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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2019
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 1-33409

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Shares Outstanding as of October 23, 2019**
Common Stock, par value $0.00001 per share	855,574,798

T-Mobile US, Inc.
Form 10-Q
For the Quarter Ended September 30, 2019

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

T-Mobile US, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions, except share and per share amounts)	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 1,653	$ 1,203
Accounts receivable, net of allowances of $61 and $67	1,822	1,769
Equipment installment plan receivables, net	2,425	2,538
Accounts receivable from affiliates	20	11
Inventory	801	1,084
Other current assets	1,737	1,676
Total current assets	8,458	8,281
Property and equipment, net	22,098	23,359
Operating lease right-of-use assets	10,914	—
Financing lease right-of-use assets	2,855	—
Goodwill	1,930	1,901
Spectrum licenses	36,442	35,559
Other intangible assets, net	144	198
Equipment installment plan receivables due after one year, net	1,469	1,547
Other assets	1,799	1,623
Total assets	$ 86,109	$ 72,468
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,406	$ 7,741
Payables to affiliates	252	200
Short-term debt	475	841
Deferred revenue	608	698
Short-term operating lease liabilities	2,232	—
Short-term financing lease liabilities	1,013	—
Other current liabilities	1,883	787
Total current liabilities	12,869	10,267
Long-term debt	10,956	12,124
Long-term debt to affiliates	13,986	14,582
Tower obligations	2,241	2,557
Deferred tax liabilities	5,296	4,472
Operating lease liabilities	10,614	—
Financing lease liabilities	1,440	—
Deferred rent expense	—	2,781
Other long-term liabilities	936	967
Total long-term liabilities	45,469	37,483
Commitments and contingencies (Note 12)		
Stockholders' equity		
Common Stock, par value $0.00001 per share, 1,000,000,000 shares authorized; 857,072,063 and 851,675,119 shares issued, 855,557,671 and 850,180,317 shares outstanding	—	—
Additional paid-in capital	38,433	38,010
Treasury stock, at cost, 1,514,392 and 1,494,802 shares issued	(8)	(6)
Accumulated other comprehensive loss	(1,070)	(332)
Accumulated deficit	(9,584)	(12,954)
Total stockholders' equity	27,771	24,718
Total liabilities and stockholders' equity	$ 86,109	$ 72,468

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

Index for Notes to the Condensed Consolidated Financial Statements

T-Mobile US, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions, except share and per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenues				
Branded postpaid revenues	$ 5,746	$ 5,244	$ 16,852	$ 15,478
Branded prepaid revenues	2,385	2,395	7,150	7,199
Wholesale revenues	321	338	938	879
Roaming and other service revenues	131	89	346	247
Total service revenues	8,583	8,066	25,286	23,803
Equipment revenues	2,186	2,391	6,965	7,069
Other revenues	292	382	869	993
Total revenues	11,061	10,839	33,120	31,865
Operating expenses				
Cost of services, exclusive of depreciation and amortization shown separately below	1,733	1,586	4,928	4,705
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	2,704	2,862	8,381	8,479
Selling, general and administrative	3,498	3,314	10,483	9,663
Depreciation and amortization	1,655	1,637	4,840	4,846
Total operating expense	9,590	9,399	28,632	27,693
Operating income	1,471	1,440	4,488	4,172
Other income (expense)				
Interest expense	(184)	(194)	(545)	(641)
Interest expense to affiliates	(100)	(124)	(310)	(418)
Interest income	5	5	17	17
Other income (expense), net	3	3	(12)	(51)
Total other expense, net	(276)	(310)	(850)	(1,093)
Income before income taxes	1,195	1,130	3,638	3,079
Income tax expense	(325)	(335)	(921)	(831)
Net income	$ 870	$ 795	$ 2,717	$ 2,248
Net income	$ 870	$ 795	$ 2,717	$ 2,248
Other comprehensive loss, net of tax				
Unrealized loss on cash flow hedges, net of tax effect of $88, $0, $256, and $0	(257)	—	(738)	—
Other comprehensive loss	(257)	—	(738)	—
Total comprehensive income	$ 613	$ 795	$ 1,979	$ 2,248
Earnings per share				
Basic	$ 1.02	$ 0.94	$ 3.18	$ 2.65
Diluted	$ 1.01	$ 0.93	$ 3.15	$ 2.62
Weighted average shares outstanding				
Basic	854,578,241	847,087,120	853,391,370	849,960,290
Diluted	862,690,751	853,852,764	862,854,654	858,248,568

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

T-Mobile US, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating activities				
Net income	$ 870	$ 795	$ 2,717	$ 2,248
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	1,655	1,637	4,840	4,846
Stock-based compensation expense	126	115	366	324
Deferred income tax expense	294	284	849	762
Bad debt expense	74	80	218	209
Losses from sales of receivables	28	48	91	127
Deferred rent expense	—	10	—	21
Losses on redemption of debt	—	—	19	122
Changes in operating assets and liabilities				
Accounts receivable	(745)	(1,238)	(2,693)	(3,247)
Equipment installment plan receivables	(78)	(335)	(478)	(843)
Inventories	(36)	(115)	(139)	43
Operating lease right-of-use assets	491	—	1,395	—
Other current and long-term assets	(118)	(193)	(288)	(309)
Accounts payable and accrued liabilities	(395)	(265)	(339)	(1,372)
Short and long-term operating lease liabilities	(549)	—	(1,592)	—
Other current and long-term liabilities	42	39	136	(21)
Other, net	89	52	185	35
Net cash provided by operating activities	1,748	914	5,287	2,945
Investing activities				
Purchases of property and equipment, including capitalized interest of $118 and $101 and $361 and $246	(1,514)	(1,362)	(5,234)	(4,357)
Purchases of spectrum licenses and other intangible assets, including deposits	(13)	(22)	(863)	(101)
Proceeds related to beneficial interests in securitization transactions	900	1,338	2,896	3,956
Acquisition of companies, net of cash acquired	(31)	—	(31)	(338)
Other, net	1	4	(6)	30
Net cash used in investing activities	(657)	(42)	(3,238)	(810)
Financing activities				
Proceeds from issuance of long-term debt	—	—	—	2,494
Payments of consent fees related to long-term debt	—	—	—	(38)
Proceeds from borrowing on revolving credit facility	575	1,810	2,340	6,050
Repayments of revolving credit facility	(575)	(2,130)	(2,340)	(6,050)
Repayments of financing lease obligations	(235)	(181)	(550)	(508)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(300)	(246)	(300)	(246)
Repayments of long-term debt	—	—	(600)	(3,349)
Repurchases of common stock	—	—	—	(1,071)
Tax withholdings on share-based awards	(4)	(5)	(108)	(89)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(28)	(212)
Other, net	(4)	(6)	(13)	(6)
Net cash used in financing activities	(543)	(758)	(1,599)	(3,025)
Change in cash and cash equivalents	548	114	450	(890)
Cash and cash equivalents				
Beginning of period	1,105	215	1,203	1,219
End of period	$ 1,653	$ 329	$ 1,653	$ 329
Supplemental disclosure of cash flow information				
Interest payments, net of amounts capitalized	$ 327	$ 366	$ 912	$ 1,303
Operating lease payments [1]	703	—	2,094	—
Income tax payments	5	29	77	40
Noncash investing and financing activities				
Noncash beneficial interest obtained in exchange for securitized receivables	$ 1,734	$ 1,263	$ 4,862	$ 3,596
(Decrease) increase in accounts payable for purchases of property and equipment	(460)	78	(906)	(672)
Leased devices transferred from inventory to property and equipment	298	229	612	813
Returned leased devices transferred from property and equipment to inventory	(65)	(74)	(189)	(246)
Short-term debt assumed for financing of property and equipment	475	—	775	291
Operating lease right-of-use assets obtained in exchange for lease obligations	989	—	3,083	—
Financing lease right-of-use assets obtained in exchange for lease obligations	395	133	943	451

(1) On January 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," which requires certain supplemental cash flow disclosures. Where these disclosures or a comparable figure were not required under the former lease standard, we have not retrospectively presented historical amounts. See Note 1 – Summary of Significant Accounting Policies for additional details.

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

T-Mobile US, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(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 June 30, 2019	854,452,642	$ (8)	$ 38,242	$ (813)	$ (10,454)	$ 26,967
Net income	—	—	—	—	870	870
Other comprehensive loss	—	—	—	(257)	—	(257)
Stock-based compensation	—	—	140	—	—	140
Exercise of stock options	19,619	—	—	—	—	—
Stock issued for employee stock purchase plan	955,849	—	55	—	—	55
Issuance of vested restricted stock units	179,155	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(53,349)	—	(4)	—	—	(4)
Distribution from NQDC plan	3,755	—	—	—	—	—
Balance as of September 30, 2019	855,557,671	$ (8)	$ 38,433	$ (1,070)	$ (9,584)	$ 27,771
Balance as of December 31, 2018	850,180,317	$ (6)	$ 38,010	$ (332)	$ (12,954)	$ 24,718
Net income	—	—	—	—	2,717	2,717
Other comprehensive loss	—	—	—	(738)	—	(738)
Stock-based compensation	—	—	404	—	—	404
Exercise of stock options	70,754	—	1	—	—	1
Stock issued for employee stock purchase plan	2,091,650	—	124	—	—	124
Issuance of vested restricted stock units	4,729,270	—	—	—	—	—
Forfeiture of restricted stock awards	(20,769)	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(1,474,011)	—	(108)	—	—	(108)
Transfer RSU from NQDC plan	(19,540)	(2)	2	—	—	—
Prior year retained earnings	—	—	—	—	653	653
Balance as of September 30, 2019	855,557,671	$ (8)	$ 38,433	$ (1,070)	$ (9,584)	$ 27,771

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

T-Mobile US, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(in millions, except shares)	Common Stock Outstanding	Treasury Shares at Cost	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance as of June 30, 2018	847,225,746	$ (7)	$ 37,786	$ —	$ (14,389)	$ 23,390
Net income	—	—	—	—	795	795
Stock-based compensation	—	—	127	—	—	127
Exercise of stock options	36,973	—	—	—	—	—
Stock issued for employee stock purchase plan	942,475	—	48	—	—	48
Issuance of vested restricted stock units	251,953	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(77,323)	—	(5)	—	—	(5)
Distribution from NQDC plan	855	—	—	—	—	—
Balance as of September 30, 2018	848,380,679	$ (7)	$ 37,956	$ —	$ (13,594)	$ 24,355
Balance as of December 31, 2017	859,406,651	$ (4)	$ 38,629	$ 8	$ (16,074)	$ 22,559
Net income	—	—	—	—	2,248	2,248
Stock-based compensation	—	—	361	—	—	361
Exercise of stock options	174,514	—	3	—	—	3
Stock issued for employee stock purchase plan	2,011,970	—	103	—	—	103
Issuance of vested restricted stock units	4,707,512	—	—	—	—	—
Issuance of restricted stock awards	354,459	—	—	—	—	—
Shares withheld related to net share settlement of stock awards and stock options	(1,481,129)	—	(89)	—	—	(89)
Repurchases of common stock	(16,738,758)	—	(1,054)	—	—	(1,054)
Transfer RSU from NQDC plan	(54,540)	(3)	3	—	—	—
Prior year retained earnings	—	—	—	(8)	232	224
Balance as of September 30, 2018	848,380,679	$ (7)	$ 37,956	$ —	$ (13,594)	$ 24,355

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

T-Mobile US, Inc.
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T-Mobile US, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements of T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or "the Company") include all adjustments of a normal recurring nature necessary for the fair presentation of the results for the interim periods presented. The results for the interim periods are not necessarily indicative of those for the full year. The condensed consolidated financial statements should be read in conjunction with our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

The condensed consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities ("VIE") where we are deemed to be the primary beneficiary and VIEs which cannot be deconsolidated, such as those related to Tower obligations (Tower obligations are included in VIEs related to the 2012 Tower Transaction. See Note 8 - Tower Obligations for further information). Intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with United States ("U.S.") generally accepted accounting principles ("GAAP") requires our management to make estimates and assumptions which affect the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which our management believes are reasonable under the circumstances. These estimates are inherently subject to judgment and actual results could differ from those estimates.

Accounting Pronouncements Adopted During the Current Year

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," and has since modified the standard with several ASUs (collectively, the "new lease standard"). The new lease standard is effective for us, and we adopted the standard, on January 1, 2019.

We adopted the standard by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application and as a result did not restate the prior periods presented in the Condensed Consolidated Financial Statements.

The new lease standard provides for a number of optional practical expedients in transition. We did not elect the "package of practical expedients" and as a result reassessed under the new lease standard our prior accounting conclusions about lease identification, lease classification and initial direct costs. We elected to use hindsight for determining the reasonably certain lease term. We did not elect the practical expedient pertaining to land easements as it is not applicable to us.

The new lease standard provides practical expedients and policy elections for an entity's ongoing accounting. Generally, we elected the practical expedient to not separate lease and non-lease components in arrangements whereby we are the lessee. For arrangements in which we are lessor we did not elect this practical expedient. We did not elect the short-term lease recognition exemption, which includes the recognition of right-of-use assets and lease liabilities for existing short-term leases at transition. We have also applied this election to all active leases at transition.

The most significant judgments and impacts upon adoption of the standard include the following:

- In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained or transferred substantially all of the rights to the underlying asset through exclusivity, if we can or if we have transferred the ability to direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights.

- We recognized right-of-use assets and operating lease liabilities for operating leases that have not previously been recorded. The lease liability for operating leases is based on the net present value of future minimum lease payments.

The right-of-use asset for operating leases is based on the lease liability adjusted for the reclassification of certain balance sheet amounts such as prepaid rent and deferred rent, which we remeasured at adoption due to the application of hindsight to our lease term estimates. Deferred and prepaid rent will no longer be presented separately.

- Capital lease assets previously included within Property and equipment, net were reclassified to financing lease right-of-use assets, and capital lease liabilities previously included in Short-term debt and Long-term debt were reclassified to financing lease liabilities in our Condensed Consolidated Balance Sheet.

- Certain line items in the Condensed Consolidated Statements of Cash Flows and the "Supplemental disclosure of cash flow information" have been renamed to align with the new terminology presented in the new lease standard; "Repayment of capital lease obligations" is now presented as "Repayments of financing lease obligations" and "Assets acquired under capital lease obligations" is now presented as "Financing lease right-of-use assets obtained in exchange for lease obligations." In the "Operating Activities" section of the Condensed Consolidated Statements of Cash Flows we have added "Operating lease right-of-use assets" and "Short and long-term operating lease liabilities" which represent the change in the operating lease asset and liability, respectively. Additionally, in the "Supplemental disclosure of cash flow information" section of the Condensed Consolidated Statements of Cash Flows we have added "Operating lease payments," and in the "Noncash investing and financing activities" section we have added "Operating lease right-of-use assets obtained in exchange for lease obligations."

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

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

- We elected the use of hindsight whereby we applied current lease term assumptions that are applied to new leases in determining the expected lease term period for all cell sites. Upon adoption of the new lease standard and application of hindsight, our expected lease term has shortened to reflect payments due for the initial non-cancelable lease term only. This assessment corresponds to our lease term assessment for new leases and aligns with the payments that have been disclosed as lease commitments in prior years. As a result, the average remaining lease term for cell sites has decreased from approximately nine to five years based on lease contracts in effect at transition on January 1, 2019. The aggregate impact of using hindsight is an estimated decrease in Total operating expense of $240 million in fiscal year 2019.

- We were also required to reassess the previously failed sale-leasebacks of certain T-Mobile-owned wireless communication tower sites and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized.

    - We concluded that a sale has not occurred for the 6,200 tower sites transferred to Crown Castle International Corp. ("CCI") pursuant to a master prepaid lease arrangement; therefore, these sites will continue to be accounted for as failed sale-leasebacks.

    - We concluded that a sale should be recognized for the 900 tower sites transferred to CCI pursuant to the sale of a subsidiary and for the 500 tower sites transferred to Phoenix Tower International ("PTI"). Upon adoption on January 1, 2019, we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these 1,400 previously failed sale-leaseback tower sites and recognized a lease liability and right-of-use asset for the leaseback of the tower sites. The estimated impacts from the change in accounting conclusion are primarily a decrease in Other revenues of $44 million and a decrease in Interest expense of $34 million in fiscal year 2019.

- Rental revenues and expenses associated with co-location tower sites are presented on a net basis under the new lease standard. These revenues and expenses were presented on a gross basis under the former lease standard.

Including the impacts from a change in the accounting conclusion on the 1,400 previously failed sale-leaseback tower sites, the cumulative effect of initially applying the new lease standard on January 1, 2019 is as follows:

	January 1, 2019		
(in millions)	Beginning Balance	Cumulative Effect Adjustment	Beginning Balance, As Adjusted
Assets			
Other current assets	$ 1,676	$ (78)	$ 1,598
Property and equipment, net	23,359	(2,339)	21,020
Operating lease right-of-use assets	—	9,251	9,251
Financing lease right-of-use assets	—	2,271	2,271
Other intangible assets, net	198	(12)	186
Other assets	1,623	(71)	1,552
Liabilities and Stockholders' Equity			
Accounts payable and accrued liabilities	7,741	(65)	7,676
Other current liabilities	787	28	815
Short-term and long-term debt	12,965	(2,015)	10,950
Tower obligations	2,557	(345)	2,212
Deferred tax liabilities	4,472	231	4,703
Deferred rent expense	2,781	(2,781)	—
Short-term and long-term operating lease liabilities	—	11,364	11,364
Short-term and long-term financing lease liabilities	—	2,016	2,016
Other long-term liabilities	967	(64)	903
Accumulated deficit	$ (12,954)	$ 653	$ (12,301)

Including the impacts from the change in the accounting conclusion on the 1,400 previously failed sale-leaseback tower sites and the change in presentation on the income statement of the 6,200 tower sites for which a sale did not occur, the cumulative effects of initially applying the new lease standard for the year ended December 31, 2019 are estimated as follows:

- The aggregate impact is a decrease in Other revenues of $185 million, a decrease in Total operating expenses of $380 million, a decrease in Interest expense of $34 million and an increase to Net income of $175 million.

- The expected impact on our Condensed Consolidated Statements of Cash Flows is a decrease in Net cash provided by operating activities of $10 million and a decrease in Net cash used in financing activities of $10 million.

For arrangements where we are the lessor, including arrangements to lease devices to our service customers, the adoption of the new lease standard did not have a material impact on our financial statements as these leases are classified as operating leases.

Device lease payments are presented as Equipment revenues and recognized as earned on a straight-line basis over the lease term. Recognition of equipment revenue on lease contracts that are determined to not be probable of collection are limited to the amount of payments received. We have made an accounting policy election to exclude from the consideration in the contract all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer (for example, sales, use, value added, and some excise taxes).

At operating lease inception, leased wireless devices are transferred from Inventory to Property and equipment, net. Leased wireless devices are depreciated to their estimated residual value over the period expected to provide utility to us, which is generally shorter than the lease term and considers expected losses. Returned devices transferred from Property and equipment, net, are recorded as Inventory and are valued at the lower of cost or market with any write-down to market recognized as Cost of equipment sales in our Consolidated Statements of Comprehensive Income.

We do not have any leasing transactions with related parties. See Note 11 - Leases for further information.

We have implemented significant new lease accounting systems, processes and internal controls over lease accounting to assist us in the application of the new lease standard.

Accounting Pronouncements Not Yet Adopted

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," and has since modified the standard with several ASUs (collectively, the "new credit loss standard"). The new credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The new credit loss standard will become effective for us beginning January 1, 2020, and will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach).

We will adopt the new credit loss standard on January 1, 2020, and will recognize lifetime expected credit losses at the inception of our credit risk exposures whereas we currently recognize credit losses only when it is probable that they have been incurred. We will also recognize expected credit losses on our EIP receivables, excluding consideration of any unamortized discount on those receivables. We currently offset our estimate of probable losses on our equipment installment plan ("EIP") receivables by the amount of the related unamortized discounts on those receivables. We have developed an expected credit loss model and are refining the inputs including the forward-looking loss indicators. The estimated impact of the new credit loss standard on our receivables portfolio as of September 30, 2019, would be an increase to our allowance for credit losses of $70 million to $90 million, an increase to deferred tax assets of approximately $20 million and an increase to Accumulated deficit of $50 million to $70 million.

Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract." The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard will become effective for us beginning January 1, 2020, and can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We are currently evaluating the impact this guidance will have on our Consolidated Financial Statements. We will adopt the standard on January 1, 2020.

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

Note 2 - Significant Transactions

Business Combinations

Proposed Sprint Transaction

On April 29, 2018, we entered into a Business Combination Agreement (as amended, the "Business Combination Agreement") to merge with Sprint Corporation ("Sprint"). See Note 3 - Business Combinations for further information.

Acquisition

In July 2019, we completed our acquisition of a mobile marketing company for cash consideration of $32 million. See Note 3 - Business Combinations for further information.

Sales of Certain Receivables

In February 2019, the service receivable sale arrangement was amended to extend the scheduled expiration date, as well as extend certain third-party credit support under the arrangement, to March 2021.

Note Redemption

Effective April 28, 2019, we redeemed $600 million aggregate principal amount of our 9.332% Senior Reset Notes due 2023 (the "DT Senior Reset Notes") held by Deutsche Telekom AG ("DT"), our majority stockholder. The notes were redeemed at a redemption price equal to 104.666% of the principal amount of the notes (plus accrued and unpaid interest thereon) and were paid on April 29, 2019. The redemption premium was $28 million during the three months ended June 30, 2019 and was included in Other income (expense), net in our Condensed Consolidated Statements of Comprehensive Income and in Cash payments for debt prepayment or debt extinguishment costs in our Condensed Consolidated Statements of Cash Flows**.**

Certain components of the reset features were required to be bifurcated from the DT Senior Reset Notes and were separately accounted for as embedded derivatives. The write-off of embedded derivatives upon redemption resulted in a gain of $11 million during the three months ended June 30, 2019 and was included in Other income (expense), net in our Condensed Consolidated Statements of Comprehensive Income. See Note 7 - Fair Value Measurements for further information.

Note 3 – Business Combinations

Proposed Sprint Transactions

On April 29, 2018, we entered into a Business Combination Agreement to merge with Sprint in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock (the "Merger"). The combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to rapidly launch a broad and deep nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Neither T-Mobile nor Sprint on its own could generate comparable benefits to consumers.

The Merger and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions") have been approved by the boards of directors of T-Mobile and Sprint and the required approvals of the stockholders of each of T-Mobile and Sprint have been obtained. Immediately following the Merger, it is anticipated that DT and SoftBank Group Corp. ("SoftBank") will hold, directly or indirectly, on a fully diluted basis, approximately 41.7% and 27.4%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 30.9% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2018.

In connection with the entry into the Business Combination Agreement, T-Mobile USA, Inc. ("T-Mobile USA") entered into a commitment letter, dated as of April 29, 2018 (as amended and restated on May 15, 2018, the "Commitment Letter"). On September 6, 2019, T-Mobile USA amended and restated the Commitment Letter which (i) reduced the commitments under the secured term loan facility from $7 billion to $4 billion and (ii) extended the commitments thereunder through May 1, 2020. The funding of the debt facilities provided for in the Commitment Letter is subject to the satisfaction of the conditions set forth therein, including consummation of the Merger. The proceeds of the debt financing provided for in the Commitment Letter will be used to refinance certain existing debt of us, Sprint and our and Sprint's respective subsidiaries and for post-closing working capital needs of the combined company. We will incur certain fees on the secured term loan facility beginning on November 1, 2019. We expect to incur certain additional fees in connection with the financing provided for in the Commitment Letter, if the Merger is consummated. There were no fees accrued as of September 30, 2019.

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a financing matters agreement, dated as of April 29, 2018, pursuant to which DT agreed, among other things, to consent to the incurrence by T-Mobile USA of secured debt in connection with and after the consummation of the Merger. If the Merger is consummated, we will make payments for requisite consents to DT. There were no consent payments accrued as of September 30, 2019.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018, we obtained consents necessary to effect certain amendments to certain existing debt of us and our subsidiaries. If the Merger is consummated, we will make payments for requisite consents to third-party note holders. There were no consent payments accrued as of September 30, 2019.

Under the terms of the Business Combination Agreement, Sprint may be required to reimburse us for 33% of the upfront consent and related bank fees we paid, or $14 million, if the Business Combination Agreement is terminated. There were no reimbursements accrued as of September 30, 2019. On May 18, 2018, Sprint also obtained consents necessary to effect certain amendments to certain existing debt of Sprint and its subsidiaries. Under the terms of the Business Combination Agreement, we may also be required to reimburse Sprint for 67% of the upfront consent and related bank fees it paid, or $162 million, if the Business Combination Agreement is terminated. There were no fees accrued as of September 30, 2019.

We recognized merger-related costs of $159 million and $53 million for the three months ended September 30, 2019 and 2018, respectively, and $494 million and $94 million for the nine months ended September 30, 2019 and 2018, respectively. These costs generally included consulting and legal fees and were recognized as Selling, general and administrative expenses in our Condensed Consolidated Statements of Comprehensive Income.

The consummation of the Transactions remains subject to regulatory approvals and certain other customary closing conditions. We now expect the Merger will be permitted to close in early 2020. The Business Combination Agreement contains certain termination rights for both Sprint and us. If we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to specified minimum credit ratings for the combined company on the closing date of the Merger (after giving effect to the Merger) from at least two of the three credit rating agencies, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million.

On June 18, 2018, we filed the Public Interest Statement and applications for approval of the Merger with the Federal Communications Commission ("FCC"). On July 18, 2018, the FCC issued a Public Notice formally accepting our applications and establishing a period for public comment. On May 20, 2019, to facilitate the FCC's review and approval of the FCC license transfers associated with the proposed Merger, we and Sprint filed with the FCC a written *ex parte* presentation (the "Presentation") relating to the proposed Merger. The Presentation included proposed commitments from us and Sprint. Following the Presentation, we received statements of support for the Merger by the FCC Chairman Ajit Pai and Commissioners Carr and O'Rielly. The Federal Communications Commission voted to approve the Merger on October 16, 2019.

On June 11, 2019, a number of state attorneys general filed a lawsuit against us, DT, Sprint, and SoftBank Group Corp. in the U.S. District Court for the Southern District of New York, alleging that the Merger, if consummated, would violate Section 7 of the Clayton Act and so should be enjoined. After it was filed, several additional states joined the lawsuit. Of the states that joined the lawsuit, two have subsequently withdrawn from the suit having resolved their concerns with the Merger. Discovery in the lawsuit is ongoing, and the court has set a trial date of December 9, 2019. We believe the plaintiffs' claims are without merit, and we intend to defend the lawsuit vigorously.

On July 26, 2019, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Sprint and DISH Network Corporation ("DISH"). We and Sprint are collectively referred to as the "Sellers." Pursuant to the Asset Purchase Agreement, upon the terms and subject to the conditions thereof, following the consummation of the Merger, DISH will acquire Sprint's prepaid wireless business, currently operated under the Boost Mobile, Virgin Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Telecommunications Company and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business"), and will assume certain related liabilities (the "Prepaid Transaction"). DISH will pay the Sellers $1.4 billion for the Prepaid Business, subject to a working capital adjustment. The consummation of the Prepaid Transaction is subject to the consummation of the Merger and other customary closing conditions.

At the closing of the Prepaid Transaction, the Sellers and DISH will enter into (i) a License Purchase Agreement pursuant to which (a) the Sellers will sell certain 800 MHz spectrum licenses held by Sprint to DISH for a total of approximately $3.6 billion in a transaction to be completed, subject to certain additional closing conditions, following an application for FCC approval to be filed three years following the closing of the Merger and (b) the Sellers will have the option to lease back from DISH, as needed, a portion of the spectrum sold for an additional two years following the closing of the spectrum sale transaction, (ii) a Transition Services Agreement providing for the Sellers' provision of transition services to DISH in connection with the Prepaid Business for a period of up to three years following the closing of the Prepaid Transaction, (iii) a Master Network Services Agreement providing for the Sellers' provision of network services to customers of the Prepaid Business for a period of up to seven years following the closing of the Prepaid Transaction, and (iv) an Option to Acquire Tower and Retail Assets offering DISH the option to acquire certain decommissioned towers and retail locations from the Sellers, subject to obtaining all necessary third-party consents, for a period of up to five years following the closing of the Prepaid Transaction.

On July 26, 2019, in connection with the entry into the Asset Purchase Agreement, we and the other parties to the Business Combination Agreement entered into Amendment No. 1 (the "Amendment") to the Business Combination Agreement. The Amendment extends the Outside Date (as defined in the Business Combination Agreement) to November 1, 2019, or, if the Marketing Period (as defined in the Business Combination Agreement) has started and is in effect at such date, then January 2, 2020. The Amendment also provides that the closing of the Merger will occur on the first business day of the first month (other than the third month of any calendar quarter) where such first business day is at least three business days following the satisfaction or waiver of all of the conditions to the closing of the Merger, or, if the Marketing Period has not ended at the time

of such satisfaction or waiver, the closing shall occur on the earlier of (a) any date during or after the Marketing Period specified by T-Mobile (subject to the consent of Sprint to the extent such date falls after the Outside Date) or (b) the first business day of the first month (other than the third month of any calendar quarter) where such first business day is at least three business days following the final day of the Marketing Period. The Amendment also modifies the Business Combination Agreement so as to limit the actions the parties may be required to undertake or agree to in order to obtain any remaining governmental consents or avoid an action or proceeding by any governmental entity in connection with the Transactions, recognizing the substantial undertakings already agreed to by the parties, including the transactions contemplated by the Asset Purchase Agreement.

On July 26, 2019, the U.S. Department of Justice (the "DOJ") filed a complaint and a proposed final judgment (the "Proposed Consent Decree") agreed to by us, DT, Sprint, SoftBank and DISH with the U.S. District Court for the District of Columbia. The Proposed Consent Decree would fully resolve DOJ's investigation into the Merger and would require the parties to, among other things, carry out the divestitures to be made pursuant to the Asset Purchase Agreement described above upon closing of the Merger. The Proposed Consent Decree is subject to judicial approval.

The consummation of the Merger remains subject to regulatory approvals and certain other customary closing conditions. We now expect the Merger will be permitted to close in early 2020.

Acquisition

In July 2019, we completed our acquisition of a mobile marketing company, for cash consideration of $32 million. Upon closing of the transaction, the acquired company became a wholly-owned consolidated subsidiary to T-Mobile. We recorded Goodwill of approximately $29 million, calculated as the excess of the purchase price paid over the fair value of net assets acquired. The acquired goodwill was allocated to our wireless reporting unit and will be tested for impairment at this level.

The assets acquired and liabilities assumed were not material to our Condensed Consolidated Balance Sheets. The financial results from the acquisition closing date through September 30, 2019 were not material to our Condensed Consolidated Statements of Comprehensive Income. The acquisition was not material to our prior period consolidated results on a pro forma basis.

Note 4 – Receivables and Allowance for Credit Losses

Our portfolio of receivables is comprised of two portfolio segments: accounts receivable and EIP receivables. Our accounts receivable segment primarily consists of amounts currently due from customers, including service and leased device receivables, other carriers and third-party retail channels.

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

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

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

(in millions)	**September 30, 2019**	**December 31, 2018**
EIP receivables, gross	$ 4,289	$ 4,534
Unamortized imputed discount	(294)	(330)
EIP receivables, net of unamortized imputed discount	3,995	4,204
Allowance for credit losses	(101)	(119)
EIP receivables, net	$ 3,894	$ 4,085
Classified on the balance sheet as:		
Equipment installment plan receivables, net	$ 2,425	$ 2,538
Equipment installment plan receivables due after one year, net	1,469	1,547
EIP receivables, net	$ 3,894	$ 4,085

To determine the appropriate level of the allowance for credit losses, we consider a number of credit quality factors, including historical credit losses and timely payment experience as well as current collection trends such as write-off frequency and severity, aging of the receivable portfolio, credit quality of the customer base and other qualitative factors such as macro-economic conditions.

We write off account balances if collection efforts are unsuccessful and the receivable balance is deemed uncollectible, based on customer credit quality and the aging of the receivable.

For EIP receivables, subsequent to the initial determination of the imputed discount, we assess the need for and, if necessary, recognize an allowance for credit losses to the extent the amount of estimated probable losses on the gross EIP receivable balances exceed the remaining unamortized imputed discount balances.

The EIP receivables had weighted average effective imputed interest rates of 9.2% and 10.0% as of September 30, 2019, and December 31, 2018, respectively.

Activity for the nine months ended September 30, 2019 and 2018, in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

	September 30, 2019			September 30, 2018		
(in millions)	Accounts Receivable Allowance	EIP Receivables Allowance	Total	Accounts Receivable Allowance	EIP Receivables Allowance	Total
Allowance for credit losses and imputed discount, beginning of period	$ 67	$ 449	$ 516	$ 86	$ 396	$ 482
Bad debt expense	51	167	218	46	163	209
Write-offs, net of recoveries	(57)	(185)	(242)	(62)	(179)	(241)
Change in imputed discount on short-term and long-term EIP receivables	N/A	91	91	N/A	155	155
Impact on the imputed discount from sales of EIP receivables	N/A	(127)	(127)	N/A	(146)	(146)
Allowance for credit losses and imputed discount, end of period	$ 61	$ 395	$ 456	$ 70	$ 389	$ 459

Management considers the aging of receivables to be an important credit indicator. The following table provides delinquency status for the unpaid principal balance for receivables within the EIP portfolio segment, which we actively monitor as part of our current credit risk management practices and policies:

	September 30, 2019			December 31, 2018		
(in millions)	Prime	Subprime	Total EIP Receivables, gross	Prime	Subprime	Total EIP Receivables, gross
Current - 30 days past due	$ 2,178	$ 2,021	$ 4,199	$ 1,987	$ 2,446	$ 4,433
31 - 60 days past due	13	26	39	15	32	47
61 - 90 days past due	6	17	23	6	19	25
More than 90 days past due	7	21	28	7	22	29
Total receivables, gross	$ 2,204	$ 2,085	$ 4,289	$ 2,015	$ 2,519	$ 4,534

Note 5 – Sales of Certain Receivables

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

Sales of Service Accounts Receivable

Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis (the "service receivable sale arrangement"). The maximum funding commitment of the service receivable sale arrangement is $950 million. In February 2019, the service receivable sale arrangement was amended to extend the scheduled expiration date, as well as certain third-party credit support under the arrangement, to March 2021. As of September 30, 2019 and December 31, 2018, the service receivable sale arrangement provided funding of $950 million and $774 million, respectively. Sales of receivables occur daily

and are settled on a monthly basis. The receivables consist of service charges currently due from customers and are short-term in nature.

In connection with the service receivable sale arrangement, we formed a wholly-owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the "Service BRE"). The Service BRE does not qualify as a VIE, and due to the significant level of control we exercise over the entity, it is consolidated. Pursuant to the service receivable sale arrangement, certain of our wholly-owned subsidiaries transfer selected receivables to the Service BRE. The Service BRE then sells the receivables to an unaffiliated entity (the "Service VIE"), which was established to facilitate the sale of beneficial ownership interests in the receivables to certain third parties.

Variable Interest Entity

We determined that the Service VIE qualifies as a VIE as it lacks sufficient equity to finance its activities. We have a variable interest in the Service VIE but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Service VIE's economic performance. Those activities include committing the Service VIE to legal agreements to purchase or sell assets, selecting which receivables are purchased in the service receivable sale arrangement, determining whether the Service VIE will sell interests in the purchased service receivables to other parties, funding of the entity and servicing of receivables. We do not hold the power to direct the key decisions underlying these activities. For example, while we act as the servicer of the sold receivables, which is considered a significant activity of the Service VIE, we are acting as an agent in our capacity as the servicer and the counterparty to the service receivable sale arrangement has the ability to remove us as the servicing agent of the receivables at will with no recourse available to us. As we have determined we are not the primary beneficiary, the balances and results of the Service VIE are not included in our condensed consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Condensed Consolidated Balance Sheets that relate to our variable interest in the Service VIE:

(in millions)	September 30, 2019	December 31, 2018
Other current assets	$ 352	$ 339
Accounts payable and accrued liabilities	1	59
Other current liabilities	275	149

Sales of EIP Receivables

Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP accounts receivable on a revolving basis (the "EIP sale arrangement"). The maximum funding commitment of the EIP sale arrangement is $1.3 billion, and the scheduled expiration date is November 2020.

As of both September 30, 2019 and December 31, 2018, the EIP sale arrangement provided funding of $1.3 billion. Sales of EIP receivables occur daily and are settled on a monthly basis.

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

Variable Interest Entity

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

The following table summarizes the carrying amounts and classification of assets, which consists primarily of the deferred purchase price and liabilities included in our Condensed Consolidated Balance Sheets that relate to the EIP BRE:

(in millions)	September 30, 2019	December 31, 2018
Other current assets	$ 347	$ 321
Other assets	85	88
Other long-term liabilities	21	22

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

Sales of Receivables

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

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

The deferred purchase price represents a financial asset that is primarily tied to the creditworthiness of the customers and which can be settled in such a way that we may not recover substantially all of our recorded investment, due to default by the customers on the underlying receivables. We elected, at inception, to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expense in our Condensed Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily unobservable inputs (Level 3 inputs), including customer default rates. As of September 30, 2019, and December 31, 2018, our deferred purchase price related to the sales of service receivables and EIP receivables was $782 million and $746 million, respectively.

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

(in millions)	September 30, 2019	December 31, 2018
Derecognized net service receivables and EIP receivables	$ 2,664	$ 2,577
Other current assets	699	660
of which, deferred purchase price	*698*	*658*
Other long-term assets	85	88
of which, deferred purchase price	*85*	*88*
Accounts payable and accrued liabilities	1	59
Other current liabilities	275	149
Other long-term liabilities	21	22
Net cash proceeds since inception	1,953	1,879
Of which:		
Change in net cash proceeds during the year-to-date period	74	(179)
Net cash proceeds funded by reinvested collections	1,879	2,058

We recognized losses from sales of receivables, including adjustments to the receivables' fair values and changes in fair value of the deferred purchase price, of $28 million and $48 million for the three months ended September 30, 2019 and 2018, respectively, and $91 million and $127 million for the nine months ended September 30, 2019 and 2018, respectively, in Selling, general and administrative expense in our Condensed Consolidated Statements of Comprehensive Income.

Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service receivables and EIP receivables we sell as we service the receivables and are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where write-off is imminent. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. While servicing the receivables, we apply the same policies and procedures to the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers. Pursuant to the EIP sale arrangement, under certain circumstances, we are required to deposit cash or replacement EIP receivables primarily for contracts terminated by customers under our JUMP! Program.

In addition, we have continuing involvement with the sold receivables as we may be responsible for absorbing additional credit losses pursuant to the sale arrangements. Our maximum exposure to loss related to the involvement with the service receivables and EIP receivables sold under the sale arrangements was $1.2 billion as of September 30, 2019. The maximum exposure to loss, which is a required disclosure under U.S. GAAP, represents an estimated loss that would be incurred under severe, hypothetical circumstances whereby we would not receive the deferred purchase price portion of the contractual proceeds withheld by the purchasers and would also be required to repurchase the maximum amount of receivables pursuant to the sale arrangements without consideration for any recovery. We believe the probability of these circumstances occurring is remote and the maximum exposure to loss is not an indication of our expected loss.

Note 6 – Spectrum License Transactions

Spectrum Licenses

The following table summarizes our spectrum license activity for the nine months ended September 30, 2019:

(in millions)	2019
Balance at December 31, 2018	$ 35,559
Spectrum license acquisitions	857
Spectrum licenses transferred to held for sale	—
Costs to clear spectrum	26
Balance at September 30, 2019	$ 36,442

The following is a summary of significant spectrum transactions for the nine months ended September 30, 2019:

Millimeter Wave Spectrum Auctions

In June 2019, the FCC announced that we were the winning bidder of 2,211 licenses in the 24 GHz and 28 GHz spectrum auction for an aggregate price of $842 million.

At the inception of the 28 GHz spectrum auction in October 2018, we deposited $20 million with the FCC. Upon conclusion of the 28 GHz spectrum auction in February 2019, we made an additional payment of $19 million for the purchase price of licenses won in the auction.

At the inception of the 24 GHz spectrum auction in February 2019, we deposited $147 million with the FCC. Upon conclusion of the 24 GHz spectrum auction in June 2019, we made an additional payment of $656 million for the purchase price of licenses won in the auction.

The licenses are included in Spectrum licenses as of September 30, 2019, in our Condensed Consolidated Balance Sheets. Cash payments to acquire spectrum licenses and payments for costs to clear spectrum are included in Purchases of spectrum licenses and other intangible assets, including deposits in our Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2019.

Note 7 – Fair Value Measurements

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts receivable from affiliates, Accounts payable and accrued liabilities, and borrowings under our revolving credit facility with DT, our majority stockholder, approximate fair value due to the short-term maturities of these instruments.

Derivative Financial Instruments

Interest rate lock derivatives

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

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

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of interest rate lock derivatives was a liability of $1.4 billion and $447 million as of September 30, 2019 and December 31, 2018, respectively, and were included in Other current liabilities in our Condensed Consolidated Balance Sheets. As of and for the three and nine months ended September 30, 2019, no amounts were accrued or amortized into Interest expense in the Condensed Consolidated Statements of Comprehensive Income. Aggregate changes in fair value, net of tax, of $1.1 billion and $332 million are presented in Accumulated other comprehensive loss as of September 30, 2019, and December 31, 2018, respectively.

The interest rate lock derivatives will be settled upon the earlier of the issuance of fixed-rate debt or the current mandatory termination date of December 3, 2019. We expect to extend the mandatory termination date, at which time we may elect to provide cash collateral up to the fair value of the derivatives on the effective date. If we provide any such cash collateral to any of our derivative counterparties, we will begin making (or receiving), depending on daily market movements, variation margin payments to (or from) such derivative counterparties. Upon settlement of the interest rate lock derivatives, we will receive, or make, a cash payment in the amount of the fair value of the cash flow hedge as of the settlement date. There were no cash payments or receipts associated with these derivatives for the three and nine months ended September 30, 2019.

Embedded derivatives

Effective April 28, 2019, we redeemed $600 million aggregate principal amount of our 9.332% Senior Reset Notes due 2023 held by DT. The notes were redeemed at a redemption price equal to 104.666% of the principal amount of the notes (plus accrued and unpaid interest thereon) and were paid on April 29, 2019. The write-off of embedded derivatives upon redemption of the DT Senior Reset Notes resulted in a gain of $11 million during the three months ended June 30, 2019 and was included in Other income (expense), net in our Condensed Consolidated Statements of Comprehensive Income.

Deferred Purchase Price Assets

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See Note 5 – Sales of Certain Receivables for further information.

The carrying amounts and fair values of our assets measured at fair value on a recurring basis included in our Condensed Consolidated Balance Sheets were as follows:

(in millions)	Level within the Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Deferred purchase price assets	3	$ 782	$ 782	$ 746	$ 746

Long-term Debt

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

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates, Incremental Term Loan Facility to affiliates and Senior Reset Notes to affiliates. The fair value estimates were based on information available as of September 30, 2019, and December 31, 2018. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.

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

(in millions)	Level within the Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:					
Senior Notes to third parties	1	$ 10,956	$ 11,506	$ 10,950	$ 10,945
Senior Notes to affiliates	2	9,986	10,384	9,984	9,802
Incremental Term Loan Facility to affiliates	2	4,000	4,000	4,000	3,976
Senior Reset Notes to affiliates	2	—	—	598	640

Guarantee Liabilities

We offer a device trade-in program, JUMP!, which provides eligible customers a specified-price trade-in right to upgrade their device. For customers who enroll in JUMP!, we recognize a liability and reduce revenue for the portion of revenue which represents the estimated fair value of the specified-price trade-in right guarantee, incorporating the expected probability and timing of handset upgrade and the estimated fair value of the handset which is returned. Accordingly, our guarantee liabilities were classified as Level 3 within the fair value hierarchy. When customers upgrade their device, the difference between the EIP balance credit to the customer and the fair value of the returned device is recorded against the guarantee liabilities. Guarantee liabilities are included in Other current liabilities in our Condensed Consolidated Balance Sheets.

The carrying amounts of our guarantee liabilities measured at fair value on a non-recurring basis included in our Condensed Consolidated Balance Sheets were $65 million and $73 million as of September 30, 2019, and December 31, 2018, respectively.

The total estimated remaining gross EIP receivable balances of all enrolled handset upgrade program customers, which are the remaining EIP amounts underlying the JUMP! guarantee, including EIP receivables that have been sold, was $2.9 billion as of September 30, 2019. This is not an indication of our expected loss exposure as it does not consider the expected fair value of the used handset or the probability and timing of the trade-in.

Note 8 – Tower Obligations

In 2012, we conveyed to CCI the exclusive right to manage and operate approximately 7,100 T-Mobile-owned wireless communication tower sites in exchange for net proceeds of $2.5 billion (the “2012 Tower Transaction”). Rights to approximately 6,200 of the tower sites were transferred to CCI via a master prepaid lease with site lease terms ranging from 23 to 37 years (“CCI Lease Sites”), while the remaining tower sites were sold to CCI (“CCI Sales Sites”). CCI has fixed-price purchase options for the CCI Lease Sites totaling approximately $2.0 billion, exercisable at the end of the lease term. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

In 2015, we conveyed to PTI the exclusive right to manage and operate certain T-Mobile-owned wireless communication tower sites (“PTI Sales Sites”) in exchange for net proceeds of approximately $140 million (the “2015 Tower Transaction”). As of

September 30, 2019, rights to approximately 150 of the tower sites remain operated by PTI under a management agreement. We lease back space at certain tower sites for an initial term of ten years, followed by optional renewals at customary terms.

Assets and liabilities associated with the operation of the tower sites were transferred to special purpose entities ("SPEs"). Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants, who lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs. Upon closing of the 2012 Tower Transaction, CCI acquired all of the equity interests in the SPE containing CCI Sales Sites and an option to acquire the CCI Lease Sites at the end of their respective lease terms and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites. Upon closing of the 2015 Tower Transaction, PTI acquired all of the equity interests in the SPEs containing PTI Sales Sites and entered into a master lease agreement under which we agreed to lease back space at certain of the tower sites.

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

Due to our continuing involvement with the tower sites, we previously determined that we were precluded from applying sale-leaseback accounting. We recorded long-term financial obligations in the amount of the net proceeds received and recognized interest on the tower obligations at a rate of approximately 8% for the 2012 Tower Transaction and 5% for the 2015 Tower Transaction using the effective interest method. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI or PTI and through net cash flows generated and retained by CCI or PTI from operation of the tower sites. Our historical tower site asset costs continue to be reported in Property and equipment, net in our Condensed Consolidated Balance Sheets and are depreciated.

Upon adoption of the new leasing standard we were required to reassess the previously failed sale-leasebacks and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized. We concluded that a sale has not occurred for the CCI Lease Sites and these sites continue to be accounted for as a failed sale-leaseback. We concluded that a sale had occurred for the CCI Sales Sites and the PTI Sales Sites and therefore we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these sites as part of the cumulative effect adjustment on January 1, 2019.

The following table summarizes the balances of the failed sale-leasebacks in the Condensed Consolidated Balance Sheets:

(in millions)	September 30, 2019	December 31, 2018
Property and equipment, net	$ 211	$ 329
Tower obligations	2,241	2,557

Future minimum payments related to the tower obligations are approximately $158 million for the year ending September 30, 2020, $315 million in total for the years ending September 30, 2021 and 2022, $315 million in total for years ending September 30, 2023 and 2024, and $498 million in total for years thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites. These contingent obligations are not included in Operating lease liabilities as any amount due is contractually owed by CCI based on the subleasing arrangement. See Note 11 - Leases for further information.

Note 9 – Revenue from Contracts with Customers

Disaggregation of Revenue

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

- Branded postpaid customers generally include customers who are qualified to pay after receiving wireless communication services utilizing phones, wearables, DIGITS, or connected devices which includes tablets and SyncUP DRIVE™;

- Branded prepaid customers generally include customers who pay for wireless communication services in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile; and
- Wholesale customers include Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers that operate on our network but are managed by wholesale partners.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2019**	**2018**	**2019**	**2018**
Branded postpaid service revenues				
Branded postpaid phone revenues	$ 5,400	$ 4,955	$ 15,870	$ 14,658
Branded postpaid other revenues	346	289	982	820
Total branded postpaid service revenues	$ 5,746	$ 5,244	$ 16,852	$ 15,478

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2019**	**2018**	**2019**	**2018**
Equipment revenues from the lease of mobile communication devices	$ 142	$ 176	$ 446	$ 524

Contract Balances

The opening and closing balances of our contract asset and contract liability balances from contracts with customers as of December 31, 2018 and September 30, 2019, were as follows:

(in millions)	**Contract Assets**	**Contract Liabilities**
Balance as of December 31, 2018	$ 51	$ 645
Balance as of September 30, 2019	55	550
Change	$ 4	$ (95)

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 $44 million and $51 million as of September 30, 2019 and December 31, 2018, respectively, was included in Other current assets in our Condensed Consolidated Balance Sheets.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. The change in contract liabilities is primarily related to the migration of customers to unlimited rate plans. Contract liabilities are included in Deferred revenue in our Condensed Consolidated Balance Sheets.

Revenues for the three and nine months ended September 30, 2019 and 2018, include the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2019**	**2018**	**2019**	**2018**
Amounts included in the beginning of year contract liability balance	$ 39	$ 23	$ 642	$ 582

Remaining Performance Obligations

As of September 30, 2019, the aggregate amount of transaction price allocated to remaining service performance obligations for branded postpaid contracts with promotional bill credits that result in an extended service contract is $229 million. We expect to recognize this revenue as service is provided over the extended contract term in the next 24 months.

Certain of our wholesale, roaming and other service contracts include variable consideration based on usage. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of September 30, 2019, the aggregate amount of the contractual minimum consideration for wholesale, roaming and other service contracts is $336 million, $1.2 billion and $1.6 billion for 2019, 2020 and 2021 and beyond, respectively. These contracts have a remaining duration of less than one to eleven years.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less have been excluded from the above, which primarily consists of monthly service contracts. The aggregate amount of the transaction price allocated to remaining performance obligations includes the estimated amount to be invoiced to the customer.

Contract Costs

The total balance of deferred incremental costs to obtain contracts as of September 30, 2019, was $831 million compared to $644 million as of December 31, 2018. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs was $162 million and $79 million for the three months ended September 30, 2019 and 2018, respectively, and $415 million and $171 million for the nine months ended September 30, 2019 and 2018, respectively.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the three and nine months ended September 30, 2019 and 2018.

Note 10 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except shares and per share amounts)	**2019**	**2018**	**2019**	**2018**
Net income	$ 870	$ 795	$ 2,717	$ 2,248
Weighted average shares outstanding - basic	854,578,241	847,087,120	853,391,370	849,960,290
Effect of dilutive securities:				
Outstanding stock options and unvested stock awards	8,112,510	6,765,644	9,463,284	8,288,278
Weighted average shares outstanding - diluted	862,690,751	853,852,764	862,854,654	858,248,568
Earnings per share - basic	$ 1.02	$ 0.94	$ 3.18	$ 2.65
Earnings per share - diluted	$ 1.01	$ 0.93	$ 3.15	$ 2.62
Potentially dilutive securities:				
Outstanding stock options and unvested stock awards	241	537,810	30,314	779,644

As of September 30, 2019, we had authorized 100 million shares of preferred stock, with a par value of $0.00001 per share. There was no preferred stock outstanding as of September 30, 2019 and 2018.

Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

Note 11 - Leases

Leases (Topic 842) Disclosures

Lessee

We are lessee for non-cancellable operating and finance leases for cell sites, switch sites, retail stores and office facilities with contractual terms through 2029. The majority of cell site leases have an initial non-cancelable term of five to ten years with several renewal options that can extend the lease term from five to thirty-five years. In addition, we have finance leases for network equipment that generally have a non-cancelable lease term of two to five years; the finance leases do not have renewal options and contain a bargain purchase option at the end of the lease.

The components of lease expense were as follows:

(in millions)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease expense	$ 657	$ 1,893
Financing lease expense:		
Amortization of right-of-use assets	146	376
Interest on lease liabilities	21	61
Total financing lease expense	167	437
Variable lease expense	62	185
Total lease expense	$ 886	$ 2,515

Information relating to the lease term and discount rate is as follows:

	September 30, 2019
Weighted Average Remaining Lease Term (Years)	
Operating leases	6
Financing leases	3
Weighted Average Discount Rate	
Operating leases	4.9%
Financing leases	4.3%

Maturities of lease liabilities as of September 30, 2019, were as follows:

(in millions)	Operating Leases	Finance Leases
Twelve Months Ending September 30,		
2020	$ 2,716	$ 1,073
2021	2,557	764
2022	2,311	467
2023	1,905	102
2024	1,602	75
Thereafter	4,009	131
Total lease payments	$ 15,100	$ 2,612
Less imputed interest	2,254	159
Total	$ 12,846	$ 2,453

Interest payments for financing leases for the three and nine months ended September 30, 2019, were $20 million and $61 million, respectively.

As of September 30, 2019, we have additional operating leases for cell sites and commercial properties that have not yet commenced with lease payments of approximately $315 million.

As of September 30, 2019, we were contingently liable for future ground lease payments related to the tower obligations. These contingent obligations are not included in the above table as the amounts owed are contractually owed by CCI based on the subleasing arrangement. See Note 8 - Tower Obligations for further information.

Lessor

JUMP! On Demand allows customers to lease a device (handset or tablet) over a period of 18 months and upgrade it for a new device up to one time per month. Upon device upgrade or at lease end, customers must return or purchase their device. The purchase price at the expiration of the lease is established at lease commencement and reflects the estimated residual value of the device, which reflects the estimated fair value of the underlying asset at the end of the lease term. The JUMP! On Demand leases do not contain any residual value guarantees or variable lease payments, and there are no restrictions or covenants imposed by these leases. Leased wireless devices are included in Property and equipment, net in our Condensed Consolidated Balance Sheets.

The components of leased wireless devices under our JUMP! On Demand program were as follows:

(in millions)	September 30, 2019	December 31, 2018
Leased wireless devices, gross	$ 1,033	$ 1,159
Accumulated depreciation	(490)	(622)
Leased wireless devices, net	$ 543	$ 537

For equipment revenues from the lease of mobile communication devices, see Note 9 - Revenue from Contracts with Customers.

Future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Twelve Months Ending September 30,	
2020	$ 350
2021	73
Total	$ 423

Leases (Topic 840) Disclosures

On January 1, 2019, we adopted the new lease standard using a modified-retrospective approach by recognizing and measuring leases at the adoption date with a cumulative effect of initially applying the guidance recognized at the date of initial application and did not restate the prior periods presented in our Consolidated Financial Statements. As such, prior periods presented in our Consolidated Financial Statements continue to be in accordance with the former lease standard, Topic 840 Leases. See Note 1 - Summary of Significant Accounting Policies for further information.

Operating Leases

Under the previous lease standard, we had non-cancellable operating leases for cell sites, switch sites, retail stores and office facilities. As of December 31, 2018, these leases had contractual terms expiring through 2028, with the majority of cell site leases having an initial non-cancelable term of five to ten years with several renewal options. In addition, we had operating leases for dedicated transportation lines with varying expiration terms through 2027.

Our commitments under leases existing as of December 31, 2018 were approximately $2.7 billion for the year ending December 31, 2019, $4.7 billion in total for the years ending December 31, 2020 and 2021, $3.3 billion in total for the years ending December 31, 2022 and 2023 and $3.8 billion in total for years thereafter.

Total rent expense under operating leases, including dedicated transportation lines, was $759 million and $2.3 billion for the three and nine months ended September 30, 2018, and was classified as Cost of services and Selling, general and administrative expense in our Condensed Consolidated Statements of Comprehensive Income.

Lessor

As of December 31, 2018, the future minimum payments expected to be received over the lease term related to the leased wireless devices, which exclude optional residual buy-out amounts at the end of the lease term, are summarized below:

(in millions)	Total
Year Ended December 31,	
2019	$ 419
2020	59
Total	$ 478

Capital Leases

Within property and equipment, wireless communication systems include capital lease agreements for network equipment with varying expiration terms through 2033. Capital lease assets and accumulated amortization were $3.1 billion and $867 million as of December 31, 2018.

As of December 31, 2018, the future minimum payments required under capital leases, including interest and maintenance, over their remaining terms are summarized below:

(in millions)	Future Minimum Payments
Year Ended December 31,	
2019	$ 909
2020	631
2021	389
2022	102
2023	66
Thereafter	106
Total	$ 2,203
Included in Total	
Interest	$ 143
Maintenance	45

Note 12 – Commitments and Contingencies

Purchase Commitments

We have commitments for non-dedicated transportation lines with varying expiration terms through 2035. In addition, we have commitments to purchase and lease spectrum licenses, wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

Our purchase obligations are approximately $4.2 billion for the year ending September 30, 2020, $3.2 billion in total for the years ending September 30, 2021 and 2022, $1.8 billion in total for the years ending September 30, 2023 and 2024 and $1.5 billion in total for the years thereafter.

In September 2018, we signed a reciprocal long-term spectrum lease with Sprint. The lease includes an offsetting amount to be received from Sprint for the lease of our spectrum. Lease payments began in the fourth quarter of 2018. The minimum commitment under this lease as of September 30, 2019, is $495 million. The reciprocal long-term lease is a distinct transaction from the Merger.

Under the previous lease standard certain of our network backhaul arrangements were accounted for as operating leases. Obligations under these agreements were included within our operating lease commitments as of December 31, 2018.

These agreements no longer qualify as leases under the new lease standard. Our commitments under these agreements as of September 30, 2019, were approximately $152 million for the year ending September 30, 2020, $250 million in total for the years ended September 30, 2021 and 2022, $166 million in total for the years ended September 30, 2023 and 2024, and $204 million in total for years thereafter.

Interest rate lock derivatives

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. These interest rate lock derivatives were designated as cash flow hedges to reduce variability in cash flows due to changes in interest payments attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. The fair value of interest rate lock derivatives as of September 30, 2019, was a liability of $1.4 billion and is included in Other current liabilities in our Condensed Consolidated Balance Sheets. See Note 7 – Fair Value Measurements for further information.

Renewable Energy Purchase Agreements

In April 2019, T-Mobile USA entered into a Renewable Energy Purchase Agreement ("REPA") with a third party that is based on the expected operation of a solar photovoltaic electrical generation facility located in Texas and will remain in effect until the fifteenth anniversary of the facility's entry into commercial operation. Commercial operation of the facility is expected to occur in July 2021. The REPA consists of an energy forward agreement that is net settled based on energy prices and the energy output generated by the facility. We have determined that the REPA does not meet the definition of a derivative because the expected energy output of the facility may not be reliably estimated (the arrangement lacks a notional amount). The REPA does not contain any unconditional purchase obligations because amounts under the agreement are not fixed and determinable. Our participation in the REPA did not require an upfront investment or capital commitment. We do not control the activities that most significantly impact the energy-generating facility, nor do we direct the use of, or receive specific energy output from, the facility.

Contingencies and Litigation

Litigation Matters

We are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings ("Litigation Matters") that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC rules and regulations. The Litigation Matters described above have progressed to various stages and some of them may proceed to trial, arbitration, hearing or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate, which is reflected in the Consolidated Financial Statements but that is not considered to be, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including but not limited to uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. While we do not expect that the ultimate resolution of these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, an unfavorable outcome of some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

Note 13 – Guarantor Financial Information

Pursuant to the applicable indentures and supplemental indentures, the long-term debt to affiliates and third parties issued by T-Mobile USA ("Issuer") is fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile ("Parent") and certain of the Issuer's 100% owned subsidiaries ("Guarantor Subsidiaries").

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The indentures and credit facilities governing the long-term debt contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of,

substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt restrict the ability of the Issuer to loan funds or make payments to Parent. However, the Issuer and Guarantor Subsidiaries are allowed to make certain permitted payments to the Parent under the terms of the indentures and the supplemental indentures.

On October 23, 2018, SLMA LLC was formed as a limited liability company in Delaware to serve as an escrow subsidiary to facilitate the contemplated issuance of notes by Parent in connection with the Transactions. SLMA LLC is an indirect, 100% owned finance subsidiary of Parent, as such term is used in Rule 3-10(b) of Regulation S-X, and has been designated as an unrestricted subsidiary under the Issuer's existing debt securities. Any debt securities that may be issued from time to time by SLMA LLC will be fully and unconditionally guaranteed by Parent.

In September 2019, certain Non-Guarantor Subsidiaries became Guarantor Subsidiaries. Certain prior period amounts have been reclassified to conform to the current period's presentation.

Presented below is the condensed consolidating financial information as of September 30, 2019 and December 31, 2018, and for the three and nine months ended September 30, 2019 and 2018.

Condensed Consolidating Balance Sheet Information
September 30, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 5	$ 1	$ 1,539	$ 108	$ —	$ 1,653
Accounts receivable, net	—	—	1,524	298	—	1,822
Equipment installment plan receivables, net	—	—	2,425	—	—	2,425
Accounts receivable from affiliates	—	5	20	—	(5)	20
Inventory	—	—	801	—	—	801
Other current assets	—	—	1,042	695	—	1,737
Total current assets	5	6	7,351	1,101	(5)	8,458
Property and equipment, net [1]	—	—	21,891	207	—	22,098
Operating lease right-of-use assets	—	—	10,914	—	—	10,914
Financing lease right-of-use assets	—	—	2,855	—	—	2,855
Goodwill	—	—	1,930	—	—	1,930
Spectrum licenses	—	—	36,442	—	—	36,442
Other intangible assets, net	—	—	144	—	—	144
Investments in subsidiaries, net	27,946	50,500	—	—	(78,446)	—
Intercompany receivables and note receivables	—	4,603	—	—	(4,603)	—
Equipment installment plan receivables due after one year, net	—	—	1,469	—	—	1,469
Other assets	—	9	1,720	210	(140)	1,799
Total assets	$ 27,951	$ 55,118	$ 84,716	$ 1,518	$ (83,194)	$ 86,109
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 136	$ 6,005	$ 265	$ —	$ 6,406
Payables to affiliates	—	177	80	—	(5)	252
Short-term debt	—	475	—	—	—	475
Deferred revenue	—	—	608	—	—	608
Short-term operating lease liabilities	—	—	2,232	—	—	2,232
Short-term financing lease liabilities	—	—	1,013	—	—	1,013
Other current liabilities	—	1,442	145	296	—	1,883
Total current liabilities	—	2,230	10,083	561	(5)	12,869
Long-term debt	—	10,956	—	—	—	10,956
Long-term debt to affiliates	—	13,986	—	—	—	13,986
Tower obligations [1]	—	—	75	2,166	—	2,241
Deferred tax liabilities	—	—	5,436	—	(140)	5,296
Operating lease liabilities	—	—	10,614	—	—	10,614
Financing lease liabilities	—	—	1,440	—	—	1,440
Negative carrying value of subsidiaries, net	—	—	787	—	(787)	—
Intercompany payables and debt	180	—	4,075	348	(4,603)	—
Other long-term liabilities	—	—	915	21	—	936
Total long-term liabilities	180	24,942	23,342	2,535	(5,530)	45,469
Total stockholders' equity (deficit)	27,771	27,946	51,291	(1,578)	(77,659)	27,771
Total liabilities and stockholders' equity	$ 27,951	$ 55,118	$ 84,716	$ 1,518	$ (83,194)	$ 86,109

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 8 – Tower Obligations for further information.

Condensed Consolidating Balance Sheet Information
December 31, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$ 2	$ 1	$ 1,082	$ 118	$ —	$ 1,203
Accounts receivable, net	—	—	1,510	259	—	1,769
Equipment installment plan receivables, net	—	—	2,538	—	—	2,538
Accounts receivable from affiliates	—	—	11	—	—	11
Inventory	—	—	1,084	—	—	1,084
Other current assets	—	—	1,032	644	—	1,676
Total current assets	2	1	7,257	1,021	—	8,281
Property and equipment, net [1]	—	—	23,113	246	—	23,359
Goodwill	—	—	1,901	—	—	1,901
Spectrum licenses	—	—	35,559	—	—	35,559
Other intangible assets, net	—	—	198	—	—	198
Investments in subsidiaries, net	25,314	46,516	—	—	(71,830)	—
Intercompany receivables and note receivables	—	5,174	—	—	(5,174)	—
Equipment installment plan receivables due after one year, net	—	—	1,547	—	—	1,547
Other assets	—	7	1,540	217	(141)	1,623
Total assets	$ 25,316	$ 51,698	$ 71,115	$ 1,484	$ (77,145)	$ 72,468
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ —	$ 228	$ 7,263	$ 250	$ —	$ 7,741
Payables to affiliates	—	157	43	—	—	200
Short-term debt	—	—	841	—	—	841
Deferred revenue	—	—	698	—	—	698
Other current liabilities	—	447	164	176	—	787
Total current liabilities	—	832	9,009	426	—	10,267
Long-term debt	—	10,950	1,174	—	—	12,124
Long-term debt to affiliates	—	14,582	—	—	—	14,582
Tower obligations [1]	—	—	384	2,173	—	2,557
Deferred tax liabilities	—	—	4,613	—	(141)	4,472
Deferred rent expense	—	—	2,781	—	—	2,781
Negative carrying value of subsidiaries, net	—	—	676	—	(676)	—
Intercompany payables and debt	598	—	4,258	318	(5,174)	—
Other long-term liabilities	—	20	926	21	—	967
Total long-term liabilities	598	25,552	14,812	2,512	(5,991)	37,483
Total stockholders' equity (deficit)	24,718	25,314	47,294	(1,454)	(71,154)	24,718
Total liabilities and stockholders' equity	$ 25,316	$ 51,698	$ 71,115	$ 1,484	$ (77,145)	$ 72,468

(1) Assets and liabilities for Non-Guarantor Subsidiaries are primarily included in VIEs related to the 2012 Tower Transaction. See Note 8 – Tower Obligations for further information.

Condensed Consolidating Statement of Comprehensive Income Information
Three Months Ended September 30, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 8,149	$ 775	$ (341)	$ 8,583
Equipment revenues	—	—	2,237	2	(53)	2,186
Other revenues	—	3	279	51	(41)	292
Total revenues	—	3	10,665	828	(435)	11,061
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	1,760	—	(27)	1,733
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	2,440	317	(53)	2,704
Selling, general and administrative	—	1	3,601	251	(355)	3,498
Depreciation and amortization	—	—	1,642	13	—	1,655
Total operating expense	—	1	9,443	581	(435)	9,590
Operating income	—	2	1,222	247	—	1,471
Other income (expense)						
Interest expense	—	(111)	(28)	(45)	—	(184)
Interest expense to affiliates	—	(100)	(5)	—	5	(100)
Interest income	—	6	3	1	(5)	5
Other (expense) income, net	—	(1)	5	(1)	—	3
Total other expense, net	—	(206)	(25)	(45)	—	(276)
Income (loss) before income taxes	—	(204)	1,197	202	—	1,195
Income tax expense	—	—	(281)	(44)	—	(325)
Earnings of subsidiaries	870	1,074	9	—	(1,953)	—
Net income	$ 870	$ 870	$ 925	$ 158	$ (1,953)	$ 870
Net income	$ 870	$ 870	$ 925	$ 158	$ (1,953)	$ 870
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	(257)	(257)	88	—	169	(257)
Total comprehensive income	$ 613	$ 613	$ 1,013	$ 158	$ (1,784)	$ 613

Condensed Consolidating Statement of Comprehensive Income Information
Three Months Ended September 30, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 7,738	$ 562	$ (234)	$ 8,066
Equipment revenues	—	—	2,444	—	(53)	2,391
Other revenues	—	6	333	59	(16)	382
Total revenues	—	6	10,515	621	(303)	10,839
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	1,580	6	—	1,586
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	2,657	258	(53)	2,862
Selling, general and administrative	—	2	3,337	225	(250)	3,314
Depreciation and amortization	—	—	1,621	16	—	1,637
Total operating expenses	—	2	9,195	505	(303)	9,399
Operating income	—	4	1,320	116	—	1,440
Other income (expense)						
Interest expense	—	(117)	(29)	(48)	—	(194)
Interest expense to affiliates	—	(124)	(5)	—	5	(124)
Interest income	—	5	5	—	(5)	5
Other income (expense), net	—	—	4	(1)	—	3
Total other expense, net	—	(236)	(25)	(49)	—	(310)
Income (loss) before income taxes	—	(232)	1,295	67	—	1,130
Income tax expense	—	—	(320)	(15)	—	(335)
Earnings of subsidiaries	795	1,027	8	—	(1,830)	—
Net income	$ 795	$ 795	$ 983	$ 52	$ (1,830)	$ 795
Net income	$ 795	$ 795	$ 983	$ 52	$ (1,830)	$ 795
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	—	—	—	—	—	—
Total comprehensive income	$ 795	$ 795	$ 983	$ 52	$ (1,830)	$ 795

Condensed Consolidating Statement of Comprehensive Income Information
Nine Months Ended September 30, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 24,004	$ 2,270	$ (988)	$ 25,286
Equipment revenues	—	—	7,128	3	(166)	6,965
Other revenues	—	12	828	152	(123)	869
Total revenues	—	12	31,960	2,425	(1,277)	33,120
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	5,011	—	(83)	4,928
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	7,657	890	(166)	8,381
Selling, general and administrative	—	2	10,759	750	(1,028)	10,483
Depreciation and amortization	—	—	4,800	40	—	4,840
Total operating expense	—	2	28,227	1,680	(1,277)	28,632
Operating income	—	10	3,733	745	—	4,488
Other income (expense)						
Interest expense	—	(337)	(69)	(139)	—	(545)
Interest expense to affiliates	—	(311)	(14)	—	15	(310)
Interest income	—	16	13	3	(15)	17
Other (expense) income, net	—	(12)	1	(1)	—	(12)
Total other expense, net	—	(644)	(69)	(137)	—	(850)
Income (loss) before income taxes	—	(634)	3,664	608	—	3,638
Income tax expense	—	—	(792)	(129)	—	(921)
Earnings of subsidiaries	2,717	3,351	26	—	(6,094)	—
Net income	$ 2,717	$ 2,717	$ 2,898	$ 479	$ (6,094)	$ 2,717
Net income	$ 2,717	$ 2,717	$ 2,898	$ 479	$ (6,094)	$ 2,717
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	(738)	(738)	256	—	482	(738)
Total comprehensive income	$ 1,979	$ 1,979	$ 3,154	$ 479	$ (5,612)	$ 1,979

Condensed Consolidating Statement of Comprehensive Income Information
Nine Months Ended September 30, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Revenues						
Service revenues	$ —	$ —	$ 22,836	$ 1,651	$ (684)	$ 23,803
Equipment revenues	—	—	7,222	—	(153)	7,069
Other revenues	—	9	849	169	(34)	993
Total revenues	—	9	30,907	1,820	(871)	31,865
Operating expenses						
Cost of services, exclusive of depreciation and amortization shown separately below	—	—	4,688	17	—	4,705
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	—	—	7,877	756	(154)	8,479
Selling, general and administrative	—	8	9,729	643	(717)	9,663
Depreciation and amortization	—	—	4,797	49	—	4,846
Total operating expenses	—	8	27,091	1,465	(871)	27,693
Operating income	—	1	3,816	355	—	4,172
Other income (expense)						
Interest expense	—	(411)	(86)	(144)	—	(641)
Interest expense to affiliates	—	(419)	(14)	—	15	(418)
Interest income	—	17	14	1	(15)	17
Other (expense) income, net	—	(91)	41	(1)	—	(51)
Total other expense, net	—	(904)	(45)	(144)	—	(1,093)
Income (loss) before income taxes	—	(903)	3,771	211	—	3,079
Income tax expense	—	—	(786)	(45)	—	(831)
Earnings of subsidiaries	2,248	3,151	25	—	(5,424)	—
Net income	$ 2,248	$ 2,248	$ 3,010	$ 166	$ (5,424)	$ 2,248
Net income	$ 2,248	$ 2,248	$ 3,010	$ 166	$ (5,424)	$ 2,248
Other comprehensive (loss) income, net of tax						
Other comprehensive (loss) income, net of tax	—	—	—	—	—	—
Total comprehensive income	$ 2,248	$ 2,248	$ 3,010	$ 166	$ (5,424)	$ 2,248

Condensed Consolidating Statement of Cash Flows Information
Three Months Ended September 30, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (219)	$ 2,880	$ (743)	$ (170)	$ 1,748
Investing activities						
Purchases of property and equipment	—	—	(1,514)	—	—	(1,514)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(13)	—	—	(13)
Proceeds related to beneficial interests in securitization transactions	—	—	10	890	—	900
Acquisition of companies, net of cash acquired	—	(32)	1	—	—	(31)
Other, net	—	(2)	3	—	—	1
Net cash (used in) provided by investing activities	—	(34)	(1,513)	890	—	(657)
Financing activities						
Proceeds from borrowing on revolving credit facility, net	—	575	—	—	—	575
Repayments of revolving credit facility	—	—	(575)	—	—	(575)
Repayments of financing lease obligations	—	—	(235)	—	—	(235)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Intercompany advances, net	1	(323)	320	2	—	—
Tax withholdings on share-based awards	—	—	(4)	—	—	(4)
Intercompany dividend paid	—	—	—	(170)	170	—
Other, net	—	—	(4)	—	—	(4)
Net cash provided (used in) by financing activities	1	252	(798)	(168)	170	(543)
Change in cash and cash equivalents	1	(1)	569	(21)	—	548
Cash and cash equivalents						
Beginning of period	4	2	970	129	—	1,105
End of period	$ 5	$ 1	$ 1,539	$ 108	$ —	$ 1,653

Condensed Consolidating Statement of Cash Flows Information
Three Months Ended September 30, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (429)	$ 2,685	$ (1,292)	$ (50)	$ 914
Investing activities						
Purchases of property and equipment	—	—	(1,360)	(2)	—	(1,362)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(22)	—	—	(22)
Proceeds related to beneficial interests in securitization transactions	—	—	12	1,326	—	1,338
Equity investment in subsidiary	—	—	(17)	—	17	—
Other, net	—	—	4	—	—	4
Net cash (used in) provided by investing activities	—	—	(1,383)	1,324	17	(42)
Financing activities						
Proceeds from borrowing on revolving credit facility, net	—	1,810	—	—	—	1,810
Repayments of revolving credit facility	—	—	(2,130)	—	—	(2,130)
Repayments of financing lease obligations	—	—	(181)	—	—	(181)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(246)	—	—	(246)
Intercompany advances, net	—	(1,383)	1,358	25	—	—
Equity investment from parent	—	—	17	—	(17)	—
Tax withholdings on share-based awards	—	—	(5)	—	—	(5)
Intercompany dividend paid	—	—	—	(50)	50	—
Other, net	1	—	(7)	—	—	(6)
Net cash provided (used in) by financing activities	1	427	(1,194)	(25)	33	(758)
Change in cash and cash equivalents	1	(2)	108	7	—	114
Cash and cash equivalents						
Beginning of period	1	3	165	46	—	215
End of period	$ 2	$ 1	$ 273	$ 53	$ —	$ 329

Condensed Consolidating Statement of Cash Flows Information
Nine Months Ended September 30, 2019

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (591)	$ 8,739	$ (2,396)	$ (465)	$ 5,287
Investing activities						
Purchases of property and equipment	—	—	(5,234)	—	—	(5,234)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(863)	—	—	(863)
Proceeds related to beneficial interests in securitization transactions	—	—	27	2,869	—	2,896
Acquisition of companies, net of cash acquired	—	(32)	1	—	—	(31)
Other, net	—	(2)	(4)	—	—	(6)
Net cash (used in) provided by investing activities	—	(34)	(6,073)	2,869	—	(3,238)
Financing activities						
Proceeds from borrowing on revolving credit facility, net	—	2,340	—	—	—	2,340
Repayments of revolving credit facility	—	—	(2,340)	—	—	(2,340)
Repayments of financing lease obligations	—	—	(550)	—	—	(550)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(300)	—	—	(300)
Repayments of long-term debt	—	—	(600)	—	—	(600)
Intercompany advances, net	1	(1,715)	1,732	(18)	—	—
Tax withholdings on share-based awards	—	—	(108)	—	—	(108)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(28)	—	—	(28)
Intercompany dividend paid	—	—	—	(465)	465	—
Other, net	2	—	(15)	—	—	(13)
Net cash provided (used in) by financing activities	3	625	(2,209)	(483)	465	(1,599)
Change in cash and cash equivalents	3	—	457	(10)	—	450
Cash and cash equivalents						
Beginning of period	2	1	1,082	118	—	1,203
End of period	$ 5	$ 1	$ 1,539	$ 108	$ —	$ 1,653

Condensed Consolidating Statement of Cash Flows Information
Nine Months Ended September 30, 2018

(in millions)	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Adjustments	Consolidated
Operating activities						
Net cash (used in) provided by operating activities	$ —	$ (1,091)	$ 7,963	$ (3,747)	$ (180)	$ 2,945
Investing activities						
Purchases of property and equipment	—	—	(4,354)	(3)	—	(4,357)
Purchases of spectrum licenses and other intangible assets, including deposits	—	—	(101)	—	—	(101)
Proceeds related to beneficial interests in securitization transactions	—	—	37	3,919	—	3,956
Acquisition of companies, net of cash	—	—	(338)	—	—	(338)
Equity investment in subsidiary	—	—	(43)	—	43	—
Other, net	—	—	30	—	—	30
Net cash (used in) provided by investing activities	—	—	(4,769)	3,916	43	(810)
Financing activities						
Proceeds from issuance of long-term debt	—	2,494	—	—	—	2,494
Payments of consent fees related to long-term debt	—	—	(38)	—	—	(38)
Proceeds from borrowing on revolving credit facility, net	—	6,050	—	—	—	6,050
Repayments of revolving credit facility	—	—	(6,050)	—	—	(6,050)
Repayments of financing lease obligations	—	—	(508)	—	—	(508)
Repayments of short-term debt for purchases of inventory, property and equipment, net	—	—	(246)	—	—	(246)
Repayments of long-term debt	—	—	(3,349)	—	—	(3,349)
Repurchases of common stock	(1,071)	—	—	—	—	(1,071)
Intercompany advances, net	995	(7,453)	6,452	6	—	—
Equity investment from parent	—	—	43	—	(43)	—
Tax withholdings on share-based awards	—	—	(89)	—	—	(89)
Cash payments for debt prepayment or debt extinguishment costs	—	—	(212)	—	—	(212)
Intercompany dividend paid	—	—	—	(180)	180	—
Other, net	4	—	(10)	—	—	(6)
Net cash (used in) provided by financing activities	(72)	1,091	(4,007)	(174)	137	(3,025)
Change in cash and cash equivalents	(72)	—	(813)	(5)	—	(890)
Cash and cash equivalents						
Beginning of period	74	1	1,086	58	—	1,219
End of period	$ 2	$ 1	$ 273	$ 53	$ —	$ 329

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including information concerning our future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018, as supplemented by the Risk Factors included in Part II, Item 1A below, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- the failure to obtain, or delays in obtaining, required regulatory approvals for the merger (the "Merger") with Sprint Corporation ("Sprint"), pursuant to the Business Combination Agreement with Sprint and other parties therein (as amended, the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), risks associated with the actions and conditions we have agreed to in connection with such approvals, and the risk that such approvals may result in the imposition of additional conditions that, if accepted by the parties, could adversely affect the combined company or the expected benefits of the Transactions, or the failure to satisfy any of the other conditions to the Transactions on a timely basis or at all;
- the occurrence of events that may give rise to a right of one or both of the parties to terminate the Business Combination Agreement;
- adverse effects on the market price of our common stock or on our operating results because of a failure to complete the Merger in the anticipated timeframe, on the anticipated terms or at all;
- inability to obtain the financing contemplated to be obtained in connection with the Transactions on the expected terms or timing or at all;
- the ability of us, Sprint and the combined company to make payments on debt or to repay existing or future indebtedness when due or to comply with the covenants contained therein;
- adverse changes in the ratings of our or Sprint's debt securities or adverse conditions in the credit markets;
- negative effects of the announcement, pendency or consummation of the Transactions on the market price of our common stock and on our or Sprint's operating results, including as a result of changes in key customer, supplier, employee or other business relationships;
- significant costs related to the Transactions, including financing costs and liabilities of Sprint that may become liabilities of the combined company or that may otherwise arise;
- failure to realize the expected benefits and synergies of the Transactions in the expected timeframes, in part or at all;
- costs or difficulties related to the integration of Sprint's network and operations into our network and operations, including intellectual property and communications systems, administrative and information technology infrastructure and accounting, financial reporting and internal control systems, and the alignment of the two companies' guidelines and practices;
- costs or difficulties related to the completion of Divestiture Transaction and the satisfaction of the Government Commitments (as defined below);
- the risk of litigation or regulatory actions related to the Transactions, including the antitrust litigation related to the Transactions brought by the attorneys general of certain states and the District of Columbia;
- the inability of us, Sprint or the combined company to retain and hire key personnel;
- the risk that certain contractual restrictions contained in the Business Combination Agreement during the pendency of the Transactions could adversely affect our or Sprint's ability to pursue business opportunities or strategic transactions;
- adverse economic, political or market conditions in the U.S. and international markets;
- competition, industry consolidation, and changes in the market for wireless services, which could negatively affect our ability to attract and retain customers;
- the effects of any future merger, investment, or acquisition involving us, as well as the effects of mergers, investments, or acquisitions in the technology, media and telecommunications industry;
- challenges in implementing our business strategies or funding our operations, including payment for additional spectrum or network upgrades;

- the possibility that we may be unable to renew our spectrum licenses on attractive terms or acquire new spectrum licenses at reasonable costs and terms;
- difficulties in managing growth in wireless data services, including network quality;
- material changes in available technology and the effects of such changes, including product substitutions and deployment costs and performance;
- the timing, scope and financial impact of our deployment of advanced network and business technologies;
- the impact on our networks and business from major technology equipment failures;
- inability to implement and maintain effective cyber security measures over critical business systems;
- breaches of our and/or our third-party vendors' networks, information technology and data security, resulting in unauthorized access to customer confidential information;
- natural disasters, terrorist attacks or similar incidents;
- unfavorable outcomes of existing or future litigation;
- any changes in the regulatory environments in which we operate, including any increase in restrictions on the ability to operate our networks and changes in data privacy laws;
- any disruption or failure of our third parties' or key suppliers' provisioning of products or services;
- material adverse changes in labor matters, including labor campaigns, negotiations or additional organizing activity, and any resulting financial, operational and/or reputational impact;
- changes in accounting assumptions that regulatory agencies, including the Securities and Exchange Commission ("SEC"), may require, which could result in an impact on earnings;
- changes in tax laws, regulations and existing standards and the resolution of disputes with any taxing jurisdictions;
- the possibility that the reset process under our trademark license results in changes to the royalty rates for our trademarks;
- the possibility that we may be unable to adequately protect our intellectual property rights or be accused of infringing the intellectual property rights of others;
- our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective;
- the occurrence of high fraud rates related to device financing, credit card, dealers, or subscriptions; and
- interests of a majority stockholder may differ from the interests of other stockholders.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. In this Form 10-Q, unless the context indicates otherwise, references to "T-Mobile," "T-Mobile US," "our Company," "the Company," "we," "our," and "us" refer to T-Mobile US, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

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

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 condensed consolidated financial statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the financial statements; and

- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is provided as a supplement to, and should be read together with, our unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2019, included in Part I, Item 1 of this Form 10-Q and audited consolidated financial statements included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2018. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.

Business Overview

In April 2019, we introduced TVision™ Home, a rebranded and upgraded version of Layer3 TV. TVision™ Home delivers what customers want most from high-end home TV, including a premium TV experience and HD and 4K channels. TVision™ Home launched in eight markets.

In April 2019, we launched T-Mobile MONEY nationwide, offering customers a no-fee, interest-earning, mobile-first checking account which can be opened and managed from customers' smartphones. Accounts are held at BankMobile, a Division of Customers Bank.

Magenta Plans

In June 2019, we rebranded our T-Mobile ONE and ONE Plus plans to Magenta and Magenta Plus. The Magenta plan adds 3GB of high-speed smartphone hotspot, or tethering, per line and unlimited 3G tethering thereafter and includes a Netflix Basic subscription for customers with family plans. The Magenta Plus plan benefits remain the same as the ONE Plus plan and includes a Netflix Standard subscription for customers with family plans.

Proposed Sprint Transaction

On April 29, 2018, we entered into the Business Combination Agreement to merge with Sprint in an all-stock transaction at a fixed exchange ratio of 0.10256 shares of T-Mobile common stock for each share of Sprint common stock, or 9.75 shares of Sprint common stock for each share of T-Mobile common stock. The combined company will be named "T-Mobile" and, as a result of the Merger, is expected to be able to rapidly launch a broad and deep nationwide 5G network, accelerate innovation and increase competition in the U.S. wireless, video and broadband industries. Immediately following the Merger, it is anticipated that Deutsche Telekom AG ("DT") and SoftBank Group Corp. ("SoftBank") will hold, directly or indirectly, on a fully diluted basis, approximately 41.7% and 27.4%, respectively, of the outstanding T-Mobile common stock, with the remaining approximately 30.9% of the outstanding T-Mobile common stock held by other stockholders, based on closing share prices and certain other assumptions as of December 31, 2018. The consummation of the Merger remains subject to regulatory approvals and certain other customary closing conditions. We now expect the Merger will be permitted to close in early 2020.

For more information regarding our Business Combination Agreement, see Note 3 – Business Combinations of the Notes to the Condensed Consolidated Financial Statements.

T-Mobile Added to S&P 500

T-Mobile was added to the S&P 500 Index effective prior to the open of trading on July 15, 2019. We were added to the S&P 500 GICS (Global Industry Classification Standard) Wireless Telecommunication Services Sub-Industry index.

Accounting Pronouncements Adopted During the Current Year

Leases

On January 1, 2019, we adopted the new lease standard. See Note 1 – Summary of Significant Accounting Policies of the Notes to the Condensed Consolidated Financial Statements for information regarding the impact of our adoption of the new lease standard.

Results of Operations

Highlights for the three months ended September 30, 2019, compared to the same period in 2018

- Total revenues of $11.1 billion for the three months ended September 30, 2019 increased $222 million, or 2%, primarily driven by growth in Service revenues as further discussed below.

- Service revenues of $8.6 billion for the three months ended September 30, 2019 increased $517 million, or 6%, primarily due to growth in our average branded customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials and growth in connected devices and wearables, specifically the Apple Watch.

- Equipment revenues of $2.2 billion for the three months ended September 30, 2019 decreased $205 million, or 9%, primarily due to a decrease in the number of devices sold, excluding purchased leased devices, partially offset by a higher average revenue per device sold.

- Operating income of $1.5 billion for the three months ended September 30, 2019 increased $31 million, or 2%, primarily due to higher Service revenues, partially offset by higher Selling, general and administrative expenses, including merger-related costs of $159 million, compared to $53 million for the three months ended September 30, 2018, and including $83 million in additional amortization expenses related to capitalized commission costs and higher Costs of services. Operating income for the three months ended September 30, 2018 benefited from hurricane related reimbursements, net of costs, of $138 million. There were no significant impacts from hurricanes for the three months ended September 30, 2019.

- Net income of $870 million for the three months ended September 30, 2019 increased $75 million, or 9%, primarily due to higher Operating income and lower Interest expense to affiliates and Interest expense. The impact of merger-related costs was $128 million, net of tax, for the three months ended September 30, 2019, compared to $53 million for the three months ended September 30, 2018. Net income for the three months ended September 30, 2018 benefited from hurricane related reimbursements, net of costs, of $88 million, net of tax. There were no significant impacts from hurricanes for the three months ended September 30, 2019.

- Adjusted EBITDA, a non-GAAP financial measure, of $3.4 billion for the three months ended September 30, 2019 increased $157 million, or 5%, primarily due to higher Operating income driven by the factors described above. Merger-related costs are excluded from Adjusted EBITDA. See “Performance Measures” for additional information.

- Net cash provided by operating activities of $1.7 billion for the three months ended September 30, 2019 increased $834 million, or 91%. See “Liquidity and Capital Resources” for additional information.

- Free Cash Flow, a non-GAAP financial measure, of $1.1 billion for the three months ended September 30, 2019 increased $244 million, or 27%. Free Cash Flow includes $124 million and $23 million in payments for merger-related costs for the three months ended September 30, 2019 and 2018, respectively. See “Liquidity and Capital Resources” for additional information.

Highlights for the nine months ended September 30, 2019, compared to the same period in 2018

- Total revenues of $33.1 billion for the nine months ended September 30, 2019 increased $1.3 billion, or 4%, primarily driven by growth in Service revenues as further discussed below.

- Service revenues of $25.3 billion for the nine months ended September 30, 2019 increased $1.5 billion, or 6%, primarily due to growth in our average branded customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials and growth in connected devices and wearables, specifically the Apple Watch, partially offset by lower postpaid phone and prepaid Average Revenue Per User ("ARPU").

- Equipment revenues of $7.0 billion for the nine months ended September 30, 2019 decreased $104 million, or 1%, primarily due to lower lease revenues and a decrease in the number of devices sold, excluding purchased leased devices, partially offset by higher average revenue per device sold.

- Operating income of $4.5 billion for the nine months ended September 30, 2019 increased $316 million, or 8%, primarily due to higher Service revenues, partially offset by higher Selling, general and administrative expenses, including merger-related costs of $494 million, compared to $94 million for the nine months ended September 30, 2018, and including $244 million in additional amortization expenses related to capitalized commission costs and higher Cost of services. Operating income for the nine months ended September 30, 2018, benefited from hurricane related reimbursements, net of costs, of $172 million. There were no significant impacts from hurricanes for the nine months ended September 30, 2019.

- Net income of $2.7 billion for the nine months ended September 30, 2019 increased $469 million, or 21%, primarily due to higher Operating income and lower Interest expense to affiliates and Interest expense, partially offset by higher Income tax expense. The impact of merger-related costs was $396 million, net of tax, for the nine months ended September 30, 2019, compared to $92 million for the nine months ended September 30, 2018. Net income for the nine months ended September 30, 2018 benefited from hurricane related reimbursements, net of costs, of $110 million, net of tax. There were no significant impacts from hurricanes for the nine months ended September 30, 2019.

- Adjusted EBITDA, a non-GAAP financial measure, of $10.1 billion for the nine months ended September 30, 2019 increased $713 million, or 8%, primarily due to higher Operating income driven by the factors described above. Merger-related costs are excluded from Adjusted EBITDA. See "Performance Measures" for additional information.

- Net cash provided by operating activities of $5.3 billion for the nine months ended September 30, 2019 increased $2.3 billion, or 80%. See "Liquidity and Capital Resources" for additional information.

- Free Cash Flow, a non-GAAP financial measure, of $2.9 billion for the nine months ended September 30, 2019 increased $589 million, or 25%. Free Cash Flow includes $309 million and $40 million in payments for merger-related costs for the nine months ended September 30, 2019 and 2018, respectively. See "Liquidity and Capital Resources" for additional information.

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

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Change $	Change %	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Change $	Change %
Revenues								
Branded postpaid revenues	$ 5,746	$ 5,244	$ 502	10 %	$ 16,852	$ 15,478	$ 1,374	9 %
Branded prepaid revenues	2,385	2,395	(10)	— %	7,150	7,199	(49)	(1)%
Wholesale revenues	321	338	(17)	(5)%	938	879	59	7 %
Roaming and other service revenues	131	89	42	47 %	346	247	99	40 %
Total service revenues	8,583	8,066	517	6 %	25,286	23,803	1,483	6 %
Equipment revenues	2,186	2,391	(205)	(9)%	6,965	7,069	(104)	(1)%
Other revenues	292	382	(90)	(24)%	869	993	(124)	(12)%
Total revenues	11,061	10,839	222	2 %	33,120	31,865	1,255	4 %
Operating expenses								
Cost of services, exclusive of depreciation and amortization shown separately below	1,733	1,586	147	9 %	4,928	4,705	223	5 %
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	2,704	2,862	(158)	(6)%	8,381	8,479	(98)	(1)%
Selling, general and administrative	3,498	3,314	184	6 %	10,483	9,663	820	8 %
Depreciation and amortization	1,655	1,637	18	1 %	4,840	4,846	(6)	— %
Total operating expense	9,590	9,399	191	2 %	28,632	27,693	939	3 %
Operating income	1,471	1,440	31	2 %	4,488	4,172	316	8 %
Other income (expense)								
Interest expense	(184)	(194)	10	(5)%	(545)	(641)	96	(15)%
Interest expense to affiliates	(100)	(124)	24	(19)%	(310)	(418)	108	(26)%
Interest income	5	5	—	— %	17	17	—	— %
Other income (expense), net	3	3	—	— %	(12)	(51)	39	(76)%
Total other expense, net	(276)	(310)	34	(11)%	(850)	(1,093)	243	(22)%
Income before income taxes	1,195	1,130	65	6 %	3,638	3,079	559	18 %
Income tax expense	(325)	(335)	10	(3)%	(921)	(831)	(90)	11 %
Net income	$ 870	$ 795	$ 75	9 %	$ 2,717	$ 2,248	$ 469	21 %
Statement of Cash Flows Data								
Net cash provided by operating activities	$ 1,748	$ 914	$ 834	91 %	$ 5,287	$ 2,945	$ 2,342	80 %
Net cash used in investing activities	(657)	(42)	(615)	1,464 %	(3,238)	(810)	(2,428)	300 %
Net cash used in financing activities	(543)	(758)	215	(28)%	(1,599)	(3,025)	1,426	(47)%
Non-GAAP Financial Measures								
Adjusted EBITDA	$ 3,396	$ 3,239	$ 157	5 %	$ 10,141	$ 9,428	$ 713	8 %
Free Cash Flow	1,134	890	244	27 %	2,921	2,332	589	25 %

The following discussion and analysis are for the three and nine months ended September 30, 2019, compared to the same period in 2018 unless otherwise stated.

Total revenues increased $222 million, or 2%, for the three months ended and $1.3 billion, or 4%, for the nine months ended September 30, 2019, as discussed below.

Branded postpaid revenues increased $502 million, or 10%, for the three months ended and $1.4 billion, or 9%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was primarily from:

- Higher average branded postpaid phone customers, primarily from growth in our customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials; and
- Higher average branded postpaid other customers, driven by higher connected devices and wearables, specifically the Apple Watch.
- Branded postpaid phone ARPU was essentially flat. See "Branded Postpaid Phone ARPU" in the "Performance Measures" section of this MD&A.

The increase for the nine months ended September 30, 2019, was primarily from:

- Higher average branded postpaid phone customers, primarily from growth in our customer base driven by the continued growth in existing and Greenfield markets, including the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials; and
- Higher average branded postpaid other customers, driven by higher connected devices and wearables, specifically the Apple Watch; partially offset by
- Lower branded postpaid phone ARPU. See "Branded Postpaid Phone ARPU" in the "Performance Measures" section of this MD&A.

Branded prepaid revenues were essentially flat for the three and nine months ended September 30, 2019.

Wholesale revenues decreased $17 million, or 5%, for the three months ended and increased $59 million, or 7%, for the nine months ended September 30, 2019.

The decrease for the three months ended September 30, 2019, was primarily from a $53 million decrease in minimum commitment shortfalls recognized, partially offset by the continued success of our Mobile Virtual Network Operator ("MVNO") partnerships.

The increase for the nine months ended September 30, 2019, was primarily from the continued success of our MVNO partnerships.

Roaming and other service revenues increased $42 million, or 47%, for the three months ended and $99 million, or 40%, for the nine months ended September 30, 2019, primarily from increases in domestic and international roaming revenues, including growth from Sprint.

Equipment revenues decreased $205 million, or 9%, for the three months ended and $104 million, or 1%, for the nine months ended September 30, 2019.

The decrease for the three months ended September 30, 2019, was primarily from:

- A decrease of $128 million in device sales revenues, excluding purchased leased devices, primarily from:
  - A 10% decrease in the number of devices sold, excluding purchased lease devices; partially offset by
  - Higher average revenue per device sold primarily due to an increase in the high-end device mix and lower promotions;
- A decrease of $34 million in lease revenues primarily due to a lower number of customer devices under lease; and
- A decrease in proceeds from liquidations of inventory.

The decrease for the nine months ended September 30, 2019, was primarily from:

- A decrease of $78 million in lease revenues primarily due to a lower number of customer devices under lease; and
- A decrease of $24 million in device sales revenues, excluding purchased leased devices, primarily from:
  - A 10% decrease in the number of devices sold, excluding purchased leased devices; partially offset by
  - Higher average revenue per device sold primarily due to an increase in the high-end device mix and lower promotions.

Other revenues decreased $90 million, or 24%, for the three months ended and $124 million, or 12%, for the nine months ended September 30, 2019, primarily from:

- A decrease of $46 million for the three months ended and $138 million for the nine months ended September 30, 2019 in co-location rental revenue from the adoption of the new lease standard; and
- Hurricane-related reimbursements of $71 million included in the three and nine months ended September 30, 2018, compared to no impact from hurricanes in the three and nine months ended September 30, 2019; partially offset by
- Higher advertising revenues.

Operating expenses increased $191 million, or 2%, for the three months ended and $939 million, or 3%, for the nine months ended September 30, 2019, primarily from higher Selling, general and administrative expenses and Cost of services as discussed below.

Cost of services, exclusive of depreciation and amortization, increased $147 million, or 9%, for the three months ended and $223 million, or 5%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was primarily from:

- Higher costs for network expansion and employee-related expenses; and
- Hurricane-related reimbursements, net of costs, of $54 million included in the three months ended September 30, 2018, compared to no significant impact from hurricanes in the three months ended September 30, 2019; partially offset by
- The positive impact of the new lease standard of approximately $95 million included in the three months ended September 30, 2019, resulting from the decrease in the average lease term and the change in accounting conclusion for certain sale-leaseback sites; and
- Lower regulatory program costs.

The increase for the nine months ended September 30, 2019, was primarily from:

- Higher costs for network expansion and employee-related expenses; and
- Hurricane-related reimbursements, net of costs, of $88 million included in the nine months ended September 30, 2018, compared to no significant impact from hurricanes in the nine months ended September 30, 2019; partially offset by
- The positive impact of the new lease standard of approximately $285 million in the nine months ended September 30, 2019 resulting from the decrease in the average lease term and the change in accounting conclusion for certain sale-leaseback sites; and
- Lower regulatory program costs.

Cost of equipment sales, exclusive of depreciation and amortization, decreased $158 million, or 6%, for the three months ended and decreased $98 million, or 1%, for the nine months ended September 30, 2019.

The decrease for the three months ended September 30, 2019, was primarily from:

- A decrease of $140 million in device cost of equipment sales, excluding purchased leased devices, primarily from:
  - A 10% decrease in the number of devices sold, excluding purchased lease devices; partially offset by
  - Higher average cost per device sold due to an increase in the high-end device mix; and
- A decrease in costs related to the liquidation of inventory.

The decrease for the nine months ended September 30, 2019, was primarily from:

- A decrease of $28 million in device cost of equipment sales, excluding purchased leased devices, primarily from:
  - A 10% decrease in the number of devices sold, excluding purchased lease devices; partially offset by
  - Higher average cost per device sold due to an increase in the high-end device mix;
- A decrease of $22 million in leased device cost of equipment sales, primarily due to lower device returns;
- A decrease of $22 million in returned handset expenses due to reduced device sales; and
- A decrease of $20 million in extended warranty costs.

Selling, general and administrative expenses increased $184 million, or 6%, for the three months ended and $820 million, or 8%, for the nine months ended September 30, 2019, primarily from:

- Increases of $106 million for the three months ended and $400 million for the nine months ended September 30, 2019, in merger-related costs;
- Higher costs related to outsourced functions and employee-related costs; and
- Higher commissions expense resulting from increases of $83 million for the three months ended and $244 million for the nine months ended September 30, 2019, in amortization expense related to commission costs that were capitalized beginning upon the adoption of ASC 606 on January 1, 2018; partially offset by lower commissions expense from lower gross branded customer additions and compensation structure changes.

Depreciation and amortization increased $18 million, or 1%, for the three months ended and were essentially flat for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was primarily from:

- The continued deployment of lower-band spectrum, including 600 MHz; partially offset by
- Lower depreciation expense resulting from a lower total number of customer devices under lease**.**

The change for the nine months ended September 30, 2019 was primarily from:

- Lower depreciation expense resulting from a lower total number of customer devices under lease; partially offset by
- The continued deployment of lower-band spectrum, including 600 MHz.

Operating income, the components of which are discussed above, increased $31 million, or 2%, for the three months ended and $316 million, or 8%, for the nine months ended September 30, 2019.

Interest expense decreased $10 million, or 5%, for the three months ended and $96 million, or 15%, for the nine months ended September 30, 2019. The decrease for the nine months ended September 30, 2019, was primarily from:

- An increase of $43 million in capitalized interest costs, primarily due to the build out of our network to utilize our 600 MHz spectrum licenses; and
- The redemption in April 2018 of an aggregate principal amount of $2.4 billion of Senior Notes, with various interest rates and maturity dates.

Interest expense to affiliates decreased $24 million, or 19%, for the three months ended and $108 million, or 26%, for the nine months ended September 30, 2019.

The decrease for the three months ended September 30, 2019, was primarily from lower interest on $600 million aggregate principal amount of Senior Reset Notes retired in April 2019.

The decrease for the nine months ended September 30, 2019, was primarily from:

- An increase of $72 million in capitalized interest costs, primarily due to the build out of our network to utilize our 600 MHz spectrum licenses;
- Lower interest rates achieved through refinancing a total of $2.5 billion of Senior Reset Notes in April 2018; and
- Lower interest on $600 million aggregate principal amount of Senior Reset Notes retired in April 2019.

Other income (expense), net was flat for the three months ended September 30, 2019 and decreased $39 million, or 76%, for the nine months ended September 30, 2019. The decrease for the nine months ended September 30, 2019, was primarily from:

- An $86 million loss during the three months ended June 30, 2018, on the early redemption of $2.5 billion of DT Senior Reset Notes due 2021 and 2022; and
- A $32 million loss on the early redemption of $1.0 billion of 6.125% Senior Notes due 2022 during the three months ended March 31, 2018; partially offset by
- A $30 million gain during the three months ended June 30, 2018, on the sale of auction rate securities which were originally acquired with MetroPCS;
- A $25 million bargain purchase gain as part of our purchase price allocation related to the acquisition of Iowa Wireless Services, LLC (“IWS”) and a $15 million gain on our previously held equity interest in IWS, both recognized during the three months ended March 31, 2018; and
- During the three months ended June 30, 2019, a $28 million redemption premium on the DT Senior Reset Notes; partially offset by the write-off of embedded derivatives upon redemption of the debt which resulted in a gain of $11 million.

Income tax expense decreased $10 million, or 3%, for the three months ended and increased $90 million, or 11%, for the nine months ended September 30, 2019.

The decrease for the three months ended September 30, 2019, was primarily from:

- A $115 million increase in income tax expense during the three months ended September 30, 2018, due to a tax regime change in certain state tax jurisdictions; partially offset by
- A $63 million benefit during the three months ended September 30, 2018, from a change in tax status of certain subsidiaries, including a related $28 million reduction in valuation allowance against deferred tax assets in certain state jurisdictions; and
- Higher income before taxes.

The increase for the nine months ended September 30, 2019, was primarily from:

- Higher income before taxes; and
- A $63 million benefit during the three months ended September 30, 2018, from a change in tax status of certain subsidiaries, including a related $28 million reduction in valuation allowance against deferred tax assets in certain state jurisdictions; partially offset by
- A $115 million increase in income tax expense during the three months ended September 30, 2018, due to a tax regime change in certain state tax jurisdictions.

Net income, the components of which are discussed above, increased $75 million, or 9%, for the three months ended and $469 million, or 21%, for the nine months ended September 30, 2019, primarily due to higher Operating income and lower interest expense to affiliates and interest expense. Net income included the following:

- Merger-related costs of $128 million and $396 million, net of tax, for the three and nine months ended September 30, 2019, respectively, compared to merger-related costs of $53 million and $92 million, net of tax, for the three and nine months ended September 30, 2018, respectively; and
- Hurricane related reimbursements, net costs, of $88 million and $110 million, net of tax, for the three and nine months ended September 30, 2018, respectively. There were no significant impacts from hurricanes for the three and nine months ended September 30, 2019.

Guarantor Subsidiaries

The financial condition and results of operations of the Parent, Issuer and Guarantor Subsidiaries is substantially similar to our consolidated financial condition. The most significant components of the financial condition of our Non-Guarantor Subsidiaries were as follows:

(in millions)	September 30, 2019	December 31, 2018	Change $	Change %
Other current assets	$ 695	$ 644	$ 51	8 %
Property and equipment, net	207	246	(39)	(16)%
Tower obligations	2,166	2,173	(7)	— %
Total stockholders' deficit	(1,578)	(1,454)	(124)	9 %

The most significant components of the results of operations of our Non-Guarantor Subsidiaries were as follows:

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Change $	Change %	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Change $	Change %
Service revenues	$ 775	$ 562	$ 213	38%	$ 2,270	$ 1,651	$ 619	37%
Cost of equipment sales, exclusive of depreciation and amortization	317	258	59	23%	890	756	134	18%
Selling, general and administrative	251	225	26	12%	750	643	107	17%
Total comprehensive income	158	52	106	204%	479	166	313	189%

The change to the results of operations of our Non-Guarantor Subsidiaries for the three and nine months ended September 30, 2019 was primarily from:

- Higher Service revenues, primarily due to an increase in activity of the Non-Guarantor Subsidiary that provides premium services, primarily driven by a net increase in average revenue as well as growth in our customer base related to a premium service that launched at the end of August 2018 and sales of a new product; partially offset by
- Higher Cost of equipment sales, exclusive of depreciation and amortization, primarily due to higher cost devices used for device insurance claim fulfillment, partially offset by an increase in device liquidations; and
- Higher Selling, general and administrative expenses, primarily due to an increase in billing services fees due to an increase in rate during the fourth quarter of 2018.

All other results of operations of the Parent, Issuer and Guarantor Subsidiaries are substantially similar to the Company's consolidated results of operations. See Note 13 – Guarantor Financial Information of the Notes to the Condensed Consolidated Financial Statements.

Performance Measures

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

Total Customers

A customer is generally defined as a SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Branded customers generally include customers that are qualified either for postpaid service utilizing phones, wearables, DIGITS or connected devices which includes tablets and SyncUp DRIVE™, where they generally pay after receiving service, or prepaid service, where they generally pay in advance. Our branded prepaid customers include customers of T-Mobile and Metro by T-Mobile. Wholesale customers include Machine-to-Machine ("M2M") and MVNO customers that operate on our network but are managed by wholesale partners.

On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. Upon the effective date, the agreement resulted in a base adjustment to reduce branded prepaid customers by 616,000, as we no longer actively support the branded product offering. Prospectively, new customer activity associated with these products is recorded within wholesale customers and revenue for these customers is recorded within Wholesale revenues in our Condensed Consolidated Statements of Comprehensive Income.

The following table sets forth the number of ending customers:

(in thousands)	September 30, 2019	September 30, 2018	Change #	Change %
Customers, end of period				
Branded postpaid phone customers	39,344	36,204	3,140	9 %
Branded postpaid other customers	6,376	4,957	1,419	29 %
Total branded postpaid customers	45,720	41,161	4,559	11 %
Branded prepaid customers	20,783	21,002	(219)	(1)%
Total branded customers	66,503	62,163	4,340	7 %
Wholesale customers	17,680	15,086	2,594	17 %
Total customers, end of period	84,183	77,249	6,934	9 %
Adjustment to branded prepaid customers [1]	(616)	—	(616)	NM

(1) On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment to reduce branded prepaid customers by 616,000. Prospectively, new customer activity associated with these products is recorded within wholesale customers.

Branded Customers

Total branded customers increased 4,340,000, or 7%, primarily from:

- Higher branded postpaid phone customers driven by the growing success of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials and continued growth in existing and Greenfield markets, along with record-low third-quarter churn; and
- Higher branded postpaid other customers, primarily due to strength in additions from connected devices and wearables, specifically the Apple Watch; partially offset by
- Lower branded prepaid customers driven primarily by a reduction of 616,000 customers resulting from a base adjustment for certain T-Mobile branded prepaid products now being offered and distributed by a current MVNO partner, partially offset by the continued success of our prepaid brands due to promotional activities and rate plan offers.

Wholesale

Wholesale customers increased 2,594,000, or 17%, primarily due to the continued success of our M2M and MVNO partnerships.

Net Customer Additions

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

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands)	**2019**	**2018**	**#**	**%**	**2019**	**2018**	**#**	**%**
Net customer additions								
Branded postpaid phone customers	754	774	(20)	(3)%	2,120	2,077	43	2 %
Branded postpaid other customers	320	305	15	5 %	1,081	1,024	57	6 %
Total branded postpaid customers	1,074	1,079	(5)	— %	3,201	3,101	100	3 %
Branded prepaid customers [1]	62	35	27	77 %	262	325	(63)	(19)%
Total branded customers	1,136	1,114	22	2 %	3,463	3,426	37	1 %
Wholesale customers [1]	611	516	95	18 %	1,685	1,216	469	39 %
Total net customer additions	1,747	1,630	117	7 %	5,148	4,642	506	11 %

(1) On July 18, 2019, we entered into an agreement whereby certain T-Mobile branded prepaid products will now be offered and distributed by a current MVNO partner. As a result, we included a base adjustment to reduce branded prepaid customers by 616,000. Prospectively, new customer activity associated with these products is recorded within wholesale customers.

Branded Customers

Total branded net customer additions increased 22,000, or 2%, for the three months ended and 37,000, or 1%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019 was primarily from:

- Higher branded prepaid net customer additions primarily due to lower churn, partially offset by the impact of continued promotional activities in the marketplace; and
- Higher branded postpaid other net customer additions primarily due to higher gross customer additions from connected devices, partially offset by higher deactivations from a growing customer base; partially offset by
- Lower branded postpaid phone net customer additions primarily due to lower gross customer additions, partially offset by record-low third quarter churn.

The increase for the nine months ended September 30, 2019 was primarily from:

- Higher branded postpaid other net customer additions primarily due to higher gross customer additions from connected devices and wearables, specifically the Apple Watch, partially offset by higher deactivations from a growing customer base; and
- Higher branded postpaid phone net customer additions primarily due to lower churn; partially offset by lower gross customer additions; partially offset by
- Lower branded prepaid net customer additions primarily due to the impact of continued promotional activities in the marketplace, partially offset by lower churn.

Wholesale

Wholesale net customer additions increased 95,000, or 18%, for the three months ended and 469,000, or 39%, for the nine months ended September 30, 2019 primarily due to higher gross additions from the continued success of our M2M partnerships.

Customers Per Account

Customers per account is calculated by dividing the number of branded postpaid customers as of the end of the period by the number of branded postpaid accounts as of the end of the period. An account may include branded postpaid phone customers and branded postpaid other customers which includes wearables, DIGITS, and connected devices such as tablets and SyncUp DRIVE™. We believe branded postpaid customers per account provides management, investors and analysts with useful information to evaluate our branded postpaid customer base.

The following table sets forth the branded postpaid customers per account:

	September 30, 2019	September 30, 2018	Change	
			#	%
Branded postpaid customers per account	3.10	2.99	0.11	4%

Branded postpaid customers per account increased 4% primarily from continued growth of new customer segments and rate plans such as Unlimited 55+, Military, Business and Essentials, promotional activities targeting families and the continued success of connected devices and wearables, specifically the Apple Watch.

Churn

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

The following table sets forth the churn:

	Three Months Ended September 30,		Bps Change	Nine Months Ended September 30,		Bps Change
	2019	2018		2019	2018	
Branded postpaid phone churn	0.89%	1.02%	-13 bps	0.85%	1.02%	-17 bps
Branded prepaid churn	3.98%	4.12%	-14 bps	3.77%	3.95%	-18 bps

Branded postpaid phone churn decreased 13 basis points for the three months ended and decreased 17 basis points for the nine months ended September 30, 2019, primarily from increased customer satisfaction and loyalty from ongoing improvements to network quality, industry-leading customer service and the overall value of our offerings.

Branded prepaid churn decreased 14 basis points for the three months ended and decreased 18 basis points for the nine months ended September 30, 2019, primarily from increased customer satisfaction and loyalty from ongoing improvements to network quality and the continued success of our prepaid brands due to promotional activities and rate plan offers.

Average Revenue Per User

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

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

(in millions, except average number of customers and ARPU)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2019	2018	$	%	2019	2018	$	%
Calculation of Branded Postpaid Phone ARPU								
Branded postpaid service revenues	$ 5,746	$ 5,244	$ 502	10 %	$ 16,852	$ 15,478	$ 1,374	9 %
Less: Branded postpaid other revenues	(346)	(289)	(57)	20 %	(982)	(820)	(162)	20 %
Branded postpaid phone service revenues	$ 5,400	$ 4,955	$ 445	9 %	$ 15,870	$ 14,658	$ 1,212	8 %
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	38,944	35,779	3,165	9 %	38,225	35,067	3,158	9 %
Branded postpaid phone ARPU	$ 46.22	$ 46.17	$ 0.05	— %	$ 46.13	$ 46.44	$ (0.31)	(1)%
Calculation of Branded Prepaid ARPU								
Branded prepaid service revenues	$ 2,385	$ 2,395	$ (10)	— %	$ 7,150	$ 7,199	$ (49)	(1)%
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	20,837	20,820	17	— %	21,043	20,737	306	1 %
Branded prepaid ARPU	$ 38.16	$ 38.34	$ (0.18)	— %	$ 37.76	$ 38.57	$ (0.81)	(2)%

Branded Postpaid Phone ARPU

Branded postpaid phone ARPU was essentially flat for the three months ended and decreased $0.31, or 1%, for the nine months ended September 30, 2019.

The change for the three months ended September 30, 2019, was primarily due to offsetting factors including:

- Higher premium services revenue; and
- The growing success of new customer segments and rate plans; offset by
- A reduction in certain non-recurring charges;
- A reduction in regulatory program revenues from the continued adoption of tax inclusive plans; and
- The ongoing growth in our Netflix offering, which totaled $0.59 for the three months ended September 30, 2019, and decreased branded postpaid phone ARPU by $0.18 compared to the three months ended September 30, 2018.

The decrease for the nine months ended September 30, 2019, was primarily due to:

- A reduction in regulatory program revenues from the continued adoption of tax inclusive plans;
- A reduction in certain non-recurring charges; and
- The ongoing growth in our Netflix offering, which totaled $0.57 for the nine months ended September 30, 2019, and decreased branded postpaid phone ARPU by $0.25 compared to the nine months ended September 30, 2018; partially offset by
- Higher premium services revenue; and
- The growing success of new customer segments and rate plans.

We expect Branded postpaid phone ARPU in full-year 2019 to be down approximately 0.7% to 0.9% compared to full-year 2018, which implies a sequential and year-over-year decline in the fourth quarter of 2019. This decrease is driven in part by a reduction in the non-cash, non-recurring benefit related to Data Stash as the majority of impacted customers have transitioned to unlimited plans.

Branded Prepaid ARPU

Branded prepaid ARPU was essentially flat for the three months ended and decreased $0.81, or 2%, for the nine months ended September 30, 2019.

The change for the three months ended September 30, 2019, was primarily due to:

- Dilution from promotional rate plans; and
- Growth in our Amazon Prime offering - included as a benefit with certain Metro by T-Mobile unlimited rate plans as of the fourth quarter of 2018 - which impacted prepaid ARPU by $0.40 for the three months ended September 30, 2019; offset by
- The removal of certain branded prepaid customers associated with products now offered and distributed by a current MVNO partner as those customers had lower ARPU.

The decrease for the nine months ended September 30, 2019, was primarily due to:

- Dilution from promotional rate plans; and
- Growth in our Amazon Prime offering - included as a benefit with certain Metro by T-Mobile unlimited rate plans as of the fourth quarter of 2018 - which impacted prepaid ARPU by $0.40 for the nine months ended September 30, 2019; partially offset by
- The removal of certain branded prepaid customers associated with products now offered and distributed by a current MVNO partner as those customers had lower ARPU; and
- An increase in certain non-recurring charges.

Adjusted EBITDA

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, non-cash Stock-based compensation and certain income and expenses not reflective of our operating performance. Net income margin represents Net income divided by Service revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA is a non-GAAP financial measure utilized by our management to monitor the financial performance of our operations. We use Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance, and as a benchmark to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications companies because it is indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, network decommissioning costs and costs related to the Transactions, as they are not indicative of our ongoing operating performance, as well as certain other nonrecurring income and expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

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

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in millions)	**2019**	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Net income	$ 870	$ 795	$ 75	9 %	$ 2,717	$ 2,248	$ 469	21 %
Adjustments:								
Interest expense	184	194	(10)	(5)%	545	641	(96)	(15)%
Interest expense to affiliates	100	124	(24)	(19)%	310	418	(108)	(26)%
Interest income	(5)	(5)	—	— %	(17)	(17)	—	— %
Other (income) expense, net	(3)	(3)	—	— %	12	51	(39)	(76)%
Income tax expense	325	335	(10)	(3)%	921	831	90	11 %
Operating income	1,471	1,440	31	2 %	4,488	4,172	316	8 %
Depreciation and amortization	1,655	1,637	18	1 %	4,840	4,846	(6)	— %
Stock-based compensation [1]	108	102	6	6 %	312	304	8	3 %
Merger-related costs	159	53	106	200 %	494	94	400	426 %
Other, net [2]	3	7	(4)	(57)%	7	12	(5)	(42)%
Adjusted EBITDA	$ 3,396	$ 3,239	$ 157	5 %	$ 10,141	$ 9,428	$ 713	8 %
Net income margin (Net income divided by service revenues)	10%	10%		0 bps	11%	9%		200 bps
Adjusted EBITDA margin (Adjusted EBITDA divided by service revenues)	40%	40%		0 bps	40%	40%		0 bps

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

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

Adjusted EBITDA increased $157 million, or 5%, for the three months ended and $713 million, or 8%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was primarily due to:

- Higher service revenues, as further discussed above; partially offset by
- Higher Cost of services expenses;

- Higher Selling, general and administrative expenses, excluding Merger-related costs; and
- The impact from hurricane-related reimbursements, net of costs, of $138 million for the three months ended September 30, 2018. There were no significant impacts from hurricanes for the three months ended September 30, 2019.
- The impact from commission costs capitalized and amortized beginning upon the adoption of ASC 606 on January 1, 2018, reduced Adjusted EBITDA by $83 million for the three months ended September 30, 2019, compared to three months ended September 30, 2018.

The increase for the nine months ended September 30, 2019, was primarily due to:

- Higher service revenues, as further discussed above; and
- The positive impact of the new lease standard of approximately $147 million; partially offset by
- Higher Selling, general and administrative expenses, excluding Merger-related costs;
- Higher Cost of services expenses; and
- The impact from hurricane-related reimbursements, net of costs, of $172 million for the nine months ended September 30, 2018. There were no significant impacts from hurricanes for the nine months ended September 30, 2019.
- The impact from commission costs capitalized and amortized beginning upon the adoption of ASC 606 on January 1, 2018, reduced Adjusted EBITDA by $244 million for the nine months ended September 30, 2019, compared to nine months ended September 30, 2018.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of long-term debt and common stock, financing leases, the sale of certain receivables, financing arrangements of vendor payables which effectively extend payment terms and secured and unsecured revolving credit facilities with DT. Upon consummation of the Transactions, we will incur substantial third-party indebtedness which will increase our future financial commitments, including aggregate interest payments on higher total indebtedness, and may adversely impact our liquidity. Further, the incurrence of additional indebtedness may inhibit our ability to incur new debt under the terms governing our existing and future indebtedness, which may make it more difficult for us to incur new debt in the future to finance our business strategy.

Cash Flows

The following is a condensed schedule of our cash flows for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in millions)	**2019**	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Net cash provided by operating activities	$ 1,748	$ 914	$ 834	91 %	$ 5,287	$ 2,945	$ 2,342	80 %
Net cash used in investing activities	(657)	(42)	(615)	1,464 %	(3,238)	(810)	(2,428)	300 %
Net cash used in financing activities	(543)	(758)	215	(28)%	(1,599)	(3,025)	1,426	(47)%

Operating Activities

Net cash provided by operating activities increased $834 million, or 91%, for the three months ended and $2.3 billion, or 80%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was primarily from:

- A $719 million decrease in net cash outflows from changes in working capital, primarily due to lower use from Accounts receivable and Equipment installment plan receivables, partially offset by higher use from Accounts payable and accrued liabilities; and
- A $75 million increase in Net income.

The increase for the nine months ended September 30, 2019, was primarily from:

- A $1.8 billion decrease in net cash outflows from changes in working capital, primarily due to lower use from Accounts payable and accrued liabilities, Accounts receivable and Equipment installment plan receivables, partially offset by higher use from Inventories.
- A $469 million increase in Net income.

Changes in Operating lease right-of-use assets and Short and long-term operating lease liabilities are now presented in Changes in operating assets and liabilities due to the adoption of the new lease standard. The net impact of changes in these accounts decreased Net cash provided by operating activities by $58 million and $197 million for the three and nine months ended September 30, 2019, respectively.

Investing Activities

Net cash used in investing activities increased $615 million, or 1,464%, for the three months ended and increased $2.4 billion, or 300%, for the nine months ended September 30, 2019.

The use of cash for the three months ended September 30, 2019, was primarily from:

- $1.5 billion in Purchases of property and equipment, including capitalized interest, primarily driven by growth in network build as we continued deployment of low band spectrum, including 600 MHz, and laying the groundwork for 5G; partially offset by
- $900 million in Proceeds related to beneficial interests in securitization transactions.

The use of cash for the nine months ended September 30, 2019, was primarily from:

- $5.2 billion in Purchases of property and equipment, including capitalized interest, primarily driven by growth in network build as we continued deployment of low band spectrum, including 600 MHz, and laying the groundwork for 5G; and
- $863 million in Purchases of spectrum licenses and other intangible assets, including deposits; partially offset by
- $2.9 billion in Proceeds related to beneficial interests in securitization transactions.

Financing Activities

Net cash used in financing activities decreased $215 million, or 28%, for the three months ended and $1.4 billion, or 47%, for the nine months ended September 30, 2019.

The use of cash for the three months ended September 30, 2019, was primarily from:

- $300 million for Repayments of short-term debt for purchases of inventory, property and equipment; and
- $235 million for Repayments of financing lease obligations.
- Activity under the revolving credit facility included borrowing and full repayment of $575 million, for a net of $0 impact.

The use of cash for the nine months ended September 30, 2019, was primarily from:

- $600 million for Repayments of long-term debt;
- $550 million for Repayments of financing lease obligations;

- $300 million for Repayments of short-term debt for purchases of inventory, property and equipment; and
- $108 million for Tax withholdings on share-based awards.
- Activity under the revolving credit facility included borrowing and full repayment of $2.3 billion, for a net of $0 impact.

Cash and Cash Equivalents

As of September 30, 2019, our Cash and cash equivalents were $1.7 billion compared to $1.2 billion at December 31, 2018.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities less payments for Purchases of property and equipment, including Proceeds related to beneficial interests in securitization transactions and less Cash payments for debt prepayment or debt extinguishment costs. Free Cash Flow is a non-GAAP financial measure utilized by our management, investors and analysts of our financial information to evaluate cash available to pay debt and provide further investment in the business.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in millions)	**2019**	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Net cash provided by operating activities	$ 1,748	$ 914	$ 834	91 %	$ 5,287	$ 2,945	$ 2,342	80 %
Cash purchases of property and equipment	(1,514)	(1,362)	(152)	11 %	(5,234)	(4,357)	(877)	20 %
Proceeds related to beneficial interests in securitization transactions	900	1,338	(438)	(33)%	2,896	3,956	(1,060)	(27)%
Cash payments for debt prepayment or debt extinguishment costs	—	—	—	NM	(28)	(212)	184	(87)%
Free Cash Flow	$ 1,134	$ 890	$ 244	27 %	$ 2,921	$ 2,332	$ 589	25 %

Free Cash Flow increased $244 million, or 27%, for the three months ended and $589 million, or 25%, for the nine months ended September 30, 2019.

The increase for the three months ended September 30, 2019, was from:

- Higher Net cash provided by operating activities, as described above; partially offset by
- Lower Proceeds related to our deferred purchase price from securitization transactions; and
- Higher Cash purchases of property and equipment, net of capitalized interest of $118 million and $101 million for the three months ended September 30, 2019 and 2018, respectively.
- Free Cash Flow includes $124 million and $23 million in payments for merger-related costs for the three months ended September 30, 2019 and 2018, respectively.

The increase for the nine months ended September 30, 2019, was from:

- Higher Net cash provided by operating activities, as described above; and
- Lower Cash payments for debt extinguishment costs; partially offset by
- Lower Proceeds related to our deferred purchase price from securitization transactions; and
- Higher Cash purchases of property and equipment, net of capitalized interest of $361 million and $246 million for the nine months ended September 30, 2019 and 2018, respectively.
- Free Cash Flow includes $309 million and $40 million in payments for merger-related costs for the nine months ended September 30, 2019 and 2018, respectively.

Borrowing Capacity and Debt Financing

As of September 30, 2019, our total debt was $25.4 billion, excluding our tower obligations, of which $24.9 billion was classified as long-term debt.

Effective April 28, 2019, we redeemed $600 million aggregate principal amount of our DT Senior Reset Notes. The notes were redeemed at a redemption price equal to 104.666% of the principal amount of the notes (plus accrued and unpaid interest thereon) and were paid on April 29, 2019. The redemption premium was $28 million during the three months ended June 30, 2019 and was included in Other income (expense), net in our Condensed Consolidated Statements of Comprehensive Income and in Cash payments for debt prepayment or debt extinguishment costs in our Condensed Consolidated Statements of Cash Flows**.**

Certain components of the reset features were required to be bifurcated from the DT Senior Reset Notes and were separately accounted for as embedded derivatives. The write-off of embedded derivatives upon redemption resulted in a gain of $11 million during the three months ended June 30, 2019, which was included in Other income (expense), net in our Condensed Consolidated Statements of Comprehensive Income. See Note 7 - Fair Value Measurements for further information.

We maintain a $2.5 billion revolving credit facility with DT which is comprised of a $1.0 billion unsecured revolving credit agreement and a $1.5 billion secured revolving credit agreement, with a maturity date of December 29, 2021. As of September 30, 2019 and December 31, 2018, there were no outstanding borrowings under the revolving credit facility.

We maintain a financing arrangement with Deutsche Bank AG, which allows for up to $108 million in borrowings. Under the financing arrangement, we can effectively extend payment terms for invoices payable to certain vendors. As of September 30, 2019 and December 31, 2018, there was no outstanding balance.

We maintain vendor financing arrangements with our primary network equipment suppliers. Under the respective agreements, we can obtain extended financing terms. As of September 30, 2019, there was $475 million in outstanding borrowings under the vendor financing agreements which were included in Short-term debt in our Condensed Consolidated Balance Sheets. As of December 31, 2018, there was no outstanding balance. Invoices subject to extended payment terms have various due dates through the fourth quarter of 2019 and the first quarter of 2020. Payments on vendor financing agreements are included in Repayments of short-term debt for purchases of inventory, property and equipment, net, in our Condensed Consolidated Statements of Cash Flows.

Consents on Debt

In connection with the entry into the Business Combination Agreement, DT and T-Mobile USA entered into a financing matters agreement, dated as of April 29, 2018, pursuant to which DT agreed, among other things, to consent to the incurrence by T-Mobile USA of secured debt in connection with and after the consummation of the Merger. If the Merger is consummated, we will make payments for requisite consents to DT. There was no payment accrued as of September 30, 2019.

On May 18, 2018, under the terms and conditions described in the Consent Solicitation Statement dated as of May 14, 2018, we obtained consents necessary to effect certain amendments to certain existing debt of us and our subsidiaries. If the Merger is consummated, we will make payments for requisite consents to third-party note holders. There was no payment accrued as of September 30, 2019.

See Note 3 - Business Combinations for further information.

Future Sources and Uses of Liquidity

We may seek additional sources of liquidity, including through the issuance of additional long-term debt in 2019, to continue to opportunistically acquire spectrum licenses or other assets in private party transactions or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for spectrum acquisitions, or for other assets, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of high yield callable debt and stock purchases.

In October 2018, we entered into interest rate lock derivatives with notional amounts of $9.6 billion. The fair value of the interest rate lock derivatives was a liability of $1.4 billion and $447 million as of September 30, 2019 and December 31, 2018, respectively, and were included in Other current liabilities in our Condensed Consolidated Balance Sheets.

The interest rate lock derivatives will be settled upon the earlier of the issuance of fixed-rate debt or the current mandatory termination date of December 3, 2019. We expect to extend the mandatory termination date, at which time we may elect to provide cash collateral up to the fair value of the derivatives on the effective date. If we provide any such cash collateral to any

of our derivative counterparties, we will begin making (or receiving), depending on daily market movements, variation margin payments to (or from) such derivative counterparties. Upon settlement of the interest rate lock derivatives, we will receive, or make, a cash payment in the amount of the fair value of the cash flow hedge as of the settlement date. We expect our existing sources of liquidity to be sufficient to meet the requirements of the interest rate lock derivatives.

We determine future liquidity requirements, for both operations and capital expenditures, based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. There are a number of risks and uncertainties that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures and credit facilities governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, limit the ability of the Issuer and the Guarantor Subsidiaries to incur more debt, pay dividends and make distributions on our common stock, make certain investments, repurchase stock, create liens or other encumbrances, enter into transactions with affiliates, enter into transactions that restrict dividends or distributions from subsidiaries, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. Certain provisions of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties restrict the ability of the Issuer to loan funds or make payments to the Parent. However, the Issuer is allowed to make certain permitted payments to the Parent under the terms of each of the credit facilities, indentures and supplemental indentures relating to the long-term debt to affiliates and third parties. We were in compliance with all restrictive debt covenants as of September 30, 2019.

Financing Lease Facilities

We have entered into uncommitted financing lease facilities with certain partners, which provide us with the ability to enter into financing leases for network equipment and services. As of September 30, 2019, we have committed to $3.8 billion of financing leases under these financing lease facilities, of which $393 million and $800 million was executed during the three and nine months ended September 30, 2019, respectively. We expect to enter into up to an additional $100 million in financing lease commitments during 2019.

Capital Expenditures

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses and the construction, expansion and upgrading of our network infrastructure. Property and equipment capital expenditures primarily relate to our network transformation, including the build-out of our network to utilize our 600 MHz spectrum licenses. We expect cash purchases of property and equipment, excluding capitalized interest of approximately $450 million (up from prior guidance of $400 million), to be in the range of $5.9 to $6.0 billion for 2019, up $200 to $300 million from the high end of the prior guidance range. We expect cash purchases of property and equipment, including capitalized interest, to be in the range of $6.35 to $6.45 billion in 2019, up from the prior guidance range of $5.8 to $6.1 billion. The higher capital expenditures guidance reflects our rapid rollout of 600 MHz spectrum, setting the foundation for our accelerated plans to launch the first nationwide 5G network later this year. This does not include property and equipment obtained through financing lease agreements, vendor financing agreements, leased wireless devices transferred from inventory or any additional purchases of spectrum licenses.

Share Repurchases

On December 6, 2017, our Board of Directors authorized a stock repurchase program for up to $1.5 billion of our common stock through December 31, 2018 (the “2017 Stock Repurchase Program”). Repurchased shares are retired. The 2017 Stock Repurchase Program was completed on April 29, 2018.

On April 27, 2018, our Board of Directors authorized an increase in the total stock repurchase program to $9.0 billion, consisting of the $1.5 billion in repurchases previously completed and up to an additional $7.5 billion of repurchases of our common stock. The additional $7.5 billion repurchase authorization is contingent upon the termination of the Business Combination Agreement and the abandonment of the Transactions contemplated under the Business Combination Agreement.

Dividends

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

governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock.

Related Party Transactions

We have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing.

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 three months ended September 30, 2019, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with DT. We have relied upon DT for information regarding their activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: MTN Irancell, Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, during the three months ended September 30, 2019, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services to three customers in Germany identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli, Bank Sepah, and Europäisch-Iranische Handelsbank. These services have been terminated or are in the process of being terminated. For the three months ended September 30, 2019, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than $0.1 million, and the estimated net profits were less than $0.1 million.

In addition, DT, through certain of its non-U.S. subsidiaries, operating a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the three months ended September 30, 2019 were less than $0.1 million. We understand that DT intends to continue these activities.

Off-Balance Sheet Arrangements

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of September 30, 2019, we derecognized net receivables of $2.7 billion upon sale through these arrangements. See Note 5 – Sales of Certain Receivables of the Notes to the Condensed Consolidated Financial Statements for further information.

Critical Accounting Policies and Estimates

Preparation of our consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. Except as described below, there have been no material changes to the critical accounting policies and estimates as previously disclosed in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2018.

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

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

Leases

We adopted the new lease standard on January 1, 2019 and recognized right-of-use assets and lease liabilities for operating leases that have not previously been recorded.

Significant Judgments:

The most significant judgments and impacts upon adoption of the standard include the following:

- In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained or transferred substantially all of the rights to the underlying asset through exclusivity, if we can or if we have transferred the ability to direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights.

- We recognized right-of-use assets and operating lease liabilities for operating leases that have not previously been recorded. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right-of-use asset for operating leases is based on the lease liability adjusted for the reclassification of certain balance sheet amounts such as prepaid rent and deferred rent which we remeasured at adoption due to the application of hindsight to our lease term estimates. Deferred and prepaid rent will no longer be presented separately.

- Capital lease assets previously included within Property and equipment, net, were reclassified to financing lease right-of-use assets and capital lease liabilities previously included in Short-term debt and Long-term debt were reclassified to financing lease liabilities in our Condensed Consolidated Balance Sheet.

- Certain line items in the Condensed Consolidated Statements of Cash Flows and the "Supplemental disclosure of cash flow information" have been renamed to align with the new terminology presented in the new lease standard; "Repayment of capital lease obligations" is now presented as "Repayments of financing lease obligations" and "Assets acquired under capital lease obligations" is now presented as "Financing lease right-of-use assets obtained in exchange for lease obligations." In the "Operating Activities" section of the Condensed Consolidated Statements of Cash Flows we have added "Operating lease right-of-use assets" and "Short and long-term operating lease liabilities" which represent the change in the operating lease asset and liability, respectively. Additionally, in the "Supplemental disclosure of cash flow information" section of the Condensed Consolidated Statements of Cash Flows we have added "Operating lease payments," and in the "Noncash investing and financing activities" section we have added "Operating lease right-of-use assets obtained in exchange for lease obligations."

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

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

- We elected the use of hindsight whereby we applied current lease term assumptions that are applied to new leases in determining the expected lease term period for all cell sites. Upon adoption of the new lease standard and application of hindsight our expected lease term has shortened to reflect payments due for the initial non-cancelable lease term only. This assessment corresponds to our lease term assessment for new leases and aligns with the payments that have been disclosed as lease commitments in prior years. As a result, the average remaining lease term for cell sites has decreased from approximately nine to five years based on lease contracts in effect at transition on January 1, 2019. The aggregate impact of using hindsight is an estimated decrease in Total operating expense of $240 million in fiscal year 2019.

- We were also required to reassess the previously failed sale-leasebacks of certain T-Mobile-owned wireless communication tower sites and determine whether the transfer of the assets to the tower operator under the arrangement met the transfer of control criteria in the revenue standard and whether a sale should be recognized.

- We concluded that a sale has not occurred for the 6,200 tower sites transferred to CCI pursuant to a master prepaid lease arrangement; therefore, these sites will continue to be accounted for as failed sale-leasebacks.

- We concluded that a sale should be recognized for the 900 tower sites transferred to CCI pursuant to the sale of a subsidiary and for the 500 tower sites transferred to PTI. Upon adoption on January 1, 2019 we derecognized our existing long-term financial obligation and the tower-related property and equipment associated with these 1,400 previously failed sale-leaseback tower sites and recognized a lease liability and right-of-use asset for the leaseback of the tower sites. The estimated impacts from the change in accounting conclusion are primarily a decrease in Other revenues of $44 million and a decrease in Interest expense of $34 million in fiscal year 2019.

- Rental revenues and expenses associated with co-location tower sites are presented on a net basis under the new lease standard. These revenues and expenses were presented on a gross basis under the former lease standard.

See Note 1 - Summary of Significant Accounting Policies and Note 11 - Leases of the Notes to the Condensed Consolidated Financial Statements for further information.

Accounting Pronouncements Not Yet Adopted

See Note 1 – Summary of Significant Accounting Policies of the Notes to the Condensed Consolidated Financial Statements for information regarding recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the interest rate risk as previously disclosed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our periodic reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-Q.

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-Q.

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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 3 - Business Combinations and Note 12 – Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-Q, the Risk Factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018, and 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 Proposed Transactions

The closing of the Transactions is subject to a number of conditions, including the receipt of approvals from, and the absence of any order preventing the closing issued by, governmental entities, which may not approve the Transactions, may delay the approvals for, or may impose conditions or restrictions on, jeopardize or delay completion of, or reduce or delay the anticipated benefits of, the Transactions, and if these conditions are not satisfied or waived, the Transactions will not be completed.

The completion of the Transactions is subject to a number of conditions, including, among others, obtaining certain governmental authorizations, consents, orders or other approvals, and the absence of any injunction prohibiting the Transactions or any legal requirements enacted by a court or other governmental entity preventing the completion of the Transactions. In connection with these required approvals, we have agreed to significant actions and conditions, including the planned divestiture of Sprint's prepaid wireless businesses to DISH Network Corporation and ongoing commercial and transition services arrangements to be entered into in connection with such divestiture, which we and Sprint announced on July 26, 2019 (the "Divestiture Transaction"), a stipulation and order and proposed final judgment with the U.S. Department of Justice, which we and Sprint announced on July 26, 2019 (the "Consent Decree"), the proposed commitments contained in the *ex parte* presentation filed with the Secretary of the FCC, which we and Sprint announced on May 20, 2019 (the "FCC Commitments") and any commitments and undertakings we have entered into, and may in the future enter into, with governmental authorities at the federal and state level (collectively, with the Consent Decree and the FCC Commitments, the "Government Commitments"). There is no assurance that the remaining required authorizations, consents, orders or other approvals will be obtained or that they will be obtained in a timely manner, or whether they will be subject to additional required actions, conditions, limitations or restrictions on the combined company's business, operations or assets. In addition, the attorneys general of certain states and the District of Columbia have commenced litigation seeking an order prohibiting the consummation of the Transactions. Such litigation, and such required actions, conditions, limitations and restrictions, may jeopardize or delay completion of the Transactions, reduce or delay the anticipated benefits of the Transactions or allow the parties to the Business Combination Agreement to terminate the Business Combination Agreement, which could result in a material adverse effect on our or the combined company's business, financial condition or operating results. In addition, the completion of the Transactions is also subject to T-Mobile USA having specified minimum credit ratings on the closing date of the Transactions (after giving effect to the Merger) from at least two of three specified credit rating agencies, subject to certain qualifications. In the event that we terminate the Business Combination Agreement in connection with a failure to satisfy the closing condition related to the specified minimum credit ratings, then in certain circumstances, we may be required to pay Sprint an amount equal to $600 million. If the Transactions are not completed by November 1, 2019 (or, if the Marketing Period (as defined in the Business Combination Agreement) has started and is in effect at such date, then January 2, 2020), or if there is a final and non-appealable order or injunction preventing the consummation of the Transactions, either we or Sprint may terminate the Business Combination Agreement. The Business Combination Agreement may also be terminated if the other conditions to closing are not satisfied, and we and Sprint may also mutually decide to terminate the Business Combination Agreement.

Failure to complete the Merger could negatively impact us and our business, assets, liabilities, prospects, outlook, financial condition or results of operations.

If the Merger is not completed for any reason, we may be subject to a number of material risks. The price of our common stock may decline to the extent that its current market price reflects a market assumption that the Merger will be completed. In addition, some costs related to the Transactions must be paid by us whether or not the Transactions are completed. Furthermore, we may experience negative reactions from our stockholders, customers, employees, suppliers, distributors, retailers, dealers and others who deal with us, which could have an adverse effect on our business, financial condition and results of operations.

In addition, it is expected that if the Merger is not completed, we will continue to lack the network, scale and financial resources of the current market share leaders in, and other companies that have more recently begun providing, wireless services. Further, if the Merger is not completed, it is expected that we will not be able to deploy a nationwide 5G network on the same scale and on the same timeline as the combined company, and therefore will continue to be limited in our ability to compete effectively in the 5G era.

We are subject to various uncertainties, including litigation and contractual restrictions and requirements while the Transactions are pending that could disrupt our or the combined company's business and adversely affect our or the combined company's business, assets, liabilities, prospects, outlook, financial condition and results of operations.

Uncertainty about the effect of the Transactions on employees, customers, suppliers, vendors, distributors, dealers and retailers may have an adverse effect on us or the combined company. These uncertainties may impair the ability to attract, retain and motivate key personnel during the pendency of the Transactions and, if the Transactions are completed, for a period of time thereafter, as existing and prospective employees may experience uncertainty about their future roles with the combined company. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business following the completion of the Transactions could be negatively impacted. We or the combined company may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent. Additionally, these uncertainties could cause customers, suppliers, distributors, dealers, retailers and others to seek to change or cancel existing business relationships with us or the combined company or fail to renew existing relationships. Suppliers, distributors and content and application providers may also delay or cease developing for us or the combined company new products that are necessary for the operations of its business due to the uncertainty created by the Transactions. Competitors may also target our existing customers by highlighting potential uncertainties and integration difficulties that may result from the Transactions.

The Business Combination Agreement also restricts us, without Sprint's consent, from taking certain actions outside of the ordinary course of business while the Transactions are pending, including, among other things, certain acquisitions or dispositions of businesses and assets, entering into or amending certain contracts, repurchasing or issuing securities, making capital expenditures and incurring indebtedness, in each case subject to certain exceptions. These restrictions may have a significant negative impact on our business, results of operations and financial condition.

Management and financial resources have been diverted and will continue to be diverted toward the completion of the Transactions. We have incurred, and expect to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the Transactions. These costs could adversely affect our or the combined company's financial condition and results of operations.

In addition, we and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings and litigation matters that arise from time to time, including the antitrust litigation related to the Transactions brought by the attorneys general of certain states and the District of Columbia, and it is possible that an unfavorable resolution of these matters could prevent the consummation of the Transactions and/or adversely affect us and our results of operations, financial condition and cash flows and the results of operations, financial condition and cash flows of the combined company.

The Business Combination Agreement contains provisions that restrict the ability of our Board to pursue alternatives to the Transactions.

The Business Combination Agreement contains non-solicitation provisions that restrict our ability to solicit, initiate, knowingly encourage or knowingly take any other action designed to facilitate, any inquiries regarding, or the making of, any proposal the completion of which would constitute an alternative transaction for purposes of the Business Combination Agreement. In addition, the Business Combination Agreement does not permit us to terminate the Business Combination Agreement in order to enter into an agreement providing for, or to complete, such an alternative transaction.

Our directors and officers may have interests in the Transactions different from the interests of our stockholders.

Certain of our directors and executive officers negotiated the terms of the Business Combination Agreement. Our directors and executive officers may have interests in the Transactions that are different from, or in addition to, those of our stockholders. These interests include, but are not limited to, the continued service of certain of our directors as directors of the combined company, the continued employment of certain of our executive officers by the combined company, severance arrangements and employment terms linked to the Transactions and other rights held by our directors and executive officers, and provisions in the Business Combination Agreement regarding continued indemnification of and advancement of expenses to our directors and officers.

Risks Related to Integration and the Combined Company

Although we expect that the Transactions will result in synergies and other benefits, those synergies and benefits may not be realized or may not be realized within the expected time frame.

Our ability to realize the anticipated benefits of the Transactions will depend, to a large extent, on the combined company's ability to integrate our and Sprint's businesses in a manner that facilitates growth opportunities and achieves the projected standalone cost savings and revenue growth trends identified by each company without adversely affecting current revenues and investments in future growth. In addition, some of the anticipated synergies are not expected to occur for a significant time period following the completion of the Transactions and will require substantial capital expenditures in the near term to be fully realized. Even if the combined company is able to integrate the two companies successfully, the anticipated benefits of the Transactions, including the expected synergies and network benefits, may not be realized fully or at all or may take longer to realize than expected.

Our business and Sprint's business may not be integrated successfully or such integration may be more difficult, time consuming or costly than expected. Operating costs, customer loss and business disruption, including difficulties in completing the Divestiture Transaction, satisfying all of the Government Commitments and maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected following the Transactions. Revenues following the Transactions may be lower than expected.

The combination of two independent businesses is complex, costly and time-consuming and may divert significant management attention and resources to combining our and Sprint's business practices and operations. This process, as well as the Divestiture Transaction and the Government Commitments, may disrupt our business. The failure to meet the challenges involved in combining our and Sprint's businesses and to realize the anticipated benefits of the Transactions could cause an interruption of, or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company. The overall combination of our and Sprint's businesses, the completion of the Divestiture Transaction and compliance with the Government Commitments may also result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of customer and other business relationships. The difficulties of combining the operations of the companies, completing the Divestiture Transaction and satisfying all of the Government Commitments include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating operations and systems, including intellectual property and communications systems, administrative and information technology infrastructure and financial reporting and internal control systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- differences in control environments, cultures, and auditor expectations may result in future material weaknesses, significant deficiencies, and/or control deficiencies while we work to integrate the companies and align guidelines and practices;
- alignment of key performance measurements may result in a greater need to communicate and manage clear expectations while we work to integrate the companies and align guidelines and practices;
- difficulties in integrating employees and attracting and retaining key personnel;
- challenges in retaining existing customers and obtaining new customers;
- difficulties in achieving anticipated cost savings, synergies, accretion targets, business opportunities, financing plans and growth prospects from the combination;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- the impact of the additional debt financing expected to be incurred in connection with the Transactions;
- the transition of management to the combined company management team, and the need to address possible differences in corporate cultures and management philosophies;
- challenges in managing the divestiture process for the Divestiture Transaction and in conjunction with the ongoing commercial and transition services arrangements to be entered into in connection with the Divestiture Transaction;
- difficulties in satisfying the large number of Government Commitments in the required timeframes and the tracking and monitoring of them, including the network build-out obligations under the Government Commitments;
- contingent liabilities that are larger than expected; and
- potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Transactions, the Divestiture Transaction and the Government Commitments.

Some of these factors are outside of our control and/or will be outside the control of the combined company, and any one of them could result in lower revenues, higher costs and diversion of management time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of our and Sprint's businesses are integrated successfully, the full benefits of the Merger may not be realized, including, among others, the synergies, cost savings or sales or growth opportunities that are expected, including as a result of the Divestiture Transaction, the Government Commitments and/or the other actions and conditions we have agreed to in connection with the Transactions, or otherwise. These benefits may not be achieved within the anticipated time frame or at all. Further, additional unanticipated costs may be incurred in the integration of our and Sprint's businesses and in connection with the Divestiture Transaction and the Government Commitments, including potential penalties that could arise if we fail to fulfill our obligations thereunder. All of these factors could cause dilution to the earnings per share of the combined company, decrease or delay the projected accretive effect of the Merger, and negatively impact the price of our common stock following the Merger. As a result, it cannot be assured that the combination of T-Mobile and Sprint will result in the realization of the full benefits expected from the Transactions within the anticipated time frames or at all.

The indebtedness of the combined company following the completion of the Transactions will be substantially greater than the indebtedness of each of T-Mobile and Sprint on a standalone basis prior to the execution of the Business Combination Agreement. This increased level of indebtedness could adversely affect the combined company's business flexibility and increase its borrowing costs.

In connection with the Transactions, we and Sprint have conducted, and expect to conduct, certain pre-Merger financing transactions, which will be used in part to prepay a portion of our and Sprint's existing indebtedness and to fund liquidity needs. After giving effect to the pre-Merger financing transactions and the Transactions, we anticipate that the combined company will have consolidated indebtedness of up to approximately $69.0 billion to $71.0 billion, based on estimated September 30, 2019 debt and cash balances, and excluding tower obligations and operating lease liabilities.

Our substantially increased indebtedness following the Transactions could have the effect, among other things, of reducing our flexibility to respond to changing business, economic, market and industry conditions and increasing the amount of cash required to meet interest payments. In addition, this increased level of indebtedness following the Transactions may reduce funds available to support efforts to combine our and Sprint's businesses and realize the expected benefits of the Transactions, and may also reduce funds available for capital expenditures, share repurchases and other activities that may put the combined company at a competitive disadvantage relative to other companies with lower debt levels. Further, it may be necessary for the combined company to incur substantial additional indebtedness in the future, subject to the restrictions contained in its debt instruments, which could increase the risks associated with the capital structure of the combined company.

Because of the substantial indebtedness of the combined company following the completion of the Transactions, there is a risk that the combined company may not be able to service its debt obligations in accordance with their terms.

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

Some or all of the combined company's variable-rate indebtedness may use LIBOR as a benchmark for establishing the rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequence of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. In addition, any hedging agreements we have and may continue to enter into to limit our exposure to interest rate increases or foreign currency fluctuations may not offer complete protection from these risks or may be unsuccessful, and consequently may effectively increase the interest rate we pay on our debt or the exchange rate with respect to such debt, and any portion not subject to such hedging agreements would have full exposure to interest rate increases or foreign currency fluctuations, as applicable. If any financial institutions that are parties to our hedging agreements were to default on their payment obligations to us, declare bankruptcy or become insolvent, we would be unhedged against the underlying exposures. Any of these risks could have a material adverse effect on our business, financial condition and operating results.

The agreements governing the combined company's indebtedness and other financings will include restrictive covenants that limit the combined company's operating flexibility.

The agreements governing the combined company's indebtedness and other financings will impose material operating and financial restrictions on the combined company. These restrictions, subject in certain cases to customary baskets, exceptions and maintenance and incurrence-based financial tests, may limit the combined company's ability to engage in transactions and pursue strategic business opportunities, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock or making other restricted payments or investments;
- selling or buying assets, properties or licenses;
- developing assets, properties or licenses which the combined company has or in the future may procure;
- creating liens on assets securing indebtedness or other obligations;
- participating in future FCC auctions of spectrum or private sales of spectrum;
- engaging in mergers, acquisitions, business combinations or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit the combined company's ability to obtain debt financing, make share repurchases, refinance or pay principal on its outstanding indebtedness, complete acquisitions for cash or indebtedness or react to business, economic, market and industry conditions and other changes in its operating environment or the economy. Any future indebtedness that the combined company incurs may contain similar or more restrictive covenants. Any failure to comply with the restrictions of the combined company's debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these and other agreements, giving the combined company's lenders the right to terminate any commitments they had made to provide it with further funds and to require the combined company to repay all amounts then outstanding.

The financing of the Transactions is not assured.

Although we have received debt financing commitments from lenders to provide various financing arrangements to facilitate the Transactions, the obligation of the lenders to provide these facilities is subject to a number of conditions and the financing of the Transactions may not be obtained on the expected terms or at all.

In particular, we have received commitments for $27.0 billion in debt financing to fund the Transactions, which is comprised of (i) a $4.0 billion secured revolving credit facility, (ii) a $4.0 billion term loan credit facility and (iii) a $19.0 billion secured bridge loan facility. Our reliance on the financing from the $19.0 billion secured bridge loan facility commitment is intended to be reduced through one or more secured note offerings or other long-term financings prior to the Merger closing. However, there can be no assurance that we will be able to issue any such secured notes or other long-term financings on terms we find acceptable or at all, especially in light of recent debt market volatility, in which case we may have to exercise some or all of the commitments under the secured bridge facility to fund the Transactions. Accordingly, the costs of financing for the Transactions may be higher than expected.

Credit rating downgrades could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

Credit ratings impact the cost and availability of future borrowings, and, as a result, cost of capital. Our current ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our debt obligations or, following the completion of the Transactions, obligations to the combined company's obligors. Each rating agency reviews these ratings periodically and there can be no assurance that such ratings will be maintained in the future. A downgrade in the rating of us and/or Sprint could adversely affect the businesses, cash flows, financial condition and operating results of T-Mobile and, following the Transactions, the combined company.

We have incurred, and will incur, direct and indirect costs as a result of the Transactions.

We have incurred, and will incur, substantial expenses in connection with and as a result of completing the Transactions, the Divestiture Transaction and compliance with the Government Commitments, and over a period of time following the completion of the Transactions, the combined company also expects to incur substantial expenses in connection with integrating and coordinating our and Sprint's businesses, operations, policies and procedures. A portion of the transaction costs

related to the Transactions will be incurred regardless of whether the Transactions are completed. While we have assumed that a certain level of transaction expenses will be incurred, factors beyond our control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses will exceed the costs historically borne by us. These costs could adversely affect our financial condition and results of operations prior to the Transactions and the financial condition and results of operations of the combined company following the Transactions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herein
		Form	Date of First Filing	Exhibit Number	
2.1*	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	
2.2*	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	
3.1	Sixth Amended and Restated Bylaws of T-Mobile US, Inc.	8-K	10/11/2019	3.1	
4.1	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.				X
10.1**	Second Amendment, dated as of March 25, 2019, to Amended and Restated Employment Agreement, dated as of December 20, 2017, between T-Mobile US, Inc. and J. Braxton Carter.				X
10.2	Second Amended and Restated Commitment Letter, dated as of September 6, 2019, by and among T-Mobile USA, Inc. and the financial institutions party thereto.	8-K	9/9/2019	10.1	
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1***	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2***	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).				

* This filing excludes certain schedules pursuant to Item 601(a)(5) of Regulation S-K, which the registrant agrees to furnish supplementally to the SEC upon request by the SEC.

** Indicates a management contract or compensatory plan or arrangement.

*** Furnished herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

T-MOBILE US, INC.

October 28, 2019

/s/ J. Braxton Carter

J. Braxton Carter

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)