which the relationship is expected to contribute to future cash flows. The remaining finite-lived intangible assets are amortized using the straight-line method.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination.

Spectrum Licenses

Spectrum licenses are carried at costs incurred to acquire the spectrum licenses and the costs to prepare the spectrum licenses for their intended use, such as costs to clear acquired spectrum licenses. The Federal Communications

Commission ("FCC") issues spectrum licenses which provide us with the exclusive right to utilize designated radio frequency spectrum within specific geographic service areas to provide wireless communication services. While spectrum licenses are issued for a fixed period of time, typically for up to fifteen years, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses held by us expire at various dates. We believe we will be able to meet all requirements necessary to secure

renewal of our spectrum licenses at nominal costs. Moreover, we determined there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our spectrum licenses. Therefore, we determined the spectrum licenses should be treated as indefinite-lived intangible assets.

At times, we enter into agreements to sell or exchange spectrum licenses. Upon entering into the arrangement, if the transaction has been deemed to have commercial substance, spectrum licenses are reviewed for impairment and transferred at their carrying value, net of any impairment, to assets held for sale included in Other current assets in our Consolidated Balance Sheets until approval and completion of the exchange or sale. Upon closing of the transaction, spectrum licenses acquired as part of an exchange of nonmonetary assets are valued at fair value and the difference between the fair value of the spectrum licenses obtained, book value of the spectrum licenses transferred and cash paid, if any, is recognized as a gain and included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income. Our fair value estimates of spectrum licenses are based on information for which there is little or no observable market data. If the transaction lacks commercial substance or the fair value is not measurable, the acquired spectrum licenses are recorded at the book value of the assets transferred or exchanged.

Impairment

We assess the carrying value of our goodwill and other indefinite-lived intangible assets, such as our spectrum licenses, for potential impairment annually as of December 31, or more frequently if events or changes in circumstances indicate such assets might be impaired.

When assessing goodwill for impairment we may elect to first perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not the fair value of the single reporting unit is less than its carrying amount, we perform a quantitative test. We recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

We test our spectrum licenses for impairment on an aggregate basis, consistent with our management of the overall business at a national level. We may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an intangible asset is less than its carrying value. If we do not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not the fair value of the intangible asset is less than its carrying amount, we calculate the estimated fair value of the intangible asset. If the estimated fair value of the spectrum licenses is lower than their carrying amount, an impairment loss is recognized for the difference. We estimate fair value using the Greenfield methodology, which is an income approach, to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

Guarantee Liabilities

We offer a device trade-in program, Just Upgrade My Phone (“JUMP!”), which provides eligible customers a specified-price trade-in right to upgrade their device. Upon enrollment, participating customers must finance the purchase of a device on an EIP and have a qualifying T-Mobile monthly wireless service plan, which is treated as a single multiple-element arrangement when entered into at or near the same time. Upon a qualifying JUMP! program upgrade, the customer’s remaining EIP balance is settled provided they trade-in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee. The guarantee liability is valued based on various economic and customer behavioral assumptions, which requires judgment, including estimating the customer's remaining EIP balance at trade-in, the expected fair value of the used device at trade-in, and the probability and timing of trade-in. We assess our guarantee liability at each reporting date to determine if facts and circumstances would indicate the incurrence of an incremental contingent liability is probable and if so, reasonably estimable. The recognition and subsequent adjustments of the contingent guarantee liability as a result of these assessments are recorded as adjustments to revenue. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities.

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Fair Value Measurements

We carry certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities;
Level 2	Observable inputs other than the quoted prices in active markets for identical assets and liabilities; and
Level 3	Unobservable inputs for which there is little or no market data, which require us to develop assumptions of what market participants would use in pricing the asset or liability.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the placement of assets and liabilities being measured within the fair value hierarchy.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts receivable from affiliates and accounts payable approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized discount and allowance for credit losses. There were no financial instruments with a carrying value materially different from their fair value, based on quoted market prices or rates for the same or similar instruments, or internal valuation models.

Derivative Financial Instruments

Derivative financial instruments primarily relate to embedded derivatives for certain components of the reset feature of the Senior Reset Notes to affiliates, which are required to be bifurcated and are recorded on the Consolidated Balance Sheets at fair value. Changes in fair value are recognized in Interest expense to affiliates in our Consolidated Statements of Comprehensive Income. We do not enter into derivative positions for trading or speculative purposes.

Revenue Recognition

We primarily generate our revenue from providing wireless services to customers and selling or leasing devices and accessories. We offer our wireless services and devices to customers, which may be comprised of multiple contracts entered into with a customer at or near the same time. In recognizing revenue, we assess such agreements as a single bundled arrangement that may involve multiple deliverables, which include wireless services, wireless devices or a combination thereof, and allocate revenue between each deliverable based on the relative selling prices of each deliverable on a standalone basis.

Wireless Services Revenue

We generate our wireless service revenues from providing access to, and usage of, our wireless communications network. Service revenues also include revenues earned for providing value added services to customers, such as handset insurance services. Service revenues are billed either in advance or arrears or are prepaid and are recognized when the service is rendered and all other revenue recognition criteria have been met. Revenues that are not reasonably assured to be collectible are recorded on a cash basis as payments are received. The recognition of prepaid revenue is deferred until services are rendered or the customer's rights to service expire unused. Generally, incentives given to customers are recorded as a reduction to revenue. We recognize service revenues for Data Stash plans when such services are delivered and the data is consumed, or at time of forfeiture or expiration. Revenues relating to unused data that is carried over to the following month are deferred and valued based on their relative standalone selling price. Revenue is recorded gross for arrangements involving the resale of third-party services where we are considered the primary obligor and is recorded net of associated costs incurred for services whereby we are not considered the primary obligor.

Federal Universal Service Fund ("USF") and other fees are assessed by various governmental authorities in connection with the services we provide to our customers. When we separately bill and collect these regulatory fees from customers, they are recorded gross in Total service revenues and cost of services in our Consolidated Statements of Comprehensive Income. For the years ended December 31, 2017, 2016 and 2015, we recorded approximately $258 million, $409 million and $334 million, respectively, of USF fees on a gross basis.

Equipment Revenues

We generate equipment revenues from the sale or lease of mobile communication devices and accessories. Device and accessory sales revenues are generally recognized when the products are delivered to, and accepted by, the customer or dealer. We defer a portion of equipment revenues and cost of equipment sales for expected device returns based on historical experience. We offer certain customers the option to pay for devices and accessories in installments using an EIP. Equipment sales not reasonably assured to be collectible are recorded on a cash basis as payments are received.

In addition, for customers enrolled in JUMP!, we separate the JUMP! trade-in right from the multiple element arrangement at its fair value and defer the portion of revenue which represents the fair value of the trade-in right. See Guarantee Liabilities section above for further information.

We introduced JUMP! On Demand, which allows customers to lease a device and upgrade their leased wireless device for a new device up to one time per month. Leased wireless devices are accounted for as operating leases and lease revenues are recognized as earned on a straight-line basis over the lease term. The residual value of purchased leased devices is recorded as equipment revenues and cost of equipment sales. See Property and Equipment section above for further information.

Rent Expense

We have operating leases for cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. We recognize rent expense on a straight-line basis, over the non-cancelable lease term and renewal periods that are considered reasonably assured at the inception of the lease. We consider several factors in assessing whether renewal periods are reasonably assured of being exercised, including the continued maturation of our network nationwide, technological advances within the telecommunications industry and the availability of alternative sites.

Advertising Expense

We expense the cost of advertising and other promotional expenditures to market our services and products as incurred. For the years ended December 31, 2017, 2016 and 2015, advertising expenses included in Selling, general and administrative expenses in our Consolidated Statements of Comprehensive Income were $1.8 billion, $1.7 billion and $1.6 billion, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of a deferred tax asset depends on the ability to generate sufficient taxable income of the appropriate character and in the appropriate taxing jurisdictions within the carryforward periods available.

We account for uncertainty in income taxes recognized in the financial statements in accordance with the accounting guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We assess whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjust the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of adjustments, net of tax, related to unrealized gains (losses) on available-for-sale securities. This is reported in Accumulated other comprehensive income as a separate component of stockholders' equity until realized in earnings.

Stock-Based Compensation

Stock-based compensation cost for stock awards, which include restricted stock units (“RSUs”) and performance-based restricted stock units (“PRSUs”), is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, over the related service period. The fair value of stock awards is based on the closing price of our common stock on the date of grant. RSUs are recognized as expense using the straight-line method. PRSUs are recognized as expense following a graded vesting schedule.

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Earnings Per Share

Basic earnings per share is computed by dividing Net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of outstanding stock options, RSUs and PRSUs, calculated using the treasury stock method, and prior to the conversion of our preferred stock, potentially dilutive common shares included mandatory convertible preferred stock calculated using the if-converted method. See Note 12 - Earnings Per Share for further information.

Our Board of Directors authorized a share repurchase program during the fourth quarter of 2017. Repurchased shares are retired and reduce the number of shares issued and outstanding. See Note 10 - Repurchases of Common Stock for further information.

Variable Interest Entities

VIEs are entities which lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, have equity investors which do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive the residual returns of the entity. The most common type of VIE is a special purpose entity ("SPE"). SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are generally structured to insulate investors from claims on the SPE's assets by creditors of other entities, including the creditors of the seller of the assets.

The primary beneficiary is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party which has both the power to direct the activities of an entity that most significantly impact the VIE's economic performance, and through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE which could potentially be significant to the VIE. We consolidate VIEs when we are deemed to be the primary beneficiary or when the VIE cannot be deconsolidated.

In assessing which party is the primary beneficiary, all the facts and circumstances are considered, including each party's role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance; and second, identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (such as asset managers and servicers) or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

Change in Accounting Principle

Effective January 1, 2017, the imputed discount on EIP receivables, which is amortized over the financed installment term using the effective interest method, and was previously presented within Interest income in our Consolidated Statements of Comprehensive Income, is now presented within Other revenues in our Consolidated Statements of Comprehensive Income. We believe this presentation is preferable because it provides a better representation of amounts earned from our major ongoing operations and aligns with industry practice thereby enhancing comparability. We have applied this change retrospectively and presented the effect on the years ended December 31, 2017, 2016 and 2015, in the tables below:

	Year Ended December 31, 2017		
(in millions)	Unadjusted	Change in Accounting Principle	As Adjusted
Other revenues	$ 789	$ 280	$ 1,069
Total revenues	40,324	280	40,604
Operating income	4,608	280	4,888
Interest income	297	(280)	17
Total other expense, net	(1,447)	(280)	(1,727)
Net income	4,536	—	4,536

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(in millions)	Year Ended December 31, 2016		
	As Filed	Change in Accounting Principle	As Adjusted
Other revenues	$ 671	$ 248	$ 919
Total revenues	37,242	248	37,490
Operating income	3,802	248	4,050
Interest income	261	(248)	13
Total other expense, net	(1,475)	(248)	(1,723)
Net income	1,460	—	1,460

(in millions)	Year Ended December 31, 2015		
	As Filed	Change in Accounting Principle	As Adjusted
Other revenues	$ 514	$ 414	$ 928
Total revenues	32,053	414	32,467
Operating income	2,065	414	2,479
Interest income	420	(414)	6
Total other expense, net	(1,087)	(414)	(1,501)
Net income	733	—	733

The change in accounting principle did not have an impact on basic or diluted earnings per share for the years ended December 31, 2017, 2016 and 2015 or Accumulated deficit as of December 31, 2017 and 2016.

Accounting Pronouncements Adopted During the Current Year

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The amendments in this update eliminate the requirement to perform step two of the goodwill impairment test, which requires a hypothetical purchase price allocation consistent with the principles in determining fair values of assets acquired and liabilities assumed in a business combination, when an impairment is determined to have occurred. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited by the amount of goodwill in that reporting unit. We adopted this new guidance in the fourth quarter of 2017. The implementation of this standard did not have an impact on our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”), and has since modified the standard with several ASUs. The standard is effective for us, and we adopted the standard, on January 1, 2018.

The standard requires entities to recognize revenue through the application of a five-step model, which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations.

The guidance permits two methods of adoption, the full retrospective method applying the standard to each prior reporting period presented, or the modified retrospective method with a cumulative effect of initially applying the guidance recognized at the date of initial application. The standard also allows entities to apply certain practical expedients at their discretion. We will adopt the standard using the modified retrospective method with a cumulative catch up adjustment and will provide additional disclosures comparing results to previous GAAP in our 2018 consolidated financial statements. We plan to apply the new revenue standard only to contracts not completed as of the date of initial application, referred to as open contracts.

The most significant judgments and impacts upon adoption of the standard include the following items:

- Upon adoption, we will defer (i.e. capitalize) incremental contract acquisition costs and recognize (i.e. amortize) them over the term of the initial contract and anticipated renewal contracts to which the costs relate. Deferred contract costs have an average amortization period of approximately 24 months, subject to being monitored every period to reflect any significant change in assumptions. In addition, the deferred contract cost asset is assessed for impairment on a

periodic basis. We are utilizing the practical expedient permitting expensing of costs to obtain a contract when the expected amortization period is one year or less which typically results in expensing commissions paid to acquire branded prepaid service contracts. As a result, incremental contract acquisition costs paid on open contracts of approximately $150 million are expected to be capitalized and subsequently amortized upon adoption on January 1, 2018 as a cumulative effect adjustment to equity, which consists primarily of commissions paid to acquire branded postpaid service contracts. Contract costs capitalized for new contracts will accumulate during 2018 as deferred assets. As a result, we expect there to be a net benefit to operating income during 2018. As capitalized costs amortize into expense over time the accretive benefit to operating income anticipated in 2018 is expected to moderate in 2019 and become insignificant in 2020 as the timing benefits of deferring these costs dissipate.

- Under the new standard, certain commissions paid to dealers previously recognized as a reduction to revenues will be recorded as commission costs in Selling, general and administrative expense. During 2017 such commission costs were approximately $425 million.

- Promotional bill credits offered to customers on equipment sales that are paid over time and are contingent on the customer maintaining a service contract results in an extended service contract term with multiple performance obligations, which impacts the allocation and timing of revenue recognition between service revenue and equipment revenue. A contract asset will be recorded when control of the equipment transfers to the customer, and subsequently recognized as a reduction to service revenue over the extended contract term. Contract assets of approximately $140 million are expected to be capitalized upon adoption on January 1, 2018 as a cumulative effect adjustment.

- We are recognizing the financing component in our EIP contracts, including those financing components that are not considered to be significant to the contract. This application is consistent with our current practice of imputing interest.

We have implemented significant new revenue accounting systems, processes and internal controls over revenue recognition to assist us in the application of the new standard.

The cumulative effect of initially applying the new revenue standard on January 1, 2018 is estimated to be a decrease to Accumulated deficit of approximately $220 million.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” The standard requires all lessees to report a right-of-use asset and a lease liability for most leases. The income statement recognition is similar to existing lease accounting and is based on lease classification. The standard requires lessees and lessors to classify most leases using principles similar to existing lease accounting. For lessors, the standard modifies the classification criteria and the accounting for sales-type and direct financing leases. We are currently evaluating the standard, which will require recognizing and measuring leases at the beginning of the earliest period presented using a modified retrospective approach. Our evaluation includes assessing which of our arrangements qualify as a lease, and aggregating lease data and related information as well as determining whether previous conclusions for certain transactions, such as failed sale leaseback arrangements under Topic 840, would change under Topic 842. We plan to adopt the standard when it becomes effective for us beginning January 1, 2019, and expect the adoption of the standard will result in the recognition of right-of-use assets and lease liabilities that have not previously been recorded, which will have a material impact on our consolidated financial statements.

We are in the process of implementing significant new lease accounting systems, processes and internal controls over lease recognition which will ultimately assist in the application of the new standard.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The standard will become effective for us beginning January 1, 2020, and will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). Early adoption is permitted for us as of January 1, 2019. We are currently evaluating the impact this guidance will have on our consolidated financial statements and the timing of adoption.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.” The standard is intended to reduce current diversity in practice and provides guidance on how certain cash receipts and payments are presented and classified in the statement of cash flows. The standard is effective for us, and we adopted the standard, on January 1, 2018. The standard will require a retrospective approach. The standard will impact the presentation of cash flows related to beneficial interests in securitization transactions, which is the deferred purchase price,

resulting in a reclassification of cash inflows from Operating activities to Investing activities of approximately $4.3 billion and $3.5 billion for the years ended December 31, 2017 and 2016, respectively, in our Consolidated Statements of Cash Flows. The standard will also impact the presentation of cash payments for debt prepayment or debt extinguishment costs, resulting in a reclassification of cash outflows from Operating activities to Financing activities of $188 million for the year ended December 31, 2017, in our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory." The standard requires that the income tax impact of intra-entity sales and transfers of property, except for inventory, be recognized when the transfer occurs. The standard will become effective for us beginning January 1, 2018, and will require any deferred taxes not yet recognized on intra-entity transfers to be recorded to retained earnings under a modified retrospective approach. The implementation of this standard is not expected to have a material impact on our consolidated financial statements.

Note 2 – Receivables and Allowance for Credit Losses

Our portfolio of receivables is comprised of two portfolio segments, accounts receivable and EIP receivables. Our accounts receivable segment primarily consists of amounts currently due from customers, including service and leased device receivables, other carriers and third-party retail channels.

Based upon customer credit profiles, we classify the EIP receivable segment into two customer classes of "Prime" and "Subprime." Prime customer receivables are those with lower delinquency risk and Subprime customer receivables are those with higher delinquency risk. Subprime customers may be required to make a down payment on their equipment purchases. In addition, certain customers within the Subprime category are required to pay an advance deposit.

To determine a customer's credit profile, we use a proprietary credit scoring model that measures the credit quality of a customer at the time of application for wireless communications service using several factors, such as credit bureau information, consumer credit risk scores and service plan characteristics.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

(in millions)	December 31, 2017	December 31, 2016
EIP receivables, gross	$ 3,960	$ 3,230
Unamortized imputed discount	(264)	(195)
EIP receivables, net of unamortized imputed discount	3,696	3,035
Allowance for credit losses	(132)	(121)
EIP receivables, net	$ 3,564	$ 2,914
Classified on the balance sheet as:		
Equipment installment plan receivables, net	$ 2,290	$ 1,930
Equipment installment plan receivables due after one year, net	1,274	984
EIP receivables, net	$ 3,564	$ 2,914

To determine the appropriate level of the allowance for credit losses, we consider a number of credit quality indicators, including historical credit losses and timely payment experience as well as current collection trends such as write-off frequency and severity, aging of the receivable portfolio, credit quality of the customer base and other qualitative factors such as macro-economic conditions.

We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on customer credit quality and the aging of the receivable.

For EIP receivables, subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

The EIP receivables had weighted average effective imputed interest rates of 9.6% and 9.0% as of December 31, 2017 and 2016, respectively.

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Activity for the years ended December 31, 2017, 2016, and 2015, in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivable segments were as follows:

	December 31, 2017			December 31, 2016			December 31, 2015		
(in millions)	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 102	$ 316	$ 418	$ 116	$ 333	$ 449	$ 83	$ 448	$ 531
Bad debt expense	104	284	388	227	250	477	182	365	547
Write-offs, net of recoveries	(120)	(273)	(393)	(241)	(277)	(518)	(149)	(333)	(482)
Change in imputed discount on short-term and long-term EIP receivables	N/A	252	252	N/A	186	186	N/A	(84)	(84)
Impact on the imputed discount from sales of EIP receivables	N/A	(183)	(183)	N/A	(176)	(176)	N/A	(63)	(63)
Allowance for credit losses and imputed discount, end of period	$ 86	$ 396	$ 482	$ 102	$ 316	$ 418	$ 116	$ 333	$ 449

Management considers the aging of receivables to be an important credit indicator. The following table provides delinquency status for the EIP portfolio segment on a gross basis, which we actively monitor as part of our current credit risk management practices and policies:

	December 31, 2017			December 31, 2016		
(in millions)	Prime	Subprime	Total EIP Receivables, gross	Prime	Subprime	Total EIP Receivables, gross
Current - 30 days past due	$ 1,727	$ 2,133	$ 3,860	$ 1,375	$ 1,735	$ 3,110
31 - 60 days past due	17	29	46	27	38	65
61 - 90 days past due	6	16	22	7	16	23
More than 90 days past due	8	24	32	10	22	32
Total receivables, gross	$ 1,758	$ 2,202	$ 3,960	$ 1,419	$ 1,811	$ 3,230

Note 3 – Sales of Certain Receivables

We have entered into transactions to sell certain service and EIP accounts receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our consolidated financial statements, are described below.

Sales of Service Receivables

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivables on a revolving basis and in November 2016, the arrangement was amended to increase the maximum funding commitment to $950 million (the "service receivable sale arrangement") and extend the scheduled expiration date to March 2018. In February 2018, the service receivable sale arrangement was again amended to extend the scheduled expiration date to March 2019. As of December 31, 2017 and 2016, the service receivable sale arrangement provided funding of $880 million and $907 million, respectively. Sales of receivables occur daily and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivables (the "Service BRE"). The Service BRE does not qualify as a VIE, and due to the significant level of control we exercise over the entity, it is consolidated. Pursuant to the arrangement, certain of our wholly-owned subsidiaries transfer selected receivables to the Service BRE. The

Service BRE then sells the receivables to an unaffiliated entity (the “Service VIE”), which was established to facilitate the sale of beneficial ownership interests in the receivables to certain third parties.

Variable Interest Entity

We determined that the Service VIE qualifies as a VIE as it lacks sufficient equity to finance its activities. We have a variable interest in the Service VIE, but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Service VIE's economic performance. Those activities include committing the Service VIE to legal agreements to purchase or sell assets, selecting which receivables are purchased in the service receivable sale arrangement, determining whether the Service VIE will sell interests in the purchased service receivables to other parties, funding of the entity and servicing of receivables. We do not hold the power to direct the key decisions underlying these activities. For example, while we act as the servicer of the sold receivables, which is considered a significant activity of the Service VIE, we are acting as an agent in our capacity as the servicer and the counterparty to the service receivable sale arrangement has the ability to remove us as the servicing agent of the receivables at will with no recourse available to us. As we have determined we are not the primary beneficiary, the balances and results of the Service VIE are not included in our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Consolidated Balance Sheets that relate to our variable interest in the Service VIE:

(in millions)	December 31, 2017	December 31, 2016
Other current assets	$ 236	$ 207
Accounts payable and accrued liabilities	25	17
Other current liabilities	180	129

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP accounts receivables on a revolving basis and in August 2017, the EIP sale arrangement was amended to reduce the maximum funding commitment to $1.2 billion (the "EIP sale arrangement") and extend the scheduled expiration date to November 2018. In December 2017, the EIP sale arrangement was again amended to increase the maximum funding commitment to $1.3 billion. As of December 31, 2017 and 2016, the EIP sale arrangement provided funding of $1.3 billion and $1.2 billion, respectively. Sales of EIP receivables occur daily and are settled on a monthly basis. The receivables consist of customer EIP balances, which require monthly customer payments for up to 24 months.

In connection with this EIP sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity (the "EIP BRE"). Pursuant to the EIP sale arrangement, our wholly-owned subsidiary transfers selected receivables to the EIP BRE. The EIP BRE then sells the receivables to a non-consolidated and unaffiliated third-party entity for which we do not exercise any level of control, nor does the entity qualify as a VIE.

Variable Interest Entity

We determined that the EIP BRE is a VIE as its equity investment at risk lacks the obligation to absorb a certain portion of its expected losses. We have a variable interest in the EIP BRE and determined that we are the primary beneficiary based on our ability to direct the activities which most significantly impact the EIP BRE's economic performance. Those activities include selecting which receivables are transferred into the EIP BRE and sold in the EIP sale arrangement and funding of the EIP BRE. Additionally, our equity interest in the EIP BRE obligates us to absorb losses and gives us the right to receive benefits from the EIP BRE that could potentially be significant to the EIP BRE. Accordingly, we determined that we are the primary beneficiary, and include the balances and results of operations of the EIP BRE in our consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Consolidated Balance Sheets that relate to the EIP BRE:

(in millions)	December 31, 2017	December 31, 2016

Other current assets	$ 403	$ 371
Other assets	109	83
Other long-term liabilities	3	4

In addition, the EIP BRE is a separate legal entity with its own separate creditors who will be entitled, prior to any liquidation of the EIP BRE, to be satisfied prior to any value in the EIP BRE becoming available to us. Accordingly, the assets of the EIP BRE may not be used to settle our general obligations and creditors of the EIP BRE have limited recourse to our general credit.

Sales of Receivables

The transfers of service receivables and EIP receivables to the non-consolidated entities are accounted for as sales of financial assets. Once identified for sale, the receivable is recorded at the lower of cost or fair value. Upon sale, we derecognize the net carrying amount of the receivables. We recognize the net cash proceeds in Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

The proceeds are net of the deferred purchase price, consisting of a receivable from the purchasers that entitles us to certain collections on the receivables. We recognize the collection of the deferred purchase price in Net cash provided by operating activities as it is dependent on collection of the customer receivables and is not subject to significant interest rate risk. The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. We elected, at inception, to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily unobservable inputs (Level 3 inputs), including customer default rates. As of December 31, 2017 and 2016, our deferred purchase price related to the sales of service receivables and EIP receivables was $745 million and $659 million, respectively.

The following table summarizes the impacts of the sale of certain service receivables and EIP receivables in our Consolidated Balance Sheets:

(in millions)	December 31, 2017	December 31, 2016
Derecognized net service receivables and EIP receivables	$ 2,725	$ 2,502
Other current assets	639	578
of which, deferred purchase price	*636*	*576*
Other long-term assets	109	83
of which, deferred purchase price	*109*	*83*
Accounts payable and accrued liabilities	25	17
Other current liabilities	180	129
Other long-term liabilities	3	4
Net cash proceeds since inception	2,058	2,030
Of which:		
Change in net cash proceeds during the year-to-date period	28	536
Net cash proceeds funded by reinvested collections	2,030	1,494

We recognized losses from sales of receivables of $299 million, $228 million and $204 million for the years ended December 31, 2017, 2016 and 2015, respectively. These losses from sales of receivables were recognized in Selling, general and administrative expense in our Consolidated Statements of Comprehensive Income. Losses from sales of receivables include adjustments to the receivables' fair values and changes in fair value of the deferred purchase price.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables and are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. While servicing the receivables, we apply the same policies and procedures to the sold receivables as we apply to our owned receivables, and we continue to maintain normal

relationships with our customers. Pursuant to the EIP sale arrangement, under certain circumstances, we are required to deposit cash or replacement EIP receivables primarily for contracts terminated by customers under our JUMP! Program.

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In addition, we have continuing involvement with the sold receivables as we may be responsible for absorbing additional credit losses pursuant to the sale arrangements. Our maximum exposure to loss related to the involvement with the service receivables and EIP receivables sold under the sale arrangements was $1.3 billion as of December 31, 2017. The maximum exposure to loss, which is a required disclosure under GAAP, represents an estimated loss that would be incurred under severe, hypothetical circumstances whereby we would not receive the deferred purchase price portion of the contractual proceeds withheld by the purchasers and would also be required to repurchase the maximum amount of receivables pursuant to the sale arrangements without consideration for any recovery. As we believe the probability of these circumstances occurring is remote, the maximum exposure to loss is not an indication of our expected loss.

Note 4 – Property and Equipment

The components of property and equipment were as follows:

(in millions)	Useful Lives	December 31, 2017	December 31, 2016
Buildings and equipment	Up to 40 years	$ 2,066	$ 1,657
Wireless communications systems	Up to 20 years	32,706	29,272
Leasehold improvements	Up to 12 years	1,182	1,068
Capitalized software	Up to 10 years	10,563	8,488
Leased wireless devices	Up to 18 months	1,209	2,624
Construction in progress		1,771	2,613
Accumulated depreciation and amortization		(27,301)	(24,779)
Property and equipment, net		$ 22,196	$ 20,943

Wireless communication systems include capital lease agreements for network equipment with varying expiration terms through 2031. Capital lease assets and accumulated amortization were $2.4 billion and $533 million, and $1.6 billion and $300 million, as of December 31, 2017 and 2016, respectively.

We capitalize interest associated with the acquisition or construction of certain property and equipment and spectrum intangible assets. We recognized capitalized interest of $136 million, $142 million and $230 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The components of leased wireless devices under our JUMP! On Demand program were as follows:

(in millions)	December 31, 2017	December 31, 2016
Leased wireless devices, gross	$ 1,209	$ 2,624
Accumulated depreciation	(417)	(1,193)
Leased wireless devices, net	$ 792	$ 1,431

Future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Year Ended December 31,	
2018	$ 485
2019	104
Total	$ 589

Total depreciation expense relating to property and equipment was $5.8 billion, $6.0 billion and $4.4 billion for the years ended December 31, 2017, 2016 and 2015, respectively. Included in the total depreciation expense for the years ended December 31, 2017, 2016 and 2015 was $1.0 billion, $1.5 billion and $312 million, respectively, related to leased wireless devices.

For the years ended December 31, 2017, 2016 and 2015, we recorded additional depreciation expense of $63 million, $101 million and $85 million, respectively, as a result of adjustments to useful lives of network equipment expected to be replaced in connection with our network transformation and decommissioning the MetroPCS CDMA network and redundant network cell sites.

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Asset retirement obligations are primarily for certain legal obligations to remediate leased property on which our network infrastructure and administrative assets are located.

Activity in our asset retirement obligations was as follows:

(in millions)	December 31, 2017	December 31, 2016
Asset retirement obligations, beginning of year	$ 539	$ 483
Liabilities incurred	25	50
Liabilities settled	(16)	(67)
Accretion expense	27	24
Changes in estimated cash flows	(13)	49
Asset retirement obligations, end of year	$ 562	$ 539
Classified on the balance sheet as:		
Other current liabilities	$ 3	$ 16
Other long-term liabilities	559	523
Asset retirement obligations	$ 562	$ 539

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $220 million and $258 million as of December 31, 2017 and 2016, respectively.

Note 5 – Goodwill, Spectrum Licenses and Other Intangible Assets

Goodwill

There were no changes in carrying values of goodwill for the years ended December 31, 2017 and 2016.

Spectrum Licenses

The following table summarizes our spectrum license activity for the years ended December 31, 2017 and 2016:

(in millions)	December 31, 2017	December 31, 2016
Spectrum licenses, beginning of year	$ 27,014	$ 23,955
Spectrum license acquisitions	8,599	3,334
Spectrum licenses transferred to held for sale	(271)	(324)
Costs to clear spectrum	24	49
Spectrum licenses, end of year	$ 35,366	$ 27,014

We had the following spectrum license transactions during 2017:

- In March 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of approximately $123 million and recognized a gain of $37 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- In April 2017, the FCC announced that we were the winning bidder of 1,525 licenses in the 600 MHz spectrum auction for an aggregate price of $8.0 billion. At inception of the auction in June 2016, we deposited $2.2 billion with the FCC which, based on the outcome of the auction, was sufficient to cover our down payment obligation due in April 2017. In May 2017, we paid the FCC the remaining $5.8 billion of the purchase price using cash reserves and by issuing debt to Deutsche Telekom AG ("DT"), our majority stockholder, pursuant to existing purchase commitments. See Note 7 - Debt for further information. The licenses are included in Spectrum licenses as of December 31, 2017, in our Consolidated Balance Sheets. We began deployment of these licenses on our network in the third quarter of 2017.

- In September 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of

approximately $115 million and recognized a gain of $29 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- In September 2017, we entered into a Unit Purchase Agreement ("UPA") to acquire the remaining equity in Iowa Wireless Services, LLC ("IWS"), a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. On January 1, 2018, we closed on the purchase agreement and received the IWS spectrum licenses, among other assets. As of December 31, 2017, we accounted for our existing investment in IWS under the equity method as we had significant influence, but not control.

- In December 2017, we closed on an agreement with a third party for the exchange of certain AWS and PCS spectrum licenses. Upon closing of the transaction, we recorded the spectrum licenses received at their estimated fair value of approximately $352 million and recognized a gain of $168 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

We had the following spectrum license transactions during 2016:

- We closed on an agreement with AT&T Inc. for the acquisition and exchange of certain spectrum licenses. Upon closing of the transaction during the first quarter of 2016, we recorded the spectrum licenses received at their estimated fair value of approximately $1.2 billion and recognized a gain of $636 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- We closed on agreements with multiple third parties for the purchase and exchange of certain spectrum licenses for $1.3 billion in cash. Upon closing of the transactions, we recorded spectrum licenses received at their estimated fair values totaling approximately $1.7 billion and recognized gains of $199 million included in Gains on disposal of spectrum licenses in our Consolidated Statements of Comprehensive Income.

- We closed on an agreement with a third party for the purchase of certain spectrum licenses covering approximately 11 million people for approximately $420 million during the fourth quarter of 2016.

Goodwill and Other Intangible Assets Impairment Assessments

Our impairment assessment of goodwill and indefinite-lived intangible assets (spectrum licenses) resulted in no impairment as of December 31, 2017 and 2016.

Other Intangible Assets

The components of Other intangible assets were as follows:

		December 31, 2017			December 31, 2016		
(in millions)	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer lists	Up to 6 years	$ 1,104	$ (1,016)	$ 88	$ 1,104	$ (894)	$ 210
Trademarks and patents	Up to 19 years	307	(192)	115	303	(156)	147
Other	Up to 28 years	49	(35)	14	50	(31)	19
Other intangible assets		$ 1,460	$ (1,243)	$ 217	$ 1,457	$ (1,081)	$ 376

Amortization expense for intangible assets subject to amortization was $163 million, $220 million and $276 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization are summarized below:

(in millions)	Estimated Future Amortization
Year Ending December 31,	
2018	$ 105
2019	52
2020	35
2021	14
2022	4
Thereafter	7
Total	$ 217

Note 6 – Fair Value Measurements and Derivative Instruments

Embedded Derivative Instruments

In connection with the business combination with MetroPCS, we issued senior reset notes to Deutsche Telekom. The interest rates were adjusted at the reset dates to rates defined in the applicable supplemental indentures to manage interest rate risk related to the senior reset notes. We determined certain components of the reset feature are required to be bifurcated from the senior reset notes and separately accounted for as embedded derivative instruments. As of December 31, 2017 and 2016, there were no embedded derivatives subject to interest rate volatility related to the Senior Reset Notes to affiliates.

The fair value of our embedded derivatives was determined using a lattice-based valuation model by determining the fair value of the senior reset notes with and without the embedded derivatives included. The fair value of the senior reset notes with the embedded derivatives utilizes the contractual term of each senior reset note, reset rates calculated based on the spread between specified yield curves and the yield curve on certain T-Mobile long-term debt adjusted pursuant to the applicable supplemental indentures and interest rate volatility. Interest rate volatility is a significant unobservable input (Level 3) as it is derived based on weighted risk-free rate volatility and credit spread volatility. Significant increases or decreases in the weighting of risk-free volatility and credit spread volatility, in isolation, would result in a higher or lower fair value of the embedded derivatives. The embedded derivatives were classified as Level 3 in the fair value hierarchy.

The fair value of embedded derivative instruments by balance sheet location and level were as follows:

	December 31, 2017			
(in millions)	Level 1	Level 2	Level 3	Total
Other long-term liabilities	$ —	$ —	$ 66	$ 66

	December 31, 2016			
(in millions)	Level 1	Level 2	Level 3	Total
Other long-term liabilities	$ —	$ —	$ 118	$ 118

The following table summarizes the gain (loss) activity related to embedded derivatives instruments recognized in Interest expense to affiliates:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Embedded derivatives	$ 52	$ 25	$ (148)

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying amounts and fair values of our assets and liabilities measured at fair value on a recurring basis included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2017		December 31, 2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Deferred purchase price assets	3	$ 745	$ 745	$ 659	$ 659
Liabilities:					
Guarantee liabilities	3	105	105	135	135

The principal amounts and fair values of our short-term and long-term debt included in our Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2017		December 31, 2016	
		Principal Amount	Fair Value	Principal Amount	Fair Value
Liabilities:					
Senior Notes to third parties	1	$ 11,850	$ 12,540	$ 18,600	$ 19,584
Senior Notes to affiliates	2	7,500	7,852	—	—
Incremental Term Loan Facility to affiliates	2	4,000	4,020	—	—
Senior Reset Notes to affiliates	2	3,100	3,260	5,600	5,955
Senior Secured Term Loans	2	—	—	1,980	2,005

Long-term Debt

The fair value of our Senior Notes to third parties was determined based on quoted market prices in active markets, and therefore was classified as Level 1 within the fair value hierarchy. The fair values of the Senior Notes to affiliates, Incremental Term Loan Facility to affiliates, Senior Reset Notes to affiliates and Senior Secured Term Loans were determined based on a discounted cash flow approach using quoted prices of instruments with similar terms and maturities and an estimate for our standalone credit risk. Accordingly, our Senior Notes to affiliates, Incremental Term Loan Facility to affiliates, Senior Reset Notes to affiliates and Senior Secured Term Loans were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates, Incremental Term Loan Facility to affiliates, Senior Reset Notes to affiliates and Senior Secured Term Loans to affiliates. The fair value estimates were based on information available as of December 31, 2017 and 2016. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP receivables pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 3 – Sales of Certain Receivables for further information.

Guarantee Liabilities

We offer certain device trade-in programs, including JUMP!, which provide eligible customers a specified-price trade-in right to upgrade their device. For customers who are enrolled in a device trade-in program, we defer the portion of equipment revenues which represents the estimated fair value of the specified-price trade-in right guarantee incorporating the expected probability and timing of the handset upgrade and the estimated fair value of

the used handset which is returned. Accordingly, our guarantee liabilities were classified as Level 3 within the fair value hierarchy. When customers upgrade their device, the difference between the trade-in credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. Guarantee liabilities are included in Other current liabilities in our Consolidated Balance Sheets.

The total estimated remaining gross EIP receivable balances of all enrolled handset upgrade program customers, which are the

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remaining EIP amounts underlying the JUMP! guarantee, including EIP receivables that have been sold, was $2.5 billion as of December 31, 2017. This is not an indication of our expected loss exposure as it does not consider the expected fair value of the used handset or the probability and timing of the trade-in.

Note 7 – Debt

Debt was as follows:

(in millions)	December 31, 2017	December 31, 2016
5.250% Senior Notes due 2018	$ —	$ 500
6.464% Senior Notes due 2019	—	1,250
6.288% Senior Reset Notes to affiliates due 2019	—	1,250
6.542% Senior Notes due 2020	—	1,250
6.625% Senior Notes due 2020	—	1,000
6.366% Senior Reset Notes to affiliates due 2020	—	1,250
6.250% Senior Notes due 2021	—	1,750
6.633% Senior Notes due 2021	—	1,250
5.300% Senior Notes to affiliates due 2021	2,000	—
8.097% Senior Reset Notes to affiliates due 2021	1,250	1,250
6.125% Senior Notes due 2022	1,000	1,000
6.731% Senior Notes due 2022	—	1,250
4.000% Senior Notes due 2022	500	—
4.000% Senior Notes to affiliates due 2022	1,000	—
8.195% Senior Reset Notes to affiliates due 2022	1,250	1,250
Incremental term loan facility to affiliates due 2022	2,000	—
6.000% Senior Notes due 2023	1,300	1,300
6.625% Senior Notes due 2023	1,750	1,750
6.836% Senior Notes due 2023	600	600
9.332% Senior Reset Notes to affiliates due 2023	600	600
6.000% Senior Notes due 2024	1,000	1,000
6.500% Senior Notes due 2024	1,000	1,000
6.000% Senior Notes to affiliates due 2024	1,350	—
6.000% Senior Notes to affiliates due 2024	650	—
Incremental term loan facility to affiliates due 2024	2,000	—
5.125% Senior Notes due 2025	500	—
6.375% Senior Notes due 2025	1,700	1,700
5.125% Senior Notes to affiliates due 2025	1,250	—
6.500% Senior Notes due 2026	2,000	2,000
5.375% Senior Notes due 2027	500	—
5.375% Senior Notes to affiliates Due 2027	1,250	—
Senior Secured Term Loans	—	1,980
Capital leases	1,824	1,425
Unamortized premium from purchase price allocation fair value adjustment	78	212
Unamortized premium on debt to affiliates	59	—
Unamortized discount on Senior Secured Term Loans	—	(8)
Unamortized discount on affiliates Senior Notes	(73)	—
Debt issuance cost	(19)	(23)
Total debt	28,319	27,786
Less: Current portion of Senior Secured Term Loans	—	20
Less: Current portion of Senior Notes	999	—

Less: Current portion of capital leases	613	334
Total long-term debt	$ 26,707	$ 27,432
Classified on the balance sheet as:		
Long-term debt	$ 12,121	$ 21,832
Long-term debt to affiliates	14,586	5,600
Total long-term debt	$ 26,707	$ 27,432

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Debt to Third Parties

Issuances and Borrowings

During the year ended December 31, 2017, we issued the following Senior Notes:

(in millions)	Principal Issuances	Issuance Costs	Net Proceeds from Issuance of Long-Term Debt
4.000% Senior Notes due 2022	$ 500	$ 2	$ 498
5.125% Senior Notes due 2025	500	2	498
5.375% Senior Notes due 2027	500	1	499
Total of Senior Notes issued	$ 1,500	$ 5	$ 1,495

On March 16, 2017, T-Mobile USA and certain of its affiliates, as guarantors, issued a total of $1.5 billion of public Senior Notes with various interest rates and maturity dates. Issuance costs related to the public debt issuance totaled $5 million for the year ended December 31, 2017. We used the net proceeds of $1.495 billion from the transaction to redeem callable high yield debt.

On January 25, 2018, T-Mobile USA and certain of its affiliates, as guarantors, (i) issued $1.0 billion of public 4.500% Senior Notes due 2026 and (ii) issued $1.5 billion of public 4.750% Senior Notes due 2028. We intend to use the net proceeds of $2.493 billion from the transaction to redeem up to $1.75 billion of 6.625% Senior Notes due 2023, and up to $600 million of 6.836% Senior Notes due 2023, with the balance to be used for general corporate purposes, including partial pay down of borrowings under our revolving credit facility with DT. Issuance costs related to the public debt issuance totaled approximately $7 million.

Notes Redemptions

During the year ended December 31, 2017, we made the following note redemptions:

(in millions)	Principal Amount	Write-off of Premiums, Discounts and Issuance Costs (1)	Call Penalties (1) (2)	Redemption Date	Redemption Price
6.625% Senior Notes due 2020	$ 1,000	$ (45)	$ 22	February 10, 2017	102.208 %
5.250% Senior Notes due 2018	500	1	7	March 4, 2017	101.313 %
6.250% Senior Notes due 2021	1,750	(71)	55	April 1, 2017	103.125 %
6.464% Senior Notes due 2019	1,250	—	—	April 28, 2017	100.000 %
6.542% Senior Notes due 2020	1,250	—	21	April 28, 2017	101.636 %
6.633% Senior Notes due 2021	1,250	—	41	April 28, 2017	103.317 %
6.731% Senior Notes due 2022	1,250	—	42	April 28, 2017	103.366 %
Total note redemptions	$ 8,250	$ (115)	$ 188		

(1) Write-off of premiums, discounts, issuance costs and call penalties are included in Other expense, net in our Consolidated Statements of Comprehensive Income. Write-off of premiums, discounts and issuance costs are included in Other, net within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) The call penalty is the excess paid over the principal amount. Call penalties are included within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

Prior to December 31, 2017, we delivered a notice of redemption on $1.0 billion aggregate principal amount of our 6.125% Senior Notes due 2022. The notes were redeemed on January 15, 2018, at a redemption price equal to 103.063% of the principal amount of the notes (plus accrued and unpaid interest thereon). The redemption premium was approximately $31 million and the write-off of issuance costs was approximately $1 million. The outstanding principal amount was reclassified from Long-term debt to Short-term debt in our Consolidated Balance Sheets as of December 31, 2017.

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Debt to Affiliates

Issuances and Borrowings

During the year ended December 31, 2017, we made the following borrowings:

(in millions)	Net Proceeds from Issuance of Long-Term Debt	Extinguishments	Write-off of Discounts and Issuance Costs [1]
LIBOR plus 2.00% Senior Secured Term Loan due 2022	$ 2,000	$ —	$ —
LIBOR plus 2.00% Senior Secured Term Loan due 2024	2,000	—	—
LIBOR plus 2.750% Senior Secured Term Loan [2]	—	(1,980)	13
Total	$ 4,000	$ (1,980)	$ 13

(1) Write-off of discounts and issuance costs are included in Other expense, net in our Consolidated Statements of Comprehensive Income and Other, net within Net cash provided by operating activities in our Consolidated Statements of Cash Flows.

(2) Our Senior Secured Term Loan extinguished during the year ended December 31, 2017 was Third Party debt.

On January 25, 2017, T-Mobile USA, Inc. ("T-Mobile USA"), and certain of its affiliates, as guarantors, entered into an agreement to borrow $4.0 billion under a secured term loan facility ("Incremental Term Loan Facility") with DT, our majority stockholder, to refinance $1.98 billion of outstanding senior secured term loans under its Term Loan Credit Agreement dated November 9, 2015, with the remaining net proceeds from the transaction used to redeem callable high yield debt. The Incremental Term Loan Facility increased DT's incremental term loan commitment provided to T-Mobile USA under that certain First Incremental Facility Amendment dated as of December 29, 2016, from $660 million to $2.0 billion and provided T-Mobile USA with an additional $2.0 billion incremental term loan commitment.

On January 31, 2017, the loans under the Incremental Term Loan Facility were drawn in two tranches: (i) $2.0 billion of which bears interest at a rate equal to a per annum rate of LIBOR plus a margin of 2.00% and matures on November 9, 2022, and (ii) $2.0 billion of which bears interest at a rate equal to a per annum rate of LIBOR plus a margin of 2.25% and matures on January 31, 2024. In July 2017, we repriced the $2.0 billion Incremental Term Loan Facility maturing on January 31, 2024, with DT by reducing the interest rate to a per annum rate of LIBOR plus a margin of 2.00%. No issuance fees were incurred related to this debt agreement for the year ended December 31, 2017.

On March 31, 2017, the Incremental Term Loan Facility was amended to waive all interim principal payments. The outstanding principal balance will be due at maturity.

During the year ended December 31, 2017, we issued the following Senior Notes to DT:

(in millions)	Principal Issuances (Redemptions)	Discounts [1]	Net Proceeds from Issuance of Long-Term Debt
4.000% Senior Notes due 2022	$ 1,000	$ (23)	$ 977
5.125% Senior Notes due 2025	1,250	(28)	1,222
5.375% Senior Notes due 2027 [2]	1,250	(28)	1,222
6.288% Senior Reset Notes due 2019	(1,250)	—	(1,250)
6.366% Senior Reset Notes due 2020	(1,250)	—	(1,250)
Total	$ 1,000	$ (79)	$ 921

(1) Discounts reduce Proceeds from issuance of long-term debt and are included within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows.

(2) In April 2017, we issued to DT $750 million in aggregate principal amount of the 5.375% Senior Notes due 2027, and in September 2017, we issued to DT the remaining $500 million in aggregate principal amount of the 5.375% Senior Notes due 2027.

On March 13, 2017, DT agreed to purchase a total of $3.5 billion in aggregate principal amounts of Senior Notes with various interest rates and maturity dates (the "new DT Notes").

Through net settlement in April 2017, we issued to DT a total of $3.0 billion in aggregate principal amount of the new DT Notes and redeemed the $2.5 billion in outstanding aggregate principal amount of Senior Reset Notes with various interest rates and maturity dates (the “old DT Notes”).

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The redemption prices of the old DT Notes were 103.144% and 103.183%, resulting in a total of $79 million in early redemption fees. These early redemption fees were recorded as discounts on the issuance of the new DT Notes.

In September 2017, we issued to DT $500 million in aggregate principal amount of 5.375% Senior Notes due 2027, which is the final tranche of the new DT Notes. We were not required to pay any underwriting fees or issuance costs in connection with the issuance of the notes.

Net proceeds from the issuance of the new DT Notes were $921 million and are included in Proceeds from issuance of long-term debt in our Consolidated Statements of Cash Flows.

On May 9, 2017, we exercised our option under existing purchase agreements and issued the following Senior Notes to DT:

(in millions)	Principal Issuances	Premium	Net Proceeds from Issuance of Long-Term Debt
5.300% Senior Notes due 2021	$ 2,000	$ —	$ 2,000
6.000% Senior Notes due 2024	1,350	40	1,390
6.000% Senior Notes due 2024	650	24	674
Total	$ 4,000	$ 64	$ 4,064

The proceeds were used to fund a portion of the purchase price of spectrum licenses won in the 600 MHz spectrum auction. Net proceeds from these issuances include $64 million in debt premiums. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets for further information.

On January 22, 2018, DT agreed to purchase $1.0 billion in aggregate principal amount of 4.500% Senior Notes due 2026 and $1.5 billion in aggregate principal amount of 4.750% Senior Notes due 2028 directly from T-Mobile USA and certain of its affiliates, as guarantors, with no underwriting discount (the “DT Notes”).

DT has agreed that the payment for the DT notes will be made by delivery of $1.25 billion in aggregate principal amount of 8.097% Senior Reset Notes due 2021 and $1.25 billion in aggregate principal amount of 8.195% Senior Reset Notes due 2022 (collectively, the “DT Senior Reset Notes”) held by DT and which T-Mobile USA will have called for redemption, in exchange for the DT notes. In connection with such exchange, we will pay DT in cash the premium portion of the redemption price set forth in the indenture governing the DT Senior Reset Notes, plus accrued but unpaid interest on the DT Senior Reset Notes to, but not including, the exchange date.

The closing of the issuance and sale of the DT notes to DT, and exchange of the DT Senior Reset Notes, is expected to occur on or about April 30, 2018.

Capital Leases

Capital lease agreements primarily relate to network equipment with varying expiration terms through 2031. Future minimum payments required under capital leases, including interest and maintenance, over their remaining terms are summarized below:

(in millions)	Future Minimum Payments
Year Ended December 31,	
2018	$ 682
2019	634
2020	338
2021	151
2022	67
Thereafter	172
Total	$ 2,044
Included in Total	
Interest	$ 169

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Financing Arrangements

We maintain a handset financing arrangement with Deutsche Bank AG ("Deutsche Bank"), which allows for up to $108 million in borrowings. Under the handset financing arrangement, we can effectively extend payment terms for invoices payable to certain handset vendors. The interest rate on the handset financing arrangement is determined based on LIBOR plus a specified margin per the arrangement. Obligations under the handset financing arrangement are included in Short-term debt in our Consolidated Balance Sheets. In 2016, we utilized and repaid $100 million under the financing arrangement. As of December 31, 2017 and 2016, there was no outstanding balance.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. The interest rate on the vendor financing arrangements is determined based on the difference between LIBOR and a specified margin per the agreements. Obligations under the vendor financing arrangements are included in Short-term debt in our Consolidated Balance Sheets. In 2017, we utilized and repaid $300 million under the financing arrangement. As of December 31, 2017 and 2016, there was no outstanding balance.

Revolving Credit Facility and Standby Letters of Credit

We had an unsecured revolving credit facility with Deutsche Telekom which allowed for up to $500 million in borrowings. In December 2016, we terminated our $500 million unsecured revolving credit facility with Deutsche Telekom.

In December 2016, T-Mobile USA entered into a $2.5 billion revolving credit facility with Deutsche Telekom which comprised of (i) a three-year $1.0 billion unsecured revolving credit agreement and (ii) a three-year $1.5 billion secured revolving credit agreement. The applicable margin for the Unsecured Revolving Credit Facility ranges from 2.00% to 3.25% per annum for Eurodollar Rate loans. The applicable margin for the Secured Revolving Credit Facility ranges from 1.00% to 1.75% per annum for Eurodollar Rate loans. As of December 31, 2017 and 2016, there were no outstanding borrowings under the revolving credit facility.

In January 2018, we utilized proceeds under the revolving credit facility to redeem $1.0 billion in aggregate principal amount of our 6.125% Senior Notes due
2022 and for general corporate purposes. As of February 5, 2018, there were no outstanding borrowings on the revolving credit facility. The Proceeds and borrowings from the revolving credit facility are presented in Proceeds from borrowing on revolving credit facility and Repayments of revolving credit facility within Net cash (used in) provided by financing activities in our Consolidated Statements of Cash Flows.

For the purposes of securing our obligations to provide handset insurance services, we maintain an agreement for standby letters of credit with JP Morgan Chase Bank, N.A. ("JP Morgan Chase"). For purposes of securing our general purpose obligations, we maintain a letter of credit reimbursement agreement with Deutsche Bank.

The following table summarizes the outstanding standby letters of credit under each agreement:

(in millions)	December 31, 2017	December 31, 2016
JP Morgan Chase	$ 20	$ 20
Deutsche Bank	59	54
Total outstanding balance	$ 79	$ 74

Note 8 - Tower Obligations

In 2012, we conveyed to Crown Castle International Corp. ("CCI") the exclusive right to manage and operate approximately 7,100 T-Mobile-owned wireless communication tower sites ("CCI Tower Sites") in exchange for net proceeds of $2.5 billion ("2012 Tower Transaction"). Rights to approximately 6,200 of the tower sites were transferred to CCI via a Master Prepaid Lease with site lease terms ranging from 23 to 37 years ("CCI Lease Sites"), while the remaining tower sites were sold to CCI ("CCI Sales Sites"). CCI has fixed-price purchase options for these towers totaling approximately $2.0 billion, based on the estimated fair market value at the end of the lease term. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

In 2015, we conveyed to Phoenix Tower International ("PTI") the exclusive right to manage and operate approximately 600 T-Mobile-owned wireless communication tower sites ("PTI Tower Sites") in exchange for net proceeds of approximately $140 million ("2015 Tower Transaction"). As of December 31, 2017, rights to approximately 200 of the tower sites remain operated

by PTI under a management agreement ("PTI Managed Sites"). We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of certain of the tower sites were transferred to SPEs. Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants, who lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs. Upon closing of the 2012 Tower Transaction, CCI acquired all of the equity interests in the SPEs containing CCI Sales Sites and an option to acquire the CCI Lease Sites at the end of their respective lease terms and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites. Upon closing of the 2015 Tower Transaction, PTI acquired all of the equity interests in the SPEs containing PTI Sales Sites and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites.

We determined the SPEs containing the CCI Lease Sites ("Lease Site SPEs") are VIEs as the Company's equity investment lacks the power to direct the activities that most significantly impact the economic performance of the VIEs. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not have a controlling financial interest in the Lease Site SPEs, the balances and operating results of the Lease Site SPEs are not included in our consolidated financial statements.

Due to our continuing involvement with the tower sites, we determined that we were precluded from applying sale-leaseback accounting. We recorded long-term financial obligations in the amount of the net proceeds received and recognized interest on the tower obligations at a rate of approximately 8% for the 2012 Tower Transaction and 5% for the 2015 Tower Transaction using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI or PTI and through estimated future net cash flows generated and retained by CCI or PTI from operation of the tower sites. Our historical tower site asset costs continue to be reported in Property and equipment, net in our Consolidated Balance Sheets and are depreciated.

The following table summarizes the impacts to the Consolidated Balance Sheets:

(in millions)	December 31, 2017	December 31, 2016
Property and equipment, net	$ 402	$ 485
Long-term financial obligation	2,590	2,621

Future minimum payments related to the tower obligations are expected to be approximately $189 million in 2018, $379 million in total for 2019 and 2020, $381 million in total for 2021 and 2022 and $1.0 billion in total for years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites. These contingent obligations are not included in the above table as any amount due is contractually owed by CCI based on the subleasing arrangement. See Note 13 – Commitments and Contingencies for further information.

Note 9 – Employee Compensation and Benefit Plans

Under our 2013 Omnibus Incentive Plan (the "Incentive Plan"), we are authorized to issue up to 63 million shares of our common stock. Under the Incentive Plan, we can grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), and performance awards to eligible employees, consultants, advisors and non-employee directors. As of December 31, 2017, there were 15 million shares of common stock available for future grants under the Incentive Plan.

In January 2018, we closed on our previously announced acquisition of Layer3 TV, Inc. ("Layer3 TV"). Upon closing, the Layer3 TV 2013 Stock Plan and stock restriction agreements between Layer3 and certain employees were added to the Registration Statement related to the Incentive Plan. See Note 15 - Subsequent Events for further information regarding the Layer3 TV acquisitions.

We grant RSUs to eligible employees and certain non-employee directors and performance-based restricted stock units (“PRSUs”) to eligible key executives. RSUs entitle the grantee to receive shares of our common stock at the end of a vesting period of generally up to 3 years, subject to continued service through the applicable vesting date. PRSUs entitle the holder to receive shares of our common stock at the end of a vesting period of generally up to 3 years if the applicable performance goals are achieved and generally subject to continued employment through the vesting period. The number of shares ultimately

received by the holder of PRSUs is dependent on our business performance against the specified performance goal(s) over a pre-established performance period. We also maintain an employee stock purchase plan ("ESPP"), under which eligible employees can purchase our common stock at a discounted price.

Stock-based compensation expense and related income tax benefits were as follows:

(in millions, except shares, per share and contractual life amounts)	December 31, 2017	December 31, 2016	December 31, 2015
Stock-based compensation expense	$ 306	$ 235	$ 201
Income tax benefit related to stock-based compensation	73	80	71
Realized excess tax benefit	—	—	79
Weighted average fair value per stock award granted	60.21	45.07	35.56
Unrecognized compensation expense	445	389	327
Weighted average period to be recognized (years)	1.9	2.0	2.0
Fair value of stock awards vested	503	354	445

Stock Awards

RSU and PRSU Awards

The following activity occurred under the RSU and PRSU awards:

(in millions, except shares, per share and contractual life amounts)	Number of Units[1]	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested, December 31, 2016	15,715,391	$ 37.93	1.1	$ 904
Granted	7,133,359	60.21		
Vested	(8,338,271)	35.47		
Forfeited	(814,936)	49.02		
Nonvested, December 31, 2017	13,695,543	50.38	1.1	870

(1) PRSUs included in the table above are shown at target. Share payout can range from 0 to 200% based on different performance outcomes.

Payment of the underlying shares in connection with the vesting of stock awards generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. We have agreed to withhold stock otherwise issuable under the award to cover certain of these tax obligations, with the net shares issued to the employee accounted for as outstanding common stock. We withheld 2,754,721 and 2,605,807 shares of stock to cover tax obligations associated with the payment of shares upon vesting of stock awards and remitted cash of $166 million and $121 million to the appropriate tax authorities for the years ended December 31, 2017 and 2016, respectively.

Employee Stock Purchase Plan

Our ESPP allows eligible employees to contribute up to 15% of their eligible earnings toward the semi-annual purchase of our common stock at a discounted price, subject to an annual maximum dollar amount. Employees can purchase stock at a 15% discount applied to the closing stock price on the first or last day of the six-month offering period, whichever price is lower. The number of shares issued under our ESPP was 1,832,043 and 1,905,534 for the years ended December 31, 2017 and 2016, respectively.

Stock Options

Prior to the business combination, MetroPCS had established the MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan, the Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan and the Second Amended and Restated 1995 Stock Option Plan ("Predecessor Plans"). Following stockholder approval of the Incentive Plan, no new awards have been or may be granted under the Predecessor Plans.

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The following activity occurred under the Predecessor Plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding and exercisable, December 31, 2016	833,931	$ 31.75	2.3
Exercised	(450,873)	44.18	
Expired	(9,900)	45.76	
Outstanding and exercisable, December 31, 2017	373,158	16.36	2.8

Stock options exercised under the Predecessor Plans generated proceeds of approximately $21 million and $29 million for the years ended December 31, 2017 and 2016, respectively.

Employee Retirement Savings Plan

We sponsor a retirement savings plan for the majority of our employees under section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pretax income in accordance with specified guidelines. The plans provide that we match a percentage of employee contributions up to certain limits. Employer matching contributions were $87 million, $83 million and $73 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Legacy Long-Term Incentive Plan

Prior to the business combination with MetroPCS Communications, Inc., we maintained a performance-based Long-Term Incentive Plan ("LTIP") which aligned to our long-term business strategy. As of December 31, 2017 and 2016, there were no LTIP awards outstanding and no new awards are expected to be granted under the LTIP.

Compensation expense reported within operating expenses related to our LTIP and payments to participants related to our LTIP were as follows:

(in millions)	December 31, 2017	December 31, 2016	December 31, 2015
Compensation expense	$ —	$ —	$ 27
Payments	—	52	57

Note 10 – Repurchases of Common Stock

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018. Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements. The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The repurchase program does not obligate us to acquire any particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion. Repurchased shares are retired.

We also understand that Deutsche Telekom AG, our majority stockholder, or its affiliates, is considering plans to purchase additional shares of our common stock. Such purchases would likely take place through December 31, 2018, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements.

The following table summarizes information regarding repurchases of our common stock:

(In millions, except shares and per share price)	Number of Shares Repurchased	Average Price Paid Per Share	Total Purchase Price
Year Ended December 31, 2017	7,010,889	$ 63.34	$ 444

From the inception of the repurchase program through February 5, 2018, we repurchased approximately 12.3 million shares at an average price per share of $63.68 for a total purchase price of approximately $783 million. As of February 5, 2018, there was approximately $717 million of repurchase authority remaining.

Note 11 – Income Taxes

Our sources of Income before income taxes were as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
U.S.	$ 3,274	$ 2,286	$ 898
Puerto Rico	(113)	41	80
Income before income taxes	$ 3,161	$ 2,327	$ 978

Income tax expense is summarized as follows:

(in millions)	Year Ended December 31, 2017	2016	2015
Current tax benefit (expense)			
Federal	$ —	$ 66	$ 30
State	(28)	(29)	(2)
Puerto Rico	(1)	10	(17)
Total current tax benefit (expense)	(29)	47	11
Deferred tax benefit (expense)			
Federal	1,182	(804)	(281)
State	173	(96)	37
Puerto Rico	49	(14)	(12)
Total deferred tax benefit (expense)	1,404	(914)	(256)
Total income tax benefit (expense)	$ 1,375	$ (867)	$ (245)

The reconciliation between the U.S. federal statutory income tax rate and our effective income tax rate is as follows:

	Year Ended December 31, 2017	2016	2015
Federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Effect of the Tax Cuts and Jobs Act	(68.9)	—	—
Change in valuation allowance	(11.4)	1.0	(3.2)
State taxes, net of federal benefit	4.8	4.0	(1.1)
Equity-based compensation	(2.4)	(2.2)	—
Puerto Rico taxes, net of federal benefit	(1.5)	—	3.3
Permanent differences	0.5	0.6	1.6
Federal tax credits, net of reserves	0.3	(0.5)	(9.5)
Other, net	0.1	(0.6)	(1.0)
Effective income tax rate	(43.5 %)	37.3 %	25.1 %

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Significant components of deferred income tax assets and liabilities, tax effected, are as follows:

(in millions)	December 31, 2017	December 31, 2016
Deferred tax assets		
Loss carryforwards	$ 1,576	$ 1,442
Deferred rents	759	1,153
Reserves and accruals	667	1,058
Federal and state tax credits	298	284
Debt fair market value adjustment	—	83
Other	403	430
Deferred tax assets, gross	3,703	4,450
Valuation allowance	(273)	(573)
Deferred tax assets, net	3,430	3,877
Deferred tax liabilities		
Spectrum licenses	5,038	6,952
Property and equipment	1,840	1,732
Other intangible assets	41	119
Other	48	12
Total deferred tax liabilities	6,967	8,815
Net deferred tax liabilities	$ 3,537	$ 4,938
Classified on the balance sheet as:		
Deferred tax liabilities	$ 3,537	$ 4,938

On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act of 2017 (“TCJA”) into legislation. The TCJA includes numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction takes effect on January 1, 2018. We recognized a net tax benefit of $2.2 billion associated with enactment of the TCJA in Income tax benefit (expense) in our Consolidated Statements of Comprehensive Income in the fourth quarter of 2017, primarily due to a re-measurement of deferred tax assets and liabilities.

The SEC has issued Staff Accounting Bulletin (“SAB”) No. 118 which permits the recording of provisional amounts related to the impact of the TCJA during a measurement period which is not to exceed one year from the enactment date of the TCJA. We have recorded an immaterial amount for provisional items related to the TCJA in our Consolidated Statements of Comprehensive Income.

As of December 31, 2017, we have tax effected net operating loss (“NOL”) carryforwards of $1.0 billion for federal income tax purposes and $832 million for state income tax purposes, expiring through 2037. As of December 31, 2017, our tax effected federal and state NOL carryforwards for financial reporting purposes were approximately $123 million and $242 million, respectively, less than our NOL carryforwards for federal and state income tax purposes, due to unrecognized tax benefits of the same amount.

As of December 31, 2017, we have available Alternative Minimum Tax (“AMT”) credit carryforwards of $86 million. Under the TCJA, the AMT credits will be fully recovered by 2021. We also have research and development and foreign tax credit carryforwards with a combined value of $198 million for federal income tax purposes, which begin to expire in 2018.

As of December 31, 2017 and 2016, our valuation allowance was $273 million and $573 million, respectively. The change in the valuation allowance is primarily related to a net reduction in the valuation allowance against deferred tax assets in state jurisdictions that resulted in the recognition of $359 million in net tax benefits in 2017, partially offset by a $26 million valuation allowance established during 2017 for the impact of the TCJA on certain tax credits and a $33 million increase in the valuation allowance associated with the reduced federal benefit of state items.

During 2017, due to ongoing analysis of positive and negative evidence related to the utilization of the deferred tax assets, we determined that $319 million of the valuation allowance in certain state jurisdictions was no longer necessary. Positive evidence supporting the release of a portion of the valuation allowance included reaching a position of cumulative income over a three-year period in certain state jurisdictions as well as projecting sustained earnings in those jurisdictions. Due to this positive evidence, we reduced the valuation allowance which resulted in a decrease to Deferred tax liabilities in our Consolidated

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Balance Sheets. We will continue to monitor positive and negative evidence related to the utilization of the remaining deferred tax assets for which a valuation allowance continues to be provided. It is possible that our valuation allowance may change within the next twelve months.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in Puerto Rico. We are currently under a scope-limited examination by the U.S. Internal Revenue Service ("IRS") and separate examinations by various states. Management does not believe the resolution of any of the audits will result in a material change to our financial condition, results of operations or cash flows. The IRS has concluded its audits of our federal tax returns through the 2013 tax year; however, NOL and other carryforwards for certain audited periods remain open for examination. We are generally closed to U.S. federal, state and Puerto Rico examination for years prior to 1998.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

	Year Ended December 31,		
(in millions)	**2017**	**2016**	**2015**
Unrecognized tax benefits, beginning of year	$ 410	$ 411	$ 388
Gross decreases to tax positions in prior periods	(10)	(5)	(112)
Gross increases to current period tax positions	12	4	135
Unrecognized tax benefits, end of year	$ 412	$ 410	$ 411

As of December 31, 2017 and 2016, we had $254 million and $168 million, respectively, in unrecognized tax benefits that, if recognized, would affect our annual effective tax rate. Penalties and interest on income tax assessments are included in Selling, general and administrative expenses and Interest expense, respectively, in our Consolidated Statements of Comprehensive Income. The accrued interest and penalties associated with unrecognized tax benefits are insignificant.

Note 12 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

	Year Ended December 31,		
(in millions, except shares and per share amounts)	**2017**	**2016**	**2015**
Net income	$ 4,536	$ 1,460	$ 733
Less: Dividends on mandatory convertible preferred stock	(55)	(55)	(55)
Net income attributable to common stockholders - basic	4,481	1,405	678
Add: Dividends related to mandatory convertible preferred stock	55	—	—
Net income attributable to common stockholders - diluted	$ 4,536	$ 1,405	$ 678
Weighted average shares outstanding - basic	831,850,073	822,470,275	812,994,028
Effect of dilutive securities:			
Outstanding stock options and unvested stock awards	9,200,873	10,584,270	9,623,910
Mandatory convertible preferred stock	30,736,504	—	—
Weighted average shares outstanding - diluted	871,787,450	833,054,545	822,617,938
Earnings per share - basic	$ 5.39	$ 1.71	$ 0.83
Earnings per share - diluted	$ 5.20	$ 1.69	$ 0.82
Potentially dilutive securities:			
Outstanding stock options and unvested stock awards	33,980	3,528,683	4,842,370
Mandatory convertible preferred stock	—	32,238,000	32,238,000

As of December 15, 2017, 20 million shares of our preferred stock converted to approximately 32 million shares of our common stock at a conversion rate of 1.6119 common shares for each share of previously outstanding preferred stock and certain cash-in-lieu of fractional shares.

Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

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Note 13 – Commitments and Contingencies

Commitments

Operating Leases

We have non-cancellable operating leases for cell sites, switch sites, retail stores and office facilities with contractual terms expiring through 2027. The majority of cell site leases have an initial non-cancelable term of five to ten years with several renewal options. In addition, we have operating leases for dedicated transportation lines with varying expiration terms through 2024. Our commitments under these leases are approximately $2.4 billion in 2018, $4.1 billion in total for 2019 and 2020, $2.7 billion in total for 2021 and 2022 and $2.3 billion in total for years thereafter.

As of December 31, 2017, we were contingently liable for future ground lease payments related to the tower obligations. These contingent obligations are not included in the above table as the amounts due are contractually owed by CCI based on the subleasing arrangement. See Note 8 – Tower Obligations for further information.

Total rent expense under operating leases, including dedicated transportation lines, was $2.9 billion, $2.8 billion and $2.8 billion for the years ended December 31, 2017, 2016 and 2015, respectively, and is classified as Cost of services and Selling, general and administrative in our Consolidated Statements of Comprehensive Income.

In February 2018, we extended the leases related to our corporate headquarters facility. These agreements will increase our minimum lease payments by approximately $400 million in the aggregate.

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms through 2028. In addition, we have commitments to purchase spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2028. These amounts are not reflective of our entire anticipated purchases under the related agreements, but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

We have contractual obligations to purchase certain goods and services from various other parties. Our purchase obligations are approximately $2.1 billion in 2018, $2.2 billion in total for 2019 and 2020, $1.5 billion in total for 2021 and 2022 and $1.0 billion in total for years thereafter.

In September 2017, we entered into a UPA to acquire the remaining equity in IWS, a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. In January 2018, we closed on the purchase agreement and received the IWS spectrum licenses, among other assets. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets for further information.

On January 22, 2018, we completed our acquisition of television innovator Layer3 TV for consideration of approximately $325 million, subject to customary working capital and other post-closing adjustments. Upon closing of the transaction, Layer3 TV became a wholly-owned consolidated subsidiary. This transaction represents an opportunity for us to acquire a unique and complementary service and represents a progression in our video strategy, which began with Binge On, was strengthened with Netflix On Us, and will expand further with Layer3 TV's management, technology, and content relationships which will enable us to bring the Un-carrier philosophy to video.

Our first-quarter 2018 operating results will include the results of Layer3 TV from the date of acquisition. Our consolidated balance sheet will include the assets and liabilities of Layer3 TV, such as intangibles assets acquired, which are being appraised by a third-party and include various assumptions in determining fair value.

Renewable Energy Purchase Agreements

In January 2017, T-Mobile USA entered into a REPA with Red Dirt Wind Project, LLC. The agreement is based on the expected operation of a wind energy-generating facility located in Oklahoma and will remain in effect until the twelfth anniversary of the facility's entry into commercial operation. The facility began commercial operations in January 2018. The REPA consists of two components: (1) an energy forward agreement that is net settled based on

energy prices and the energy output generated by the facility and (2) a commitment to purchase the renewable energy credits ("RECs") associated with the energy output generated by the facility. T-Mobile USA will net settle the forward agreement and acquire the RECs monthly by paying, or receiving, an aggregate net payment based on two variables (1) the facility's energy output, which has an estimated

maximum capacity of approximately 160 megawatts and (2) the difference between (a) an initial fixed price, subject to annual escalation, and (b) current local marginal energy prices during the monthly settlement period. We have determined that the REPA does not meet the definition of a derivative because the expected energy output of the facility may not be reliably estimated (the arrangement lacks a notional amount). The REPA does not contain any unconditional purchase obligations because amounts under the agreement are not fixed and determinable. Our participation in the REPA did not require an upfront investment or capital commitment. We do not control the activities that most significantly impact the energy-generating facility nor do we receive specific energy output from it. No amounts were settled under the agreement during the year ended December 31, 2017.

In August 2017, T-Mobile USA entered into a REPA with Solomon Forks Wind Project, LLC. The agreement is based on the expected operation of a wind energy-generating facility located in Kansas and will remain in effect until the fifteenth anniversary of the facility's entry into commercial operation. Commercial operation of the facility is expected to occur by the end of 2018. The REPA consists of two components: (1) an energy forward agreement that is net settled based on energy prices and the energy output generated by the facility and (2) a commitment to purchase the environmental attributes ("EACs") associated with the energy output generated by the facility. T-Mobile USA will net settle the forward agreement and acquire the EACs monthly by paying, or receiving, an aggregate net payment based on two variables (1) the facility's energy output, which has an estimated maximum capacity of approximately 160 megawatts and (2) the difference between (a) an initial fixed price, subject to annual escalation, and (b) current local marginal energy prices during the monthly settlement period. We have determined that the REPA does not meet the definition of a derivative because the expected energy output of the facility may not be reliably estimated (the arrangement lacks a notional amount). The REPA does not contain any unconditional purchase obligations because amounts under the agreement are not fixed and determinable. Our participation in the REPA did not require an upfront investment or capital commitment. We do not control the activities that most significantly impact the energy-generating facility nor do we receive specific energy output from it. No amounts were settled under the agreement during the year ended December 31, 2017.

Contingencies and Litigation

We are involved in various lawsuits, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. The Litigation Matters described above have progressed to various stages and some of them may proceed to trial, arbitration, hearing or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months, if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate, which is reflected in the consolidated financial statements but that we do not consider, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including but not limited to: uncertainty concerning legal theories and their resolution by courts or regulators; uncertain damage theories and demands; and a less than fully developed factual record. While we do not expect that the ultimate resolution of these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, an unfavorable outcome of some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

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Note 14 – Additional Financial Information

Supplemental Consolidated Balance Sheets Information

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are summarized as follows:

(in millions)	December 31, 2017	December 31, 2016
Accounts payable	$ 6,182	$ 5,163
Payroll and related benefits	614	559
Property and other taxes, including payroll	620	525
Interest	253	423
Commissions	324	159
Network decommissioning	92	101
Toll and interconnect	109	85
Advertising	46	44
Other	288	93
Accounts payable and accrued liabilities	$ 8,528	$ 7,152

Book overdrafts included in accounts payable and accrued liabilities were $455 million and $356 million as of December 31, 2017 and 2016, respectively.

Hurricane Impacts

During the third and fourth quarters of 2017, our operations in Texas, Florida and Puerto Rico experienced losses related to hurricanes. The impact to operating income for the year ended December 31, 2017, from lost revenue, assets damaged or destroyed and other hurricane related costs was a decrease of $201 million, net of insurance recoveries. We expect additional expenses to be incurred and customer activity to be impacted in the first quarter of 2018, primarily related to our operations in Puerto Rico. We have recognized insurance recoveries related to those hurricane losses in the amount of approximately $93 million for the year ended December 31, 2017 as an offset to the costs incurred within Cost of services in our Consolidated Statements of Comprehensive Income and as an increase to Other current assets in our Consolidated Balance Sheets. We continue to assess the damage of the hurricanes and work with our insurance carriers to submit claims for property damage and business interruption. We expect to record additional insurance recoveries related to these hurricanes in future periods.

Supplemental Consolidated Statements of Comprehensive Income Information

Related Party Transactions

We have related party transactions associated with Deutsche Telekom or its affiliates in the ordinary course of business, which are included in the consolidated financial statements.

The following table summarizes the impact of significant transactions with Deutsche Telekom or its affiliates included in operating expenses in the Consolidated Statements of Comprehensive Income:

	Year Ended December 31,		
(in millions)	2017	2016	2015
Discount related to roaming expenses	$ —	$ (15)	$ (21)
Fees incurred for use of the T-Mobile brand	79	74	65
Expenses for telecommunications and IT services	12	25	23
International long distance agreement	55	60	—

We have an agreement with Deutsche Telekom for the reimbursement of certain administrative expenses, which were $11 million, $11 million, and $2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

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Note 15 – Subsequent Events

On January 1, 2018, we closed on a UPA to acquire the remaining equity in IWS, a 54% owned unconsolidated subsidiary, for a purchase price of $25 million. See Note 5 - Goodwill, Spectrum Licenses and Other Intangible Assets for further information.

On January 22, 2018, we completed our acquisition of television innovator Layer3 TV for consideration of approximately $325 million, subject to customary working capital and other post-closing adjustments. See Note 13 - Commitments and Contingencies for further information.

In January 2018, we redeemed $1.0 billion aggregate principal amount of our 6.125% Senior Notes due 2022 and issued $1.0 billion of public 4.500% Senior Notes due 2026 and issued $1.5 billion of public 4.750% Senior Notes due 2028. Additionally in January 2018, DT agreed to purchase $1.0 billion in aggregate principal amount of 4.500% Senior Notes due 2026 and $1.5 billion in aggregate principal amount of 4.750% Senior Notes due 2028 directly from T-Mobile USA and certain of its affiliates, as guarantors, with no underwriting discount. See Note 7 - Debt for further information.

In February 2018, the service receivable sale arrangement was amended to extend the scheduled expiration date to March 2019. See Note 3 - Sales of Certain Receivables for further information.

In February 2018, we extended the leases related to our corporate headquarters facility. See Note 13 - Commitments and Contingencies for further information.

Through February 5, 2018, we made additional repurchases of our common stock. See Note 10 - Repurchases of Common Stock for further information.

Note 16 – Guarantor Financial Information

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties, excluding Senior Secured Term Loans and capital leases, issued by T-Mobile USA (“Issuer”) is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile (“Parent”) and certain of the Issuer’s 100% owned subsidiaries (“Guarantor Subsidiaries”).

In January 2017, T-Mobile USA, and certain of its affiliates, as guarantors, borrowed $4.0 billion under the Incremental Term Loan Facility to refinance $1.98 billion of outstanding secured term loans under its Term Loan Credit Agreement dated November 9, 2015, with the remaining net proceeds from the transaction intended to be used to redeem callable high yield debt.

In March 2017, T-Mobile USA and certain of its affiliates, as guarantors, (i) issued $500 million in aggregate principal amount of public 4.000% Senior Notes due 2022, (ii) issued $500 million in aggregate principal amount of public 5.125% Senior Notes due 2025 and (iii) issued $500 million in aggregate principal amount of public 5.375% Senior Notes due 2027.

In April 2017, T-Mobile USA and certain of its affiliates, as guarantors, (i) issued $1.0 billion in aggregate principal amount of 4.000% Senior Notes due 2022, (ii) issued $1.25 billion in aggregate principal amount of 5.125% Senior Notes due 2025 and (iii) issued $750 million in aggregate principal amount of 5.375% Senior Notes due 2027. Additionally, T-Mobile USA and certain of its affiliates, as guarantors, redeemed through net settlement, the $1.25 billion outstanding aggregate principal amount of the 6.288% Senior Reset Notes to affiliates due 2019 and $1.25 billion in aggregate principal amount of the 6.366% Senior Reset Notes to affiliates due 2020.

In May 2017, T-Mobile USA and certain of its affiliates, as guarantors, (i) issued $2.0 billion in aggregate principal amount of 5.300% Senior Notes due 2021, (ii) issued $1.35 billion in aggregate principal amount of 6.000% Senior Notes due 2024 and (iii) issued $650 million in aggregate principal amount of 6.000% Senior Notes due 2024.

In September 2017, T-Mobile USA and certain of its affiliates, as guarantors, issued the remaining $500 million in aggregate principal amount of 5.375% Senior Notes due 2027.

See Note 7 - Debt for further information.

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures and credit facilities governing the long-term debt contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to: incur more debt; pay dividends and make distributions; make certain investments; repurchase stock; create liens or other encumbrances; enter into transactions with affiliates; enter

into transactions that restrict dividends or distributions from subsidiaries; and merge, consolidate, or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuer to loan funds or make payments to Parent. However, the Issuer and Guarantor Subsidiaries are allowed to make certain permitted payments to the Parent under the terms of the indentures and the supplemental indentures.

During the preparation of the condensed consolidating financial information of T-Mobile US, Inc. and Subsidiaries for the year ended December 31, 2017, it was determined that certain intercompany advances were misclassified in Net cash provided by (used in) operating activities and Net cash (used in) provided by financing activities in the Condensed Consolidating Statement of Cash Flows Information for the years ended December 31, 2016 and 2015, as filed in our 2016 Form 10-K. We have revised the Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries columns of the Condensed Consolidating Statement of Cash Flows Information to reclassify Intercompany advances, net from Net cash provided by (used in) operating activities to Net cash (used in) provided by financing activities. The impacts to the Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries columns for the year ended December 31, 2016 were $696 million, $625 million and $71 million, respectively. The impacts to the Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries columns for the year ended December 31, 2015 were $3.4 billion, $3.3 billion and $69 million, respectively. The revisions, which we have determined are not material, are eliminated upon consolidation and have no impact on our consolidated cash flows.

Presented below is the condensed consolidating financial information as of December 31, 2017 and December 31, 2016, and for the years ended December 31, 2017, 2016, and 2015.

Condensed Consolidating Balance Sheet Information
December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 74	$ 1	$ 1,086	$ 58	$ —	$ 1,219
Accounts receivable, net	—	—	1,659	256	—	1,915
Equipment installment plan receivables, net	—	—	2,290	—	—	2,290
Accounts receivable from affiliates	—	—	22	—	—	22
Inventories	—	—	1,566	—	—	1,566
Other current assets	—	—	1,275	628	—	1,903
Total current assets	74	1	7,898	942	—	8,915
Property and equipment, net [1]	—	—	21,890	306	—	22,196
Goodwill	—	—	1,683	—	—	1,683
Spectrum licenses	—	—	35,366	—	—	35,366
Other intangible assets, net	—	—	217	—	—	217
Investments in subsidiaries, net	22,534	40,988	—	—	(63,522)	—
Intercompany receivables and note receivables	—	8,503	—	—	(8,503)	—
Equipment installment plan receivables due after one year, net	—	—	1,274	—	—	1,274
Other assets	—	2	814	236	(140)	912
Total assets	$ 22,608	$ 49,494	$ 69,142	$ 1,484	$ (72,165)	$ 70,563
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 253	$ 8,014	$ 261	$ —	$ 8,528
Payables to affiliates	—	146	36	—	—	182
Short-term debt	—	999	613	—	—	1,612
Deferred revenue	—	—	779	—	—	779
Other current liabilities	17	—	192	205	—	414
Total current liabilities	17	1,398	9,634	466	—	11,515
Long-term debt	—	10,911	1,210	—	—	12,121
Long-term debt to affiliates	—	14,586	—	—	—	14,586
Tower obligations [1]	—	—	392	2,198	—	2,590
Deferred tax liabilities	—	—	3,677	—	(140)	3,537
Deferred rent expense	—	—	2,720	—	—	2,720
Negative carrying value of subsidiaries, net	—	—	629	—	(629)	—
Intercompany payables and debt	32	—	8,201	270	(8,503)	—
Other long-term liabilities	—	65	866	4	—	935
Total long-term liabilities	32	25,562	17,695	2,472	(9,272)	36,489
Total stockholders' equity (deficit)	22,559	22,534	41,813	(1,454)	(62,893)	22,559
Total liabilities and stockholders' equity	$ 22,608	$ 49,494	$ 69,142	$ 1,484	$ (72,165)	$ 70,563

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 8 – Tower Obligations for further information.

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Condensed Consolidating Balance Sheet Information
December 31, 2016

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 358	$ 2,733	$ 2,342	$ 67	$ —	$ 5,500
Accounts receivable, net	—	—	1,675	221	—	1,896
Equipment installment plan receivables, net	—	—	1,930	—	—	1,930
Accounts receivable from affiliates	—	—	40	—	—	40
Inventories	—	—	1,111	—	—	1,111
Asset purchase deposit	—	—	2,203	—	—	2,203
Other current assets	—	—	972	565	—	1,537
Total current assets	358	2,733	10,273	853	—	14,217
Property and equipment, net [1]	—	—	20,568	375	—	20,943
Goodwill	—	—	1,683	—	—	1,683
Spectrum licenses	—	—	27,014	—	—	27,014
Other intangible assets, net	—	—	376	—	—	376
Investments in subsidiaries, net	17,682	35,095	—	—	(52,777)	—
Intercompany receivables and note receivables	196	6,826	—	—	(7,022)	—
Equipment installment plan receivables due after one year, net	—	—	984	—	—	984
Other assets	—	7	600	262	(195)	674
Total assets	$ 18,236	$ 44,661	$ 61,498	$ 1,490	$ (59,994)	$ 65,891
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 423	$ 6,474	$ 255	$ —	$ 7,152
Payables to affiliates	—	79	46	—	—	125
Short-term debt	—	20	334	—	—	354
Deferred revenue	—	—	986	—	—	986
Other current liabilities	—	—	258	147	—	405
Total current liabilities	—	522	8,098	402	—	9,022
Long-term debt	—	20,741	1,091	—	—	21,832
Long-term debt to affiliates	—	5,600	—	—	—	5,600
Tower obligations [1]	—	—	400	2,221	—	2,621
Deferred tax liabilities	—	—	5,133	—	(195)	4,938
Deferred rent expense	—	—	2,616	—	—	2,616
Negative carrying value of subsidiaries, net	—	—	568	—	(568)	—
Intercompany payables and debt	—	—	6,785	237	(7,022)	—
Other long-term liabilities	—	116	906	4	—	1,026
Total long-term liabilities	—	26,457	17,499	2,462	(7,785)	38,633
Total stockholders' equity (deficit)	18,236	17,682	35,901	(1,374)	(52,209)	18,236
Total liabilities and stockholders' equity	$ 18,236	$ 44,661	$ 61,498	$ 1,490	$ (59,994)	$ 65,891

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 8 – Tower Obligations for further information.

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Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 28,894	$ 2,113	$ (847)	$ 30,160
Equipment revenues	—	—	9,620	—	(245)	9,375
Other revenues	—	3	879	212	(25)	1,069
Total revenues	—	3	39,393	2,325	(1,117)	40,604
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	6,076	24	—	6,100
Cost of equipment sales	—	—	10,849	1,003	(244)	11,608
Selling, general and administrative	—	—	12,276	856	(873)	12,259
Depreciation and amortization	—	—	5,914	70	—	5,984
Gains on disposal of spectrum licenses	—	—	(235)	—	—	(235)
Total operating expense	—	—	34,880	1,953	(1,117)	35,716
Operating income	—	3	4,513	372	—	4,888
Other income (expense)						
Interest expense	—	(811)	(109)	(191)	—	(1,111)
Interest expense to affiliates	—	(560)	(23)	—	23	(560)
Interest income	1	29	10	—	(23)	17
Other (expense) income, net	—	(88)	16	(1)	—	(73)
Total other income (expense), net	1	(1,430)	(106)	(192)	—	(1,727)
Income (loss) before income taxes	1	(1,427)	4,407	180	—	3,161
Income tax benefit (expense)	—	—	1,527	(152)	—	1,375
Earnings (loss) of subsidiaries	4,535	5,962	(57)	—	(10,440)	—
Net income	4,536	4,535	5,877	28	(10,440)	4,536
Dividends on preferred stock	(55)	—	—	—	—	(55)
Net income attributable to common stockholders	$ 4,481	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,481
Net Income	$ 4,536	$ 4,535	$ 5,877	$ 28	$ (10,440)	$ 4,536
Other comprehensive income, net of tax						
Other comprehensive income, net of tax	7	7	7	—	(14)	7
Total comprehensive income	$ 4,543	$ 4,542	$ 5,884	$ 28	$ (10,454)	$ 4,543

Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2016

(in millions)	Parent	Issuer	Guarantor Subsidiaries (As adjusted - See Note 1)		Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated (As adjusted - See Note 1)
Revenues							
Service revenues	$ —	$ —	$ 26,613		$ 2,023	$ (792)	$ 27,844
Equipment revenues	—	—	9,145		—	(418)	8,727
Other revenues	—	3	739	(1)	195	(18)	919
Total revenues	—	3	36,497	(1)	2,218	(1,228)	37,490
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	5,707		24	—	5,731
Cost of equipment sales	—	—	10,209		1,027	(417)	10,819
Selling, general and administrative	—	—	11,321		868	(811)	11,378
Depreciation and amortization	—	—	6,165		78	—	6,243
Cost of MetroPCS business combination	—	—	104		—	—	104
Gains on disposal of spectrum licenses	—	—	(835)		—	—	(835)
Total operating expenses	—	—	32,671		1,997	(1,228)	33,440
Operating income	—	3	3,826	(1)	221	—	4,050
Other income (expense)							
Interest expense	—	(1,147)	(82)		(189)	—	(1,418)
Interest expense to affiliates	—	(312)	—		—	—	(312)
Interest income (expense)	—	31	(18)	(1)	—	—	13
Other income (expense), net	—	2	(8)		—	—	(6)
Total other expense, net	—	(1,426)	(108)	(1)	(189)	—	(1,723)
Income (loss) before income taxes	—	(1,423)	3,718		32	—	2,327
Income tax expense	—	—	(857)		(10)	—	(867)
Earnings (loss) of subsidiaries	1,460	2,883	(17)		—	(4,326)	—
Net income	1,460	1,460	2,844		22	(4,326)	1,460
Dividends on preferred stock	(55)	—	—		—	—	(55)
Net income attributable to common stockholders	$ 1,405	$ 1,460	$ 2,844		$ 22	$ (4,326)	$ 1,405
Net income	$ 1,460	$ 1,460	$ 2,844		$ 22	$ (4,326)	$ 1,460
Other comprehensive income, net of tax							
Other comprehensive income, net of tax	2	2	2		2	(6)	2
Total comprehensive income	$ 1,462	$ 1,462	$ 2,846		$ 24	$ (4,332)	$ 1,462

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See Note 1 - Summary of Significant Accounting Policies for further information.

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Condensed Consolidating Statement of Comprehensive Income Information
Year Ended December 31, 2015

(in millions)	Parent	Issuer	Guarantor Subsidiaries (As adjusted - See Note 1)		Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated (As adjusted - See Note 1)
Revenues							
Service revenues	$ —	$ —	$ 23,748		$ 1,669	$ (596)	$ 24,821
Equipment revenues	—	—	7,148		—	(430)	6,718
Other revenues	—	1	770	(1)	171	(14)	928
Total revenues	—	1	31,666	(1)	1,840	(1,040)	32,467
Operating expenses							
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	5,530		24	—	5,554
Cost of equipment sales	—	—	9,055		720	(431)	9,344
Selling, general and administrative	—	—	10,065		733	(609)	10,189
Depreciation and amortization	—	—	4,605		83	—	4,688
Cost of MetroPCS business combination	—	—	376		—	—	376
Gains on disposal of spectrum licenses	—	—	(163)		—	—	(163)
Total operating expenses	—	—	29,468		1,560	(1,040)	29,988
Operating income	—	1	2,198	(1)	280	—	2,479
Other income (expense)							
Interest expense	—	(847)	(50)		(188)	—	(1,085)
Interest expense to affiliates	—	(411)	—		—	—	(411)
Interest income	—	2	4	(1)	—	—	6
Other expense, net	—	(10)	—		(1)	—	(11)
Total other expense, net	—	(1,266)	(46)	(1)	(189)	—	(1,501)
Income (loss) before income taxes	—	(1,265)	2,152		91	—	978
Income tax expense	—	—	(214)		(31)	—	(245)
Earnings (loss) of subsidiaries	733	1,998	(48)		—	(2,683)	—
Net income	733	733	1,890		60	(2,683)	733
Dividends on preferred stock	(55)	—	—		—	—	(55)
Net income attributable to common stockholders	$ 678	$ 733	$ 1,890		$ 60	$ (2,683)	$ 678
Net income	$ 733	$ 733	$ 1,890		$ 60	$ (2,683)	$ 733
Other comprehensive loss, net of tax							
Other comprehensive loss, net of tax	(2)	(2)	(2)		—	4	(2)
Total comprehensive income	$ 731	$ 731	$ 1,888		$ 60	$ (2,679)	$ 731

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See Note 1 - Summary of Significant Accounting Policies for further information.

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2017

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ 1	$ (1,613)	$ 9,616	$ 58	$ (100)	$ 7,962
Investing activities						
Purchases of property and equipment	—	—	(5,237)	—	—	(5,237)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(5,828)	—	—	(5,828)
Equity investment in subsidiary	(308)	—	—	—	308	—
Other, net	—	—	1	—	—	1
Net cash used in investing activities	(308)	—	(11,064)	—	308	(11,064)
Financing activities						
Proceeds from issuance of long-term debt	—	10,480	—	—	—	10,480
Proceeds from borrowing on revolving credit facility, net	—	2,910	—	—	—	2,910
Repayments of revolving credit facility	—	—	(2,910)	—	—	(2,910)
Repayments of capital lease obligations	—	—	(486)	—	—	(486)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(10,230)	—	—	(10,230)
Proceeds from exercise of stock options	21	—	—	—	—	21
Repurchases of common shares	(427)	—	—	—	—	(427)
Intercompany advances, net	484	(14,817)	14,300	33	—	—
Equity investment from parent	—	308	—	—	(308)	—
Tax withholdings on share-based awards	—	—	(166)	—	—	(166)
Intercompany dividend paid	—	—	—	(100)	100	—
Dividends on preferred stock	(55)	—	—	—	—	(55)
Other, net	—	—	(16)	—	—	(16)
Net cash provided by (used in) financing activities	23	(1,119)	192	(67)	(208)	(1,179)
Change in cash and cash equivalents	(284)	(2,732)	(1,256)	(9)	—	(4,281)
Cash and cash equivalents						
Beginning of period	358	2,733	2,342	67	—	5,500
End of period	$ 74	$ 1	$ 1,086	$ 58	$ —	$ 1,219

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Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2016

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ 6	$ (1,335)	$ 7,541	$ 33	$ (110)	$ 6,135
Investing activities						
Purchases of property and equipment	—	—	(4,702)	—	—	(4,702)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(3,968)	—	—	(3,968)
Sales of short-term investments	—	2,000	998	—	—	2,998
Other, net	—	—	(8)	—	—	(8)
Net cash provided by (used in) investing activities	—	2,000	(7,680)	—	—	(5,680)
Financing activities						
Proceeds from issuance of long-term debt	—	997	—	—	—	997
Repayments of capital lease obligations	—	—	(205)	—	—	(205)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(150)	—	—	(150)
Repayments of long-term debt	—	—	(20)	—	—	(20)
Intercompany advances, net	—	(696)	625	71	—	—
Proceeds from exercise of stock options	29	—	—	—	—	29
Tax withholdings on share-based awards	—	—	(121)	—	—	(121)
Intercompany dividend paid	—	—	—	(110)	110	—
Dividends on preferred stock	(55)	—	—	—	—	(55)
Other, net	—	—	(12)	—	—	(12)
Net cash (used in) provided by financing activities	(26)	301	117	(39)	110	463
Change in cash and cash equivalents	(20)	966	(22)	(6)	—	918
Cash and cash equivalents						
Beginning of period	378	1,767	2,364	73	—	4,582
End of period	$ 358	$ 2,733	$ 2,342	$ 67	$ —	$ 5,500

Condensed Consolidating Statement of Cash Flows Information
Year Ended December 31, 2015

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash provided by (used in) operating activities	$ (1)	$ (1,147)	$ 6,652	$ 85	$ (175)	$ 5,414
Investing activities						
Purchases of property and equipment	—	—	(4,724)	—	—	(4,724)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(1,935)	—	—	(1,935)
Purchases of short-term investments	—	(1,999)	(998)	—	—	(2,997)
Investment in subsidiaries	(1,905)	—	—	—	1,905	—
Other, net	—	—	96	—	—	96
Net cash used in investing activities	(1,905)	(1,999)	(7,561)	—	1,905	(9,560)
Financing activities						
Proceeds from capital contribution	—	1,905	—	—	(1,905)	—
Proceeds from issuance of long-term debt	—	3,979	—	—	—	3,979
Proceeds from tower obligations	—	140	—	—	—	140
Repayments of capital lease obligations	—	—	(57)	—	—	(57)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(564)	—	—	(564)
Intercompany advances, net	—	(3,357)	3,288	69	—	—
Proceeds from exercise of stock options	47	—	—	—	—	47
Intercompany dividend paid	—	—	—	(175)	175	—
Tax withholdings on share-based awards	—	—	(156)	—	—	(156)
Dividends on preferred stock	(41)	—	(14)	—	—	(55)
Other, net	—	—	79	—	—	79
Net cash provided by (used in) financing activities	6	2,667	2,576	(106)	(1,730)	3,413
Change in cash and cash equivalents	(1,900)	(479)	1,667	(21)	—	(733)
Cash and cash equivalents						
Beginning of period	2,278	2,246	697	94	—	5,315
End of period	$ 378	$ 1,767	$ 2,364	$ 73	$ —	$ 4,582

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Supplementary Data

Quarterly Financial Information (Unaudited)

(in millions, except shares and per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2017					
Total revenues	$ 9,613	$ 10,213	$ 10,019	$ 10,759	$ 40,604
Operating income	1,037	1,416	1,323	1,112	4,888
Net income	698	581	550	2,707	4,536
Dividends on preferred stock	(14)	(14)	(13)	(14)	(55)
Net income attributable to common stockholders	684	567	537	2,693	4,481
Earnings per share					
Basic	$ 0.83	$ 0.68	$ 0.65	$ 3.22	$ 5.39
Diluted	0.80	0.67	0.63	3.11	5.20
Weighted average shares outstanding					
Basic	827,723,034	830,971,528	831,189,779	837,416,683	831,850,073
Diluted	869,395,250	870,456,447	871,420,065	871,501,578	871,787,450
Net income includes:					
Gains on disposal of spectrum licenses	$ (37)	$ (1)	$ (29)	$ (168)	$ (235)
2016					
Total revenues [1]	$ 8,664	$ 9,287	$ 9,305	$ 10,234	$ 37,490
Operating income [1]	1,168	833	1,048	1,001	4,050
Net income	479	225	366	390	1,460
Dividends on preferred stock	(14)	(14)	(13)	(14)	(55)
Net income attributable to common stockholders	465	211	353	376	1,405
Earnings per share					
Basic	$ 0.57	$ 0.26	$ 0.43	$ 0.46	$ 1.71
Diluted	0.56	0.25	0.42	0.45	1.69
Weighted average shares outstanding					
Basic	819,431,761	822,434,490	822,998,697	824,982,734	822,470,275
Diluted	859,382,827	829,752,956	832,257,819	867,262,400	833,054,545
Net income includes:					
Cost of MetroPCS business combination	$ 36	$ 59	$ 15	$ (6)	$ 104
Gains on disposal of spectrum licenses	(636)	—	(199)	—	(835)

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively re-classified as Other revenues. See Note 1 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information.

Earnings per share is computed independently for each quarter and the sum of the quarters may not equal earnings per share for the full year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our periodic reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that

information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-K.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; providing reasonable assurance that receipts and expenditures are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report herein.

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

We maintain a code of ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, and Controller, which is a “Code of Ethics for Senior Financial Officers” as defined by applicable rules of the SEC. This code is publicly available on our website at investor.t-mobile.com. If we make any amendments to this code other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of this code we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website at investor.t-mobile.com or in a Current Report on Form 8-K filed with the SEC.

The remaining information required by this item, including information about our Directors, Executive Officers and Audit Committee, is incorporated by reference to the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which will be filed with the SEC, no later than 120 days after December 31, 2017.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2017.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2017.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as a part of this Form 10-K:

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flows
Consolidated Statement of Stockholders' Equity
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

See the Index to Exhibits immediately following Item 16. Form 10-K Summary of this Form 10-K.

Item 16. Form 10–K Summary

None.

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INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
2.1	Business Combination Agreement, dated as of October 3, 2012, by and among MetroPCS Communications, Inc., Deutsche Telekom AG, T-Mobile Zwischenholding GMBH, T-Mobile Global Holding GMBH and T-Mobile USA, Inc.	8-K	10/3/2012	2.1	
2.2	Consent Solicitation Letter Agreement, dated December 5, 2012, by and among MetroPCS Communications, Inc. and Deutsche Telekom AG, amending Exhibit G to the Business Combination Agreement.	8-K	12/7/2012	2.1	
2.3	Amendment No. 1 to the Business Combination Agreement by and among Deutsche Telekom AG, T-Mobile USA, Inc., T-Mobile Global Zwischenholding GmbH, T-Mobile Global Holding GmbH and MetroPCS Communications, Inc., dated April 14, 2013.	8-K	4/15/2013	2.1	
3.1	Fourth Amended and Restated Certificate of Incorporation.	8-K	5/2/2013	3.1	
3.2	Fifth Amended and Restated Bylaws.	8-K	5/2/2013	3.2	
3.3	Certificate of Designations of 5.50% Mandatory Convertible Preferred Stock, Series A, of T-Mobile US, Inc., dated December 12, 2014.	8-K	12/15/2014	3.1	
4.1	Indenture, dated September 21, 2010, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., a trustee.	8-K	9/21/2010	4.1	
4.2	First Supplemental Indenture, dated September 21, 2010, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	8-K	9/21/2010	4.2	
4.3	Second Supplemental Indenture, dated November 17, 2010, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	8-K	11/17/2010	4.1	
4.4	Third Supplemental Indenture, dated December 23, 2010, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	10-K	3/1/2011	10.19(d)	
4.5	Fourth Supplemental Indenture, dated December 23, 2010, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	10-K	3/1/2011	10.19(e)	
4.6	Fifth Supplemental Indenture, dated as of December 14, 2012, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	8-K	12/17/2012	4.1	
4.7	Sixth Supplemental Indenture, dated as of December 14, 2012, among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Wells Fargo Bank, N.A., as trustee.	8-K	12/17/2012	4.2	
4.8	Seventh Supplemental Indenture, dated as of May 1, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Wells Fargo Bank, N.A., as trustee.	8-K	5/2/2013	4.15	
4.9	Eighth Supplemental Indenture, dated as of July 15, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Wells Fargo Bank, N.A., as trustee.	10-Q	8/8/2013	4.19	
4.10		10-Q	10/28/2014	4.2	

	Ninth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee.			
4.11	Tenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee.	10-Q	10/27/2015	4.2
4.12	Eleventh Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Wells Fargo Bank, N.A., as trustee.	10-Q	10/24/2016	4.1

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.13	Indenture, dated as of March 19, 2013, by and among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	3/22/2013	4.1	
4.14	First Supplemental Indenture, dated as of March 19, 2013, by and among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	3/22/2013	4.2	
4.15	Form of 6.250% Senior Notes due 2021.	8-K	3/22/2013	4.3	
4.16	Second Supplemental Indenture, dated as of March 19, 2013, by and among MetroPCS Wireless, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee.	8-K	3/22/2013	4.4	
4.17	Form of 6.625% Senior Notes due 2023.	8-K	3/22/2013	4.5	
4.18	Third Supplemental Indenture, dated as of April 29, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	8/8/2013	4.17	
4.19	Fourth Supplemental Indenture, dated as of May 1, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.16	
4.20	Fifth Supplemental Indenture, dated as of July 15, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	8/8/2013	4.20	
4.21	Sixth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2014	4.1	
4.22	Seventh Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.1	
4.23	Eighth Supplemental Indenture, dated as of August 30, 2016, by and among T-Mobile USA, Inc., the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/24/2016	4.2	
4.24	Ninth Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.				X
4.25	Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.1	
4.26	First Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.2	
4.27	Second Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.3	
4.28	Third Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.4	

4.29	Fourth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.5
4.30	Fifth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.6

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.31	Sixth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.7	
4.32	Seventh Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.8	
4.33	Eighth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.9	
4.34	Ninth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.10	
4.35	Tenth Supplemental Indenture, dated as of April 28, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.11	
4.36	Eleventh Supplemental Indenture, dated as of May 1, 2013 among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/2/2013	4.12	
4.37	Twelfth Supplemental Indenture, dated as of July 15, 2013, among T-Mobile USA, Inc., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	8/8/2013	4.18	
4.38	Thirteenth Supplemental Indenture, dated as of August 21, 2013, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.250% Senior Note due 2018.	8-K	8/22/2013	4.1	
4.39	Fourteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.125% Senior Note due 2022.	8-K	11/22/2013	4.1	
4.40	Fifteenth Supplemental Indenture, dated as of November 21, 2013, by and among T-Mobile USA, Inc., the Guarantors and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.500% Senior Note due 2024.	8-K	11/22/2013	4.2	
4.41	Sixteenth Supplemental Indenture, dated as of August 11, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/28/2014	4.3	
4.42	Seventeenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.000% Senior Notes due 2023.	8-K	9/5/2014	4.1	
4.43	Eighteenth Supplemental Indenture, dated as of September 5, 2014, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust	8-K	9/5/2014	4.2	

	Company Americas, as trustee, including the Form of 6.375% Senior Notes due 2025.			
4.44	Nineteenth Supplemental Indenture, dated as of September 28, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/27/2015	4.3
4.45	Twentieth Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.500% Senior Notes due 2026.	8-K	11/5/2015	4.1

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.46	Twenty-First Supplemental Indenture, dated as of November 5, 2015, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, including the Form of 6.000% Senior Notes due 2024.	8-K	4/1/2016	4.1	
4.47	Twenty-Second Supplemental Indenture, dated as of August 30, 2016, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	10-Q	10/24/2016	4.3	
4.48	Twenty-Third Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022.	8-K	3/16/2017	4.1	
4.49	Twenty-Fourth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2025.	8-K	3/16/2017	4.2	
4.50	Twenty-Fifth Supplemental Indenture, dated as of March 16, 2017, by and among T-Mobile USA, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027.	8-K	3/16/2017	4.3	
4.51	Twenty-Sixth Supplemental Indenture, dated as of April 27, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.000% Senior Note due 2022-1.	8-K	4/28/2017	4.1	
4.52	Twenty-Seventh Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.125% Senior Note due 2025-1.	8-K	4/28/2017	4.2	
4.53	Twenty-Eighth Supplemental Indenture, dated as of April 28, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.375% Senior Note due 2027-1.	8-K	4/28/2017	4.3	
4.54	Twenty-Ninth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.300% Senior Notes due 2021.	8-K	5/9/2017	4.1	
4.55	Thirtieth Supplemental Indenture, dated as of May 9, 2017, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.	8-K	5/9/2017	4.2	
4.56	Thirty-First Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.				X
4.57	Thirty-Second Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and	8-K	1/25/2018	4.1	

	Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.500% Senior Note due 2026.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
4.58	Thirty-Third Supplemental Indenture, dated as of January 25, 2018, by and among T-Mobile USA, Inc., T-Mobile US, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the Form of 4.750% Senior Note due 2028.	8-K	1/25/2018	4.2	
4.59	Noteholder Agreement dated as of April 28, 2013, by and between Deutsche Telekom AG and T-Mobile USA, Inc.	8-K	5/2/2013	4.13	
10.1	Master Agreement, dated as of September 28, 2012, among T-Mobile USA, Inc., Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.1	
10.2	Amendment No. 1, to Master Agreement, dated as of November 30, 2012, among Crown Castle International Corp., and certain T-Mobile and Crown subsidiaries.	10-Q	8/8/2013	10.2	
10.3	Master Prepaid Lease, dated as of November 30, 2012, by and among T-Mobile USA Tower LLC, T-Mobile West Tower LLC, T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.3	
10.4	MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.4	
10.5	First Amendment to MPL Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc. and CCTMO LLC.	10-Q	8/8/2013	10.5	
10.6	Sale Site Master Lease Agreement, dated as of November 30, 2012, by and among Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.6	
10.7	First Amendment to Sale Site Master Lease Agreement, dated as of November 30, 2012, by and Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Operating Company, L.L.C., T-Mobile USA, Inc., T3 Tower 1 LLC and T3 Tower 2 LLC.	10-Q	8/8/2013	10.7	
10.8	Management Agreement, dated as of November 30, 2012, by and among Suncom Wireless Operating Company, L.L.C., Cook Inlet/VS GSM IV PCS Holdings, LLC, T-Mobile Central LLC, T-Mobile South LLC, Powertel/Memphis, Inc., Voicestream Pittsburgh, L.P., T-Mobile West LLC, T-Mobile Northeast LLC, Wireless Alliance, LLC, Suncom Wireless Property	10-Q	8/8/2013	10.8	

	Company, L.L.C., T-Mobile USA Tower LLC, T-Mobile West Tower LLC, CCTMO LLC, T3 Tower 1 LLC and T3 Tower 2 LLC.			
10.9	Stockholder's Agreement dated as of April 30, 2013 by and between MetroPCS Communications, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.1
10.10	Waiver of Required Approval Under Section 3.6(a) of the Stockholder's Agreement, dated August 7, 2013, between T-Mobile US, Inc. and Deutsche Telekom AG.	10-Q	8/8/2013	10.10

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.11	License Agreement dated as of April 30, 2013 by and between T-Mobile US, Inc. and Deutsche Telekom AG.	8-K	5/2/2013	10.2	
10.12	Credit Agreement, dated as of May 1, 2013, among T-Mobile USA, Inc., as Borrower, Deutsche Telekom AG, as Lender, the other lenders party thereto from time to time, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	5/2/2013	4.14	
10.13	Amendment No. 1, dated as of November 15, 2013, to the Credit Agreement, dated May 1, 2013, among T-Mobile US, Inc., T-Mobile USA, Inc., each of the Subsidiaries signatory thereto, Deutsche Telekom AG and the other lenders party thereto from time to time, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	11/20/2013	10.1	
10.14	Amendment No. 2, dated as of September 3, 2014, to the Credit Agreement, dated as of May 1, 2013, among T-Mobile USA, Inc., Deutsche Telekom AG and the other lenders party thereto from time to time, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	9/5/2014	10.1	
10.15	Amendment No. 3, dated as of November 2, 2015, to the Credit Agreement, dated as of May 1, 2013, among T-Mobile USA, Inc., Deutsche Telekom AG and the other lenders party thereto from time to time, and JPMorgan Chase Bank N.A., as Administrative Agent.	8-K	11/5/2015	10.2	
10.16	Registration Rights Agreement, dated as of March 19, 2013, by and among MetroPCS Wireless, Inc., the Initial Guarantors (as defined therein), and Deutsche Bank Securities, as representative of the Initial Purchasers (as defined therein).	8-K	3/22/2013	10.1	
10.17	Registration Rights Agreement, dated as of August 21, 2013, by and among T-Mobile USA, Inc., the Guarantors (as defined therein), and Deutsche Bank Securities Inc., as Initial Purchaser (as defined therein).	8-K	8/22/2013	10.1	
10.18	License Exchange Agreement, dated January 5, 2014, among T-Mobile USA, Inc., T-Mobile License LLC, Cellco Partnership d/b/a Verizon Wireless, Verizon Wireless (VAW) LLC, Athens Cellular, Inc. and Verizon Wireless of the East LP.	8-K	1/6/2014	10.1	
10.19	License Purchase Agreement, dated January 5, 2014, among T-Mobile USA, Inc., T-Mobile License LLC and Cellco Partnership d/b/a Verizon Wireless.	8-K	1/6/2014	10.2	
10.20	November 2016 Amended and Restated Guarantee Facility Agreement, dated as of December 5, 2016, among T-Mobile US, Inc., as the company, T-Mobile Airtime Funding LLC, as the funding seller, and KfW IPEX-Bank GmbH, as the bank.	10-K	2/14/2017	10.29	
10.21	Receivables Sale and Conveyancing Agreement, dated as of February 26, 2014, among T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	8-K	3/4/2014	10.1	
10.22	Joinder and First Amendment to the Receivables Sale and Conveyancing Agreement, dated as of November 28, 2014, among Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-	10-K	2/19/2015	10.55	

Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.23	Joinder and Second Amendment to the Receivables Sale and Conveyancing Agreement, dated as of January 9, 2015, among SunCom Wireless Operating Company, LLC, Powertel/Memphis, Inc., Triton PCS Holdings Company L.L.C., T-Mobile West LLC, T-Mobile Central LLC, T-Mobile Northeast LLC and T-Mobile South LLC, as sellers, and T-Mobile PCS Holdings LLC, as purchaser.	10-Q	4/28/2015	10.5	
10.24	Receivables Sale and Contribution Agreement, dated as of February 26, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	8-K	3/4/2014	10.2	
10.25	First Amendment to the Receivables Sale and Contribution Agreement, dated as of November 28, 2014, between T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/19/2015	10.56	
10.26	Second Amendment to the Receivables Sale and Contribution Agreement, dated as of January 9, 2015, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	4/28/2015	10.6	
10.27	Third Amendment to the Receivables Sale and Contribution Agreement, dated as of November 30, 2016, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-K	2/14/2017	10.33	
10.28	Fourth Amendment to the Receivables Sale and Contribution Agreement, dated as of May 5, 2017, by and among T-Mobile PCS Holdings LLC, as seller, and T-Mobile Airtime Funding LLC, as purchaser.	10-Q	7/20/2017	10.1	
10.29	Second Amended and Restated Master Receivables Purchase Agreement, dated as of November 30, 2016, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.	8-K	12/6/2016	10.1	
10.30	First Amendment to Second Amended and Restated Master Receivables Purchase Agreement, dated as of May 5, 2017, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, T-Mobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.	10-Q	7/20/2017	10.2	
10.31	Third Amended and Restated Master Receivables Purchase Agreement, dated as of February 5, 2018, among T-Mobile Airtime Funding LLC, as funding seller, Billing Gate One LLC, as purchaser, Landesbank Hessen-Thüringen Girozentrale, as bank purchasing agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as bank collection agent, TMobile PCS Holdings LLC, as servicer, and T-Mobile US, Inc., as performance guarantor.				X
10.32	Term Loan Credit Agreement, dated as of November 9, 2015, among T-Mobile USA, Inc., the lenders party	8-K	11/12/2015	10.1	

	thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.			
10.33	First Amendment to Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.3

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.34	Second Amendment to Term Loan Credit Agreement, dated as of January 25, 2017, among T-Mobile USA, Inc., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.4	
10.35	Third Amendment to Term Loan Credit Agreement, dated as of March 28, 2017, among T-Mobile USA, Inc., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	10-Q	4/24/2017	10.5	
10.36	Fourth Amendment Term Loan Credit Agreement, dated as of July 25, 2017, among T-Mobile USA, Inc., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	7/27/2017	10.1	
10.37	First Incremental Facility Amendment, dated as of December 29, 2016, to the Term Loan Credit Agreement, dated as of November 9, 2015, by and among T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	12/30/2016	10.3	
10.38	Second Incremental Facility Amendment, dated as of January 25, 2017, to the Term Loan Credit Agreement, dated as of November 9, 2015, as amended by that certain First Incremental Facility Amendment dated as of December 29, 2016, by and among T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time parties thereto as lenders, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	1/25/2017	10.1	
10.39	Amended and Restated Receivables Sale Agreement, dated as of June 6, 2016, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	8-K	6/8/2016	10.1	
10.40	First Amendment, dated as of December 23, 2016, to the Amended and Restated Receivables Sale Agreement, dated as of June 6, 2016, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-K	2/14/2017	10.41	
10.41	Second Amended and Restated Receivables Sale Agreement, dated as of August 21, 2017, by and between T-Mobile Financial LLC, as seller, and T-Mobile Handset Funding LLC, as purchaser.	10-Q	10/23/2017	10.2	
10.42	Amended and Restated Receivables Purchase and Administration Agreement, dated as of June 6, 2016, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto from time to time.	8-K	6/8/2016	10.2	
10.43	First Amendment, dated as of July 27, 2016, to the Amended and Restated Receivables Purchase and Administration Agreement, dated as of June 6, 2016, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank	10-Q	10/24/2016	10.1	

	of Canada, as administrative agent, and certain financial institutions party thereto.			
10.44	Second Amendment, dated as of October 31, 2016, to the Amended and Restated Receivables Purchase and Administration Agreement, dated as of June 6, 2016, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-K	2/14/2017	10.46

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.45	Third Amendment, dated as of December 23, 2016, to the Amended and Restated Receivables Purchase and Administration Agreement, dated as of June 6, 2016, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-K	2/14/2017	10.47	
10.46	Fourth Amendment, dated as of May 18, 2017, to the Amended and Restated Receivables Purchase and Administration Agreement, dated as of June 6, 2016, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.	10-Q	7/20/2017	10.3	
10.47	Second Amended and Restated Receivables Purchase and Administration Agreement, dated as of August 21, 2017, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto	10-Q	10/23/2017	10.3	
10.48	First Amendment, dated as of December 18, 2017, to the Second Amended and Restated Receivables Purchase and Administrative Agreement, dated as of August 21, 2017, by and among T-Mobile Handset Funding LLC, as transferor, T-Mobile Financial LLC, as servicer, T-Mobile US, Inc., as performance guarantor, Royal Bank of Canada, as administrative agent, and certain financial institutions party thereto.				X
10.49	Purchase Agreement, dated as of March 6, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	3/7/2016	1.1	
10.50	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of March 6, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.1	
10.51	Purchase Agreement, dated as of April 25, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/26/2016	1.1	
10.52	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 25, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.2	
10.53	Purchase Agreement, dated as of April 29, 2016, among T-Mobile USA, Inc., the guarantor party thereto and Deutsche Telekom AG.	8-K	4/29/2016	1.1	
10.54	Amendment No. 1 to Purchase Agreement, dated as of October 28, 2016, to Purchase Agreement, dated as of April 29, 2016, by and among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	11/2/2016	10.3	
10.55	Purchase Agreement, dated as of March 13, 2017, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	3/16/2017	10.1	
10.56		8-K	12/30/2016	10.1	

	Unsecured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.57	Secured Revolving Credit Agreement, dated as of December 29, 2016, by and among T-Mobile US, Inc., T-Mobile USA, Inc., the several banks and other financial institutions or entities from time to time party thereto as lenders, and Deutsche Telekom AG, as administrative agent.	8-K	12/30/2016	10.2	
10.58	Purchase Agreement, dated as of January 22, 2018, among T-Mobile USA, Inc., the guarantors party thereto and Deutsche Telekom AG.	8-K	1/25/2018	10.1	
10.59*	Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan.	S-1/A	2/27/2007	10.1(a)	
10.60*	MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan.	Schedule 14A	4/19/2010	Annex A	
10.61*	Form Change in Control Agreement for MetroPCS Communications, Inc.	10-Q	8/9/2010	10.2	
10.62*	Form Change in Control Agreement Amendment for MetroPCS Communications, Inc.	10-Q	10/30/2012	10.1	
10.63*	MetroPCS Communications, Inc. Employee Non-qualified Stock Option Award Agreement relating to the MetroPCS Communications, Inc. Amended and Restated 2004 Equity Incentive Compensation Plan.	10-K	3/1/2013	10.9(a)	
10.64*	MetroPCS Communications, Inc. Non-Employee Director Non-qualified Stock Option Award Agreement relating to the MetroPCS Communications, Inc. Amended and Restated 2004 Equity Incentive Compensation Plan.	10-K	3/1/2013	10.9(b)	
10.65*	Form Amendment to the MetroPCS Communications, Inc. Notice of Grant of Stock Option relating to the Second Amended and Restated 1995 Stock Option Plan of MetroPCS, Inc.	10-Q	8/9/2010	10.5	
10.66*	Form MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan Employee Non-Qualified Stock Option Award Agreement.	10-K	2/29/2012	10.12	
10.67*	Form MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan Non-Employee Director Non-Qualified Stock Option Award Agreement.	10-K	3/1/2013	10.12(b)	
10.68*	Employment Agreement of J. Braxton Carter dated as of January 25, 2013.	8-K	5/2/2013	10.3	
10.69*	Amended and Restated Employment Agreement of J. Braxton Carter dated as of December 20, 2017.				X
10.70*	Employment Agreement of Thomas C. Keys dated as of January 25, 2013.	8-K	5/2/2013	10.4	
10.71*	Employment Agreement of John J. Legere dated as of September 22, 2012.	10-Q	8/8/2013	10.17	
10.72*	Amendment to Employment Agreement of John J. Legere dated as of October 23, 2013.	10-K	2/25/2014	10.35	
10.73*	Amendment No. 2 to Employment Agreement between T-Mobile US, Inc. and John J. Legere, dated as of February 25, 2015.	8-K	2/26/2015	10.1	
10.74*	Amended and Restated Employment Agreement of John J. Legere dated as of March 28, 2017.	10-Q	4/24/2017	10.7	
10.75*	T-Mobile US, Inc. Amended and Restated Compensation Term Sheet for Michael Sievert Effective as of January 1, 2017.	10-Q	4/24/2017	10.6	

10.76*	Form of Indemnification and Advancement Agreement.				X
10.77*	T-Mobile US, Inc. Non-Qualified Deferred Executive Compensation Plan (As Amended and Restated Effective as of January 1, 2014).	10-K	2/25/2014	10.39	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
10.78*	T-Mobile US, Inc. Executive Continuity Plan as Amended and Restated Effective as of January 1, 2014.	8-K	10/25/2013	10.1	
10.79*	T-Mobile US, Inc. 2013 Omnibus Incentive Plan (as amended and restated on August 7, 2013).	10-Q	8/8/2013	10.20	
10.80*	T-Mobile USA, Inc. 2011 Long-Term Incentive Plan.	10-Q	8/8/2013	10.21	
10.81*	Annual Incentive Award Notice under the 2013 Omnibus Incentive Plan.	10-K	2/25/2014	10.45	
10.82*	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	8-K	6/4/2013	10.2	
10.83*	Form of Restricted Stock Unit Award Agreement (Time-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	8/8/2013	10.24	
10.84*	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-Q	8/8/2013	10.25	
10.85*	Form of Restricted Stock Unit Award Agreement (Performance-Vesting) with Deferral Option for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-K	2/19/2015	10.43	
10.86*	Form of Restricted Stock Unit Award Agreement (Time-Vesting) with Deferral Option for Executive Officers under the T-Mobile US, Inc. 2013 Omnibus Incentive Plan.	10-K	2/19/2015	10.44	
10.87*	T-Mobile US, Inc. 2014 Employee Stock Purchase Plan.	S-8	2/19/2015	99.1	
10.88*	Amended Director Compensation Program effective as of May 1, 2013 (amended June 4, 2014 and further amended on June 1, 2015, June 16, 2016 and June 13, 2017).	10-Q	7/20/2017	10.4	
12.1	Computation of Ratio of Earnings to Fixed Charges.				X
21.1	Subsidiaries of Registrant.				X
23.1	Consent of PricewaterhouseCoopers LLP.				X
24.1	Power of Attorney, pursuant to which amendments to this Form 10-K may be filed (included on the signature page contained in Part IV of the Form 10-K).				X
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

*	Indicates a management contract or compensatory plan or arrangement.
**	Furnished herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

February 7, 2018

/s/ John J. Legere
John J. Legere
President and Chief
Executive Officer

Each person whose signature appears below constitutes and appoints John J. Legere and J. Braxton Carter, and each or either of them, his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements (including post-effective amendments) to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 7, 2018.

Signature	Title
/s/ John J. Legere John J. Legere	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ J. Braxton Carter J. Braxton Carter	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Peter Osvaldik Peter Osvaldik	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)
/s/ Timotheus Höttges Timotheus Höttges	Chairman of the Board
/s/ W. Michael Barnes W. Michael Barnes	Director

/s/ Thomas Dannenfeldt Director

Thomas Dannenfeldt

/s/ Srikant Datar Srikant Datar	Director
/s/ Lawrence H. Guffey Lawrence H. Guffey	Director
/s/ Bruno Jacobfeuerborn Bruno Jacobfeuerborn	Director
/s/ Raphael Kübler Raphael Kübler	Director
/s/ Thorsten Langheim Thorsten Langheim	Director
/s/ Teresa A. Taylor Teresa A. Taylor	Director
/s/ Kelvin R. Westbrook Kelvin R. Westbrook	Director