2021

2021

2021 UNSTOPPABLE UN-CARRIER

2021 ANNUAL REPORT

HIGHEST GROWTH YEAR EVER

Year after winning year, T-Mobile's Un-carrier revolution continues to change the wireless industry, delivering the best value and best experiences on America's largest and fastest nationwide 5G network. In 2021 we posted our strongest results ever, exceeding not only our own bold goals for profitability and customer growth, but Wall Street expectations as well. By year end, we also further extended our unrivaled 5G network leadership to reach 310M people, 210M of whom are covered by super-fast Ultra Capacity 5G. This record-setting year was particularly momentous for the Un-carrier because it was our first full year as a combined company since the close of the Sprint merger. We used our expanded network, scale and resources to deliver 5G for All and build a more connected and sustainable future for our stakeholders. In 2021 we laid the foundation of a new Un-carrier era through great execution and strategic investments—and as we head into 2022 our winning formula uniquely positions T-Mobile to accelerate growth across multiple paths that have the potential to unlock shareholder value for years to come.

INDUSTRY LEADING RESULTS

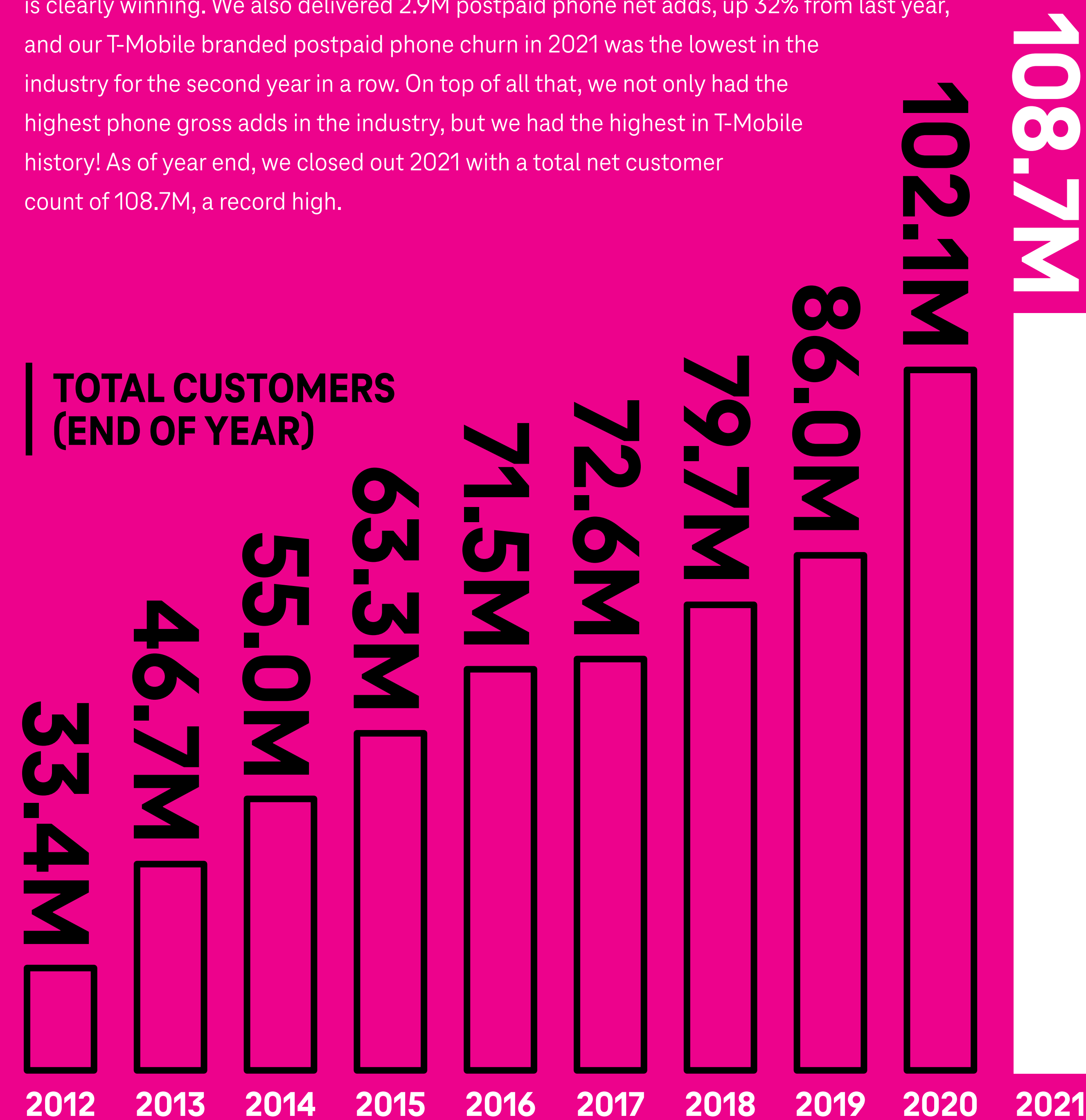
2021 CUSTOMER HIGHLIGHTS

1.2M POSTPAID NET ACCOUNT ADDITIONS
More than doubled YoY

5.5M POSTPAID NET CUSTOMER ADDITIONS
A record high, exceeding guidance

Continuing our trend of unstoppable growth momentum, in 2021 the Un-carrier saw its best postpaid customer net add growth EVER. Our postpaid net customer additions of 5.5M were not only our highest ever, but they also led the industry for the seventh consecutive year. We also added 1.2M postpaid net accounts—the most in the industry—and more than doubled 2020's adds. This measure of total billing relationships is an important barometer of wireless network switching, a battle T-Mobile is clearly winning. We also delivered 2.9M postpaid phone net adds, up 32% from last year, and our T-Mobile branded postpaid phone churn in 2021 was the lowest in the industry for the second year in a row. On top of all that, we not only had the highest phone gross adds in the industry, but we had the highest in T-Mobile history! As of year end, we closed out 2021 with a total net customer count of 108.7M, a record high.

TOTAL CUSTOMERS (END OF YEAR)



AT&T Inc. historically does not disclose postpaid net account additions.

The results and analysis presented in this report include the impact of T-Mobile's merger with "Sprint" Corporation on a prospective basis from the close date of April 1, 2020, and the impact of the acquisition of Shentel's Wireless Assets 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. As such, the year-over-year changes may not be meaningful as further detailed in this annual report.

STRONG STRONG STRONG STRONG FINANCIALS

We've said it before, and it proved true again in 2021: Put customers first and results will follow. Customers flocked to the best value proposition on the nation's largest and fastest 5G network, leading to yet another record-setting year of Service Revenues, record Net Cash Provided by Operating Activities and record Free Cash Flow. The Un-carrier has a proven track record of converting customer growth into revenue growth, and most importantly, investing in the network, products and services that bring even more happy customers. T-Mobile's synergy-backed model enables conversion of record service revenues into industry-leading cash flow growth. Year after year, this is how we win—and this journey is just getting started.

2021 FINANCIAL RESULTS

TOTAL REVENUES
$80.1B
$68.4B IN 2020

SERVICE REVENUES
$58.4B
$50.4B IN 2020

NET INCOME
$3.0B
$3.1B IN 2020

CORE ADJUSTED EBITDA
$23.6B
$20.4B IN 2020

NET CASH
Provided by Operating Activities
$13.9B
$8.6B IN 2020

FREE CASH FLOW
Excluding Gross Payments for the Settlement of Interest Rate Swaps
$5.6B
$3.0B IN 2020

Core Adjusted EBITDA and Free Cash Flow excluding gross payments for the settlement of interest rate swaps are non-GAAP financial measures. Definitions, explanations, and reconciliations to the most directly comparable GAAP measures are provided in our annual report on Form 10-K for the year ended December 31, 2021, which is included herewith as a portion of this annual report to stockholders.

UNRIVALED 5G NETWORK LEADERSHIP

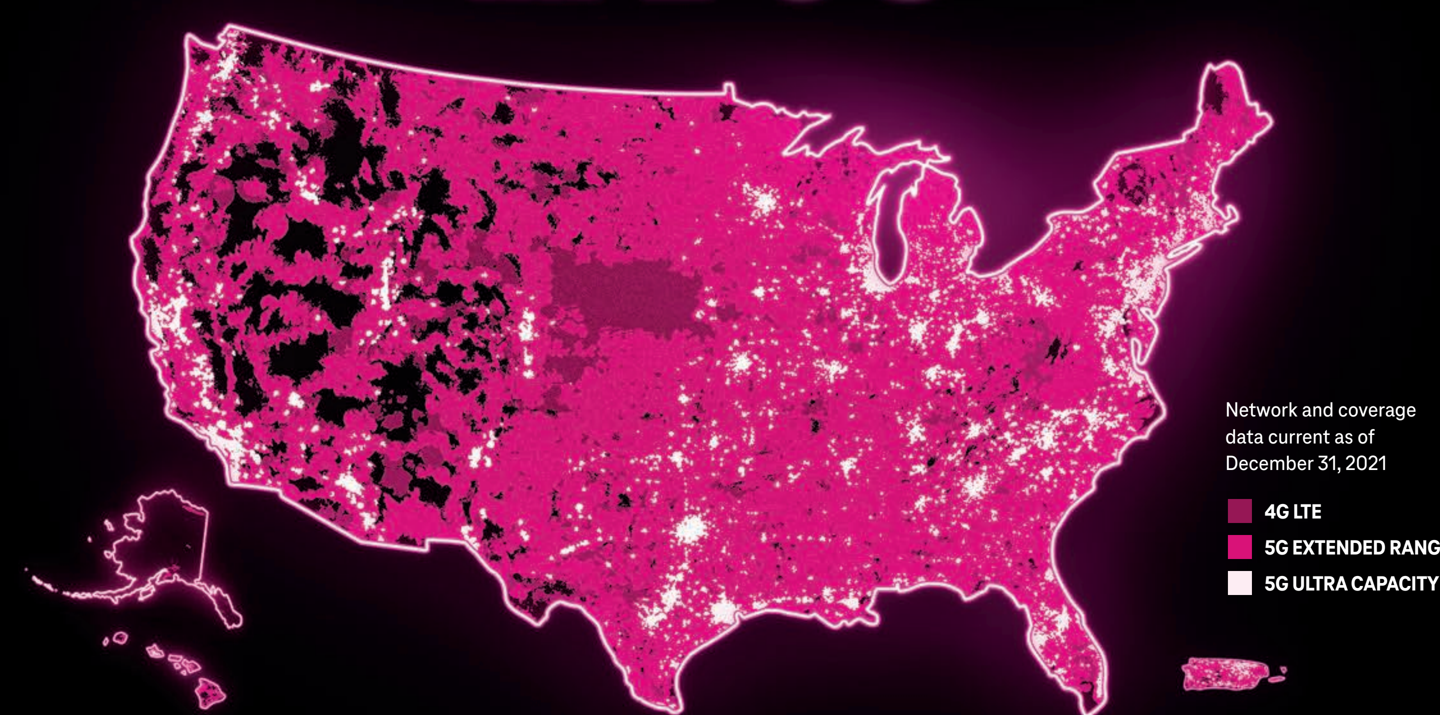
With America's ONLY nationwide stand-alone 5G network, T-Mobile is the clear leader in the 5G race. In 2021, we set an audacious goal of getting Ultra Capacity 5G to 200M people, and once again we crushed that goal, reaching 210M at year's end. To understand the magnitude of this unprecedented feat, it takes roughly three times the number of cell-site upgrades to get from 100M to 200M—and we did it in just one year! And don't forget that at the end of 2021, our Extended Range 5G covered 94% of Americans, including 310M people across 1.8 million square miles—delivering nearly five times more geographic coverage than Verizon and nearly two times more than AT&T.

LARGEST America's Largest 5G Network

- Nearly 2x the geographic coverage of AT&T's and nearly 5x Verizon's
- Extended Range 5G covers 310M people or 94% of U.S. population
- First to launch mid-band 5G; already covers 210M people nationwide

FASTEST America's Fastest 5G Network*

- Delivering speeds faster than Wi-Fi to more people than any other wireless provider**
- More than 20 third-party network reports last year: TMUS is #1 in 5G speed and availability



*Fastest based on median, overall combined 5G speeds according to analysis by Ookla® of Speedtest Intelligence® data 5G download speeds for Q4 2021. Ookla trademarks used under license and reprinted with permission.

**Based on analysis by T-Mobile of Speedtest Intelligence® data from Ookla® U.S. median 5G T-Mobile speed tests from cities with 2.5GHz deployed compared to mobile Wi-Fi results for Q4 2021. Ookla trademarks used under license and reprinted with permission.

FURTHER EXTENDING OUR 5G LEADERSHIP

The Un-carrier is continuing to set the pace for the 5G era thanks to our superior spectrum portfolio, unprecedented deployment rate and synergy-backed model. As the only telecom with deployed, dedicated mid-band spectrum nationwide, T-Mobile continues to expand the breadth and depth of our 5G footprint, including in smaller markets and rural areas and with new product experiences like High Speed Internet, which has helped provide more choices for customers. We're also planning to bring Ultra Capacity 5G to 260M people in 2022 and 300M in 2023—which will expand our geographic coverage by FIVE TIMES what it is today. We're not slowing down!

Plan to bring Ultra Capacity 5G to 260M by year-end 2022 and 300M by year-end 2023

Added to industry-best mid-band portfolio with purchase of 3.45Hz spectrum

Tripled our Ultra Capacity 5G square mileage in 2021 and plan for 3x again in 2022

Fueling 5G innovation with T-Mobile Accelerator, Tech Experience 5G Hub and 5G Open Innovation Lab

ACCELERATING INTEGRATION & SYNERGIES

Our business is firing on all cylinders as we continue our integration of the largest merger in telecom history. We realized $3.8B in merger synergies, nearly tripling year over year. And our merger synergies are expected to further ramp up to between $5.0B and $5.3B in 2022. True to form, we're doing better than planned. Network migration is the most challenging aspect of integration, and even there we're ahead of schedule. By the end of 2021, 64% of Sprint customers had been migrated to the T-Mobile network. This is even more impressive when you consider that fewer than 10% were migrated at the end of 2020! At that accelerated pace, we expect to wrap up network migration by mid-2022, putting us on track to complete integration in three years rather than four and to deliver approximately $7.5B in synergies per year by 2024.

NETWORK MIGRATION

By the end of 2021, 64% of Sprint customers migrated to the T-Mobile network.

SYNERGIES

We delivered $3.8B in merger synergies in 2021, up 3x year over year, and expect to deliver $5.0B–$5.3B in merger synergies in 2022.

EXPANDING

TO MORE PEOPLE IN MORE PLACES

WITH OUR WINNING COMBINATION OF NETWORK AND VALUE

5G for All–Including Small Town America

T-Mobile is committed to bringing our winning formula to America's under-served smaller markets and rural areas. This is 40% of the country where we haven't meaningfully played before. In 2021, we grew our presence and expanded the reach of our network and distribution, including hundreds of new stores and millions of investments in small town USA that increased our market share from approximately 13% to roughly 15%. This is also one of the many places our network leadership stands out, as we're the only 5G game in town for many of these communities. As our network expansion continues, we plan to reach 99% of Americans with 5G—including 300M people with our Ultra Capacity 5G—by the end of 2023, by which time other carriers aspire to cover only 175M to 200M people with mid-band 5G. And it's not just our wireless network that's reaching more people than ever, but broadband too—which is especially important in those places that have only one option, or sometimes, none at all. In 2021, we brought High Speed Internet connectivity options to millions of households in these rural communities, and we're just getting started!

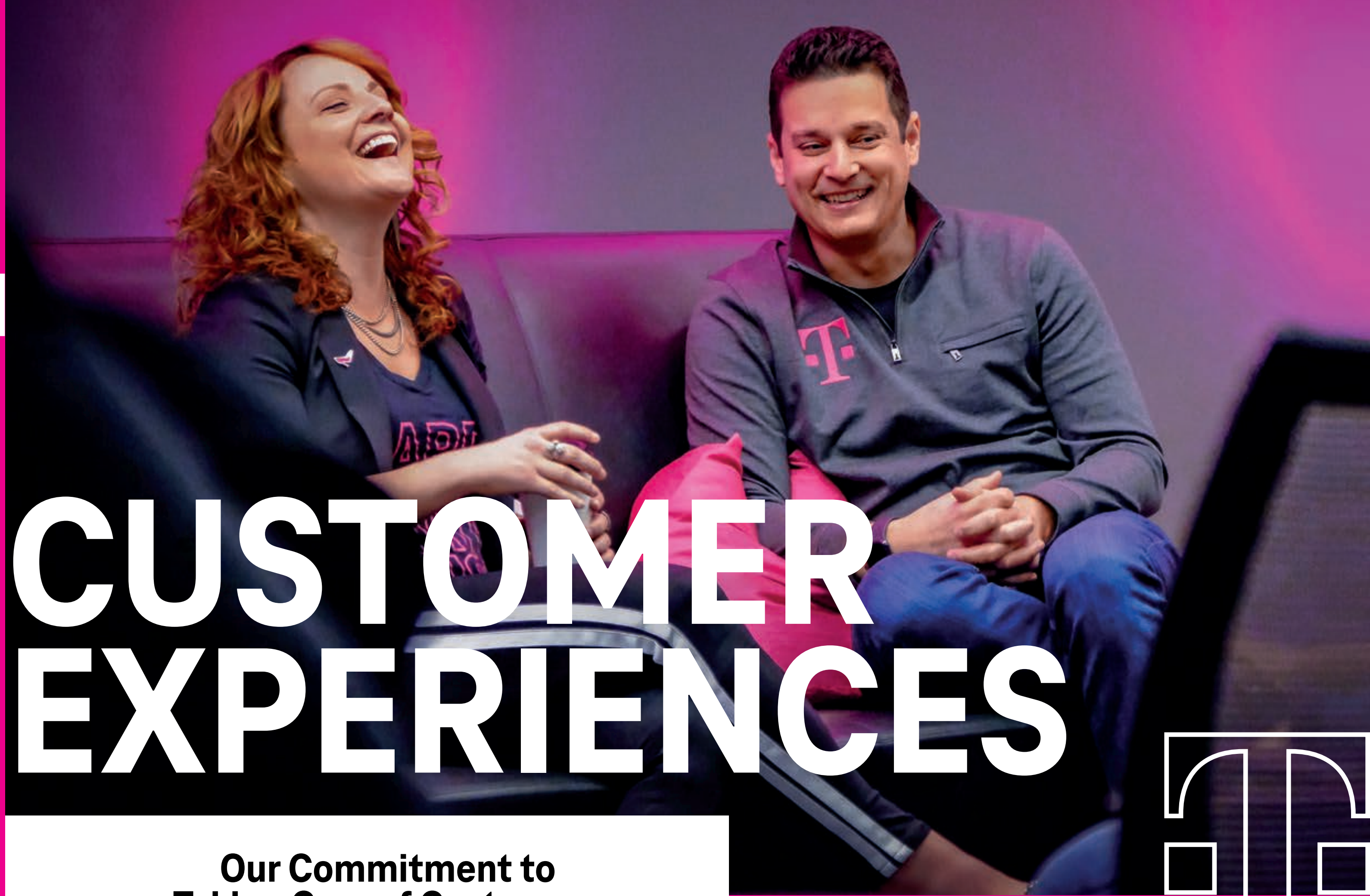
High Speed Internet: From Pilot to Performer

At the beginning of 2021, T-Mobile High Speed Internet was still in pilot phase and by year end it had attracted 646K customers, far exceeding our expectation of 500K. In Q4 2021, the Un-carrier was the fastest-growing broadband provider in the industry! Just consider the fact that we added more wireless broadband customers in Q4 alone than Verizon has added in total since their launch three years ago. Customers love the network performance and the simplicity of this 5G-based product, and we love that 40% of them are new to T-Mobile, creating another front door to fuel our mobile growth.

DELIVERING THE BEST

T-Mobile for Business: Another Great Year

When it comes to enterprise-grade 5G solutions, T-Mobile for Business is delivering differentiated network experiences that set us apart. Through continued hands-on testing with major business customers we've proven the superior strength of our network, and as a result in 2021 we delivered win share well above our market share. Just to put that in perspective, as of year-end 2021, T-Mobile was already at a win share in Enterprise and Government that would get us to our targeted 20% market share by 2025. We already have revenue-generating 5G advanced network services in place with large enterprise businesses—including a large logistics company, as well as the federal government—and that will continue to serve as a growth engine for T-Mobile. We are just at the beginning of expanding our solutions and capabilities for large organizations, and we have lots of room to run!



CUSTOMER EXPERIENCES

Our Commitment to Taking Care of Customers

Putting customers first and treating them right is at the heart of who we are at T-Mobile—that will never change. As we work to help customers solve pain points through our unique and personalized Team of Experts (TEX) approach, our unstoppable Care team furthers our Un-carrier mission of being the best in the world at connecting customers to their world. This best-in-class service was recognized in 2021 by third parties like J.D. Power, with Metro by T-Mobile earning first place in the first half of 2021 in its segment for the 10th time and T-Mobile once again winning the top spot for the 9th consecutive award period and 23rd time overall! In 2021, we began expanding TEX to our Sprint customer base, ending the year with millions of Sprint customers getting a true TEX experience. We love our customers and the employees who support them every day—and it shows: our Customer Experience Centers won more than 20 Best Place to Work Awards last year alone!

USING OUR NETWORK, SCALE & RESOURCES FOR GOOD

Bridging the Digital Divide

In 2021, we also further extended our efforts to help bridge the digital divide by removing economic and geographic barriers to connectivity. By the end of 2021, Project 10Million—our $10.7B initiative that officially launched in 2020—had brought free or subsidized connectivity to nearly 1,500 school districts, and all in all we've connected ~3.2M students nationwide. Our 5G High Speed Internet is giving families a new option for affordable, reliable home broadband that's available to 30M homes nationwide, with millions of those in rural areas. In light of pandemic hardships, the Un-carrier launched T-Mobile Connect, its lowest-priced plan ever, and recently expanded our participation in the federal government's Affordable Connectivity Program (ACP) to Metro by T-Mobile in addition to ongoing support from Assurance Wireless.

Fostering Diversity, Equity and Inclusion

In early 2021, T-Mobile continued to evolve and expand our longstanding commitment to Diversity, Equity and Inclusion (DE&I) with the launch of our new Equity In Action plan. The plan is based on feedback from our employees, key external stakeholders and customers, and gives us a five-year DE&I plan and road map to lead by example, put people first and ensure that DE&I remains at the core of everything we do. As part of our Equity In Action plan, we invested millions in new programs for students entering Historically Black Colleges and Universities (HBCUs), the NextTech Diversity Program for career training and placement for thousands of underrepresented candidates, and Magenta Edge, a professional development resource for Black entrepreneurs and other people of color. T-Mobile also expanded its longstanding support of organizations that serve LGBTQ+ youth with a $1M donation to the Human Rights Campaign (HRC) Foundation's new financial and digital literacy initiatives. And for the ninth year in a row, T-Mobile was awarded a 100% score on the 2021 Human Rights Campaign Corporate Equality Index, recognizing that we've created one of the best places to work for LGBTQ+ employees.

Mobilizing for a Thriving Planet

2021 was a milestone year for the Un-carrier's environmental efforts. Back in 2018, T-Mobile was the first and only U.S. provider to create a plan to source 100% of our total electricity usage with renewable energy by the end of 2021. It was an ambitious goal we deeply believed in, and in one of our proudest moments, last year we achieved it—far ahead of our competitors, even as a historic merger expanded our electricity needs. In addition, T-Mobile has also led Green America's Wireless Scorecard three years in a row, and we received a top grade in the 2021 CDP Climate Change questionnaire.

2022
2022

ACCELERATING INTO A NEW UN-CARRIER ERA

2022
2022
2022
2022
2022
2022
2022

In 2021, T-Mobile has experienced our greatest momentum in company history. The investments we made and will make in the coming year will enable us to grow customer AND service revenues while further expanding in underpenetrated markets—all with a focus on solving customer pain points and further connecting them to their world. And as we take our network build to yet another level in 2022 and beyond, we'll keep using our scale and resources to change the rules of wireless for the benefit of customers and force the industry to follow. We're already setting a new standard for wireless, but this journey is just getting started. We are entering a new era of Un-carrier and no goal is too ambitious or transformative when you're focused on doing what's right for customers.

#WE WONT STOP

Record customer growth. Spectacular financial results. America's only stand-alone nationwide 5G network. T-Mobile did it all in 2021, thanks to our unwavering belief in our customer-centric Un-carrier brand. We're grateful to our employees and customers—and we look forward to bringing even more people along into this thrilling new era of the Un-carrier. Our path into the future couldn't be brighter.

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

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.

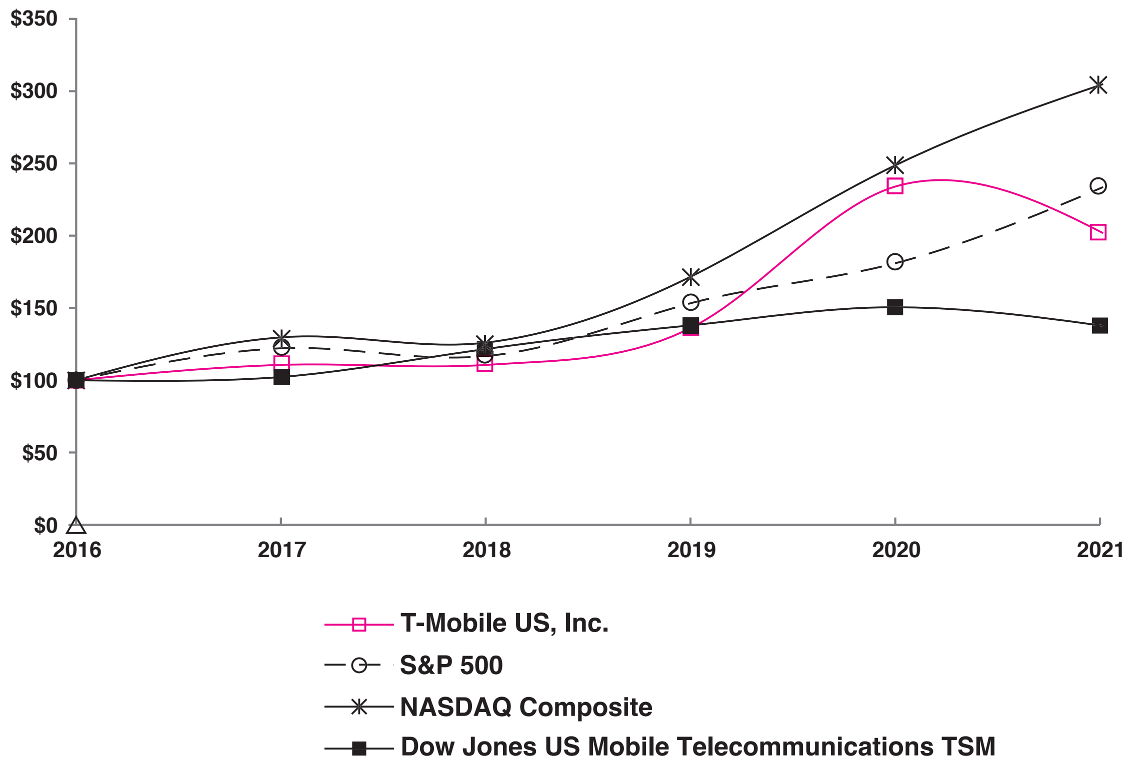
We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and indentures governing our long-term debt to affiliates and third parties contain covenants that, among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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among T-Mobile US, Inc., the S&P 500 Index, the NASDAQ Composite Index
and the Dow Jones US Mobile Telecommunications TSM Index



*$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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.

[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.

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.

Results of Operations

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

(in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	2021 Versus 2020 $ Change	2021 Versus 2020 % Change	2020 Versus 2019 $ Change	2020 Versus 2019 % 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

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.

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	—

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.

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.

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.

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").

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.

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.

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.

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.

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.

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.
Index for 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.

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.

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:

		December 31, 2021			December 31, 2020		
(in millions)	Useful Lives	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:

(in millions)	Level within the Fair Value Hierarchy	December 31, 2021		December 31, 2020	
		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.

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
Classified on the consolidated balance sheets as:		
Long-term debt	$ 67,076	$ 61,830
Long-term debt to affiliates	1,494	4,716
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.

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:

(in millions)	Year Ended December 31, 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:

(in millions)	Year Ended December 31, 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.

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:

	Year Ended December 31,	
(in millions)	2021	2020
Interest on projected benefit obligations	$ 61	$ 52
Expected return on pension plan assets	(56)	(45)
Net pension expense	$ 5	$ 7

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.

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:

	Year Ended December 31,		
(in millions)	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

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.

Note 15 – 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)	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:

	Year Ended December 31,		
	2021	2020	2019
Weighted-Average Remaining Lease Term (Years)			
Operating leases	9	10	6
Financing leases	3	3	3
Weighted-Average Discount Rate			
Operating leases	3.6 %	3.9 %	4.8 %
Financing leases	2.5 %	3.3 %	4.0 %

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:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Discount related to roaming expenses	$ (2)	$ (5)	$ (9)
Fees incurred for use of the T-Mobile brand	80	83	88
International long distance agreement	37	47	39

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.

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.

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.

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 TO EXHIBITS

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Date of Filing	Exhibit Number	Filed Herewith
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	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Date of Filing	Exhibit Number	Filed Herewith
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	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Date of Filing	Exhibit Number	Filed Herewith
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	

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

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	
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	

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Date of Filing	Exhibit Number	Filed Herewith
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 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

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Date of Filing	Exhibit Number	Filed Herewith
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	

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	Date of Filing	Exhibit Number	Filed Herewith
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

		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.

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 Christian P. Illek	Director

/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

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#WEWONTSTOP

SENIOR LEADERSHIP TEAM, DIRECTORS AND BOARD COMMITTEES*

SENIOR LEADERSHIP TEAM

Mike Sievert**
President
and Chief Executive Officer

Néstor Cano
Executive Vice President,
Integration and Transformation,
and Strategic Advisor to the CEO

Marcus East
Chief Digital Officer

Ulf Ewaldsson
Executive Vice President
and Chief Network Officer

Peter A. Ewens**
Executive Vice President,
Corporate Strategy and Development

Callie Field**
President,
Business Group

Jon Freier**
President,
Consumer Group

Janice V. Kapner
Executive Vice President
and Chief Communications Officer

Mike Katz**
Chief Marketing Officer

Brian King
Executive Vice President
and Chief Information Officer

Deeanne King**
Executive Vice President
and Chief Human Resources Officer

Susan Loosmore
Executive Vice President,
Financial Planning and Analysis

Mark W. Nelson**
Executive Vice President
and General Counsel

Peter Osvaldik**
Executive Vice President
and Chief Financial Officer

Neville Ray**
President of Technology

Abdul Saad
Executive Vice President
and Chief Technology Officer

John Saw
Executive Vice President,
Advanced and Emerging Technologies

DIRECTORS

Timotheus Höttges, Chair
Chief Executive Officer,
Deutsche Telekom AG

Marcelo Claure
Entrepreneur & Investor,
Former CEO, SoftBank Group
International

Srikant M. Datar
George F. Baker Professor of
Administration and Dean of the Faculty,
The Graduate School of Business
Administration at Harvard University

Bavan Holloway
Former Vice President, Corporate Audit,
The Boeing Company

Christian P. Illek
Chief Finance Officer,
Deutsche Telekom AG

Raphael Kübler
Senior Vice President of
the Corporate Operating Office,
Deutsche Telekom AG

Thorsten Langheim
Member of the Deutsche Telekom AG
Board of Management, USA
and Group Development

Dominique Leroy
Member of the Deutsche Telekom AG
Board of Management, Europe

Letitia A. Long
Rector, Virginia Tech Board of Visitors,
Chair of Board of Intelligence & National
Security Alliance

Mike Sievert
President and Chief Executive Officer,
T-Mobile US, Inc.

Teresa A. Taylor
Chief Executive Officer,
Blue Valley Advisors, LLC

Omar Tazi
Senior Vice President of Group
Innovation, Products, Design & Customer
Experience, and Global Partnerships
and Devices, Deutsche Telekom AG

Kelvin R. Westbrook
President and Chief Executive Officer,
KRW Advisors, LLC

Michael Wilkens
Senior Vice President
Group Controlling (FP&A),
Deutsche Telekom AG

BOARD COMMITTEES

Audit Committee
Srikant M. Datar (Chair)
Bavan Holloway
Teresa A. Taylor

Compensation Committee
Kelvin R. Westbrook (Chair)
Marcelo Claure
Christian P. Illek
Raphael Kübler
Michael Wilkens

Nominating and Corporate Governance Committee
Teresa A. Taylor (Chair)
Dominique Leroy
Letitia A. Long

Executive Committee
Timotheus Höttges (Chair)
Marcelo Claure
Christian P. Illek
Raphael Kübler
Thorsten Langheim
Mike Sievert

CEO Selection Committee
Timotheus Höttges (Chair)
Marcelo Claure
Christian P. Illek
Thorsten Langheim
Teresa A. Taylor

Transaction Committee
Thorsten Langheim (Chair)
Christian P. Illek
Kelvin R. Westbrook

STOCKHOLDER INFORMATION

Corporate Headquarters
12920 SE 38th St.
Bellevue, WA 98006
Phone: 1-800-318-9270

Website
www.T-Mobile.com

Transfer Agent
American Stock Transfer and Trust
Company, LLC
6201 15th Ave.
Brooklyn, NY 11219
Phone: 1-800-499-8410

Stock Exchange
T-Mobile US, Inc.
Common stock trades on the NASDAQ
Global Select Market

T-Mobile US, Investor Relations
3655 131st Ave. SE
Bellevue, WA 98006
investor.relations@T-Mobile.com

Annual Report
The 2021 Annual Report is available
online at investor.T-Mobile.com.
Stockholders may receive copies
without charge by contacting
Investor Relations.

*As of April 8, 2022
**Executive Officer