T-Mobile US, Inc.
Form 10-K
February 17, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
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.

DELAWARE	20-0836269
(State of incorporation)	(I.R.S. Employer Identification No.)
12920 SE 38th Street, Bellevue, Washington	98006-1350
(Address of principal executive offices)	(Zip Code)

(425) 378-4000
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.00001 par value per share	The NASDAQ Stock Market LLC
5.50% Mandatory Convertible Preferred Stock, Series A, $0.00001 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None.
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
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 x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x
As of June 30, 2015, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was $10.9 billion based on the closing sale price as reported on the New York Stock Exchange. As of February 11, 2016, there were 818,420,728 shares of common stock outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
Part III of this Annual Report on Form 10-K incorporates by reference certain portions of the definitive Proxy Statement for the registrant’s Annual Meeting of Stockholders, which definitive Proxy Statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

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For the Year Ended December 31, 2015

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Cautionary Statement Regarding Forward-Looking Statements

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

- adverse conditions in the U.S. and international economies or disruptions to the credit and financial markets;
- competition in the wireless services market;
- challenges in implementing our business strategies or funding our wireless operations, including payment for additional spectrum, network upgrades and technological advancements;
- 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;
- the timing, scope and financial impact of our deployment of advanced network and business technologies;
- the impact on our networks and business from major technology equipment failures;
- breaches of our and/or our third party vendors' networks, information technology and data security;
- natural disasters, terrorist attacks or similar incidents;
- existing or future litigation;
- any changes in the regulatory environments in which we operate, including any increase in restrictions on the ability to operate our networks;
- any disruption of our key suppliers' provisioning of products or services;
- material adverse changes in labor matters, including labor negotiations or additional organizing activity, and any resulting financial and/or operational impact;
- the ability to make payments on our debt or to repay our existing indebtedness when due;
- adverse change in the ratings of our debt securities by nationally accredited rating organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing;
- changes in accounting assumptions that regulatory agencies, including the Securities and Exchange Commission ("SEC"), may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and,
- changes in tax laws, regulations and existing standards and the resolution of disputes with any taxing jurisdictions.

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

PART I.

Item 1. Business

Business Overview

We are the Un-carrier™. Un-satisfied with the status quo. Un-afraid to innovate. T-Mobile is the fastest growing wireless company in the U.S. based on customer growth in 2015. T-Mobile provides wireless communications services, including voice, messaging and data, to over 63 million customers in the postpaid, prepaid and wholesale markets. The Un-carrier proposition is an approach that seeks to listen to the customer, address their pain points, bring innovation to the industry and improve the wireless experience for all. In practice, this means offering our customers a great service on a nationwide 4G Long-Term Evolution ("LTE") network, offering devices when and how our customers want them, and providing plans that are simple, affordable and without unnecessary restrictions. Going forward, we will continue to listen and respond to our customers, refine and improve the Un-carrier proposition and deliver the best value experience in the industry.

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History

T-Mobile USA, Inc. (“T-Mobile USA”) was formed in 1994 as VoiceStream Wireless PCS (“VoiceStream”), a subsidiary of Western Wireless Corporation (“Western Wireless”). VoiceStream was spun off from Western Wireless in 1999, acquired by Deutsche Telekom AG (“Deutsche Telekom”) in 2001 and renamed T-Mobile USA, Inc. in 2002.

In 2013, T-Mobile US, Inc. was formed through the business combination between T-Mobile USA and MetroPCS Communications, Inc. (“MetroPCS”). The business combination was accounted for as a reverse acquisition with T-Mobile USA as the accounting acquirer. Accordingly, T-Mobile USA’s historical financial statements became the historical financial statements of the combined company. See Note 2 – Business Combination with MetroPCS of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for further information regarding the business combination.

Our common stock traded on the New York Stock Exchange (“NYSE”) under the symbol “TMUS” from May 1, 2013, and our 5.50% mandatory convertible preferred stock, Series A (“preferred stock”) traded on the NYSE under the symbol “TMUSPRA” from December 17, 2014, until October 26, 2015. On October 27, 2015, we transferred the listing of our common stock and preferred stock to the NASDAQ Global Select Market of The NASDAQ Stock Market LLC (“NASDAQ”) under the symbols “TMUS” and “TMUSP,” respectively.

Business Strategy

We generate revenue by offering affordable wireless communication services to our postpaid, prepaid and wholesale customers, as well as a wide selection of wireless devices and accessories. Our most significant expenses are related to acquiring and retaining high-quality customers, providing a full range of devices, compensating employees, and operating and expanding our network. We provide service, devices and accessories across our flagship brands, T-Mobile and MetroPCS, through our owned and operated retail stores, third party distributors and our websites (www.T-Mobile.com and www.MetroPCS.com). The information on our websites is not part of this Form 10-K.

We continue to aggressively pursue our strategy, which includes the following elements:

Un-carrier Proposition

We introduced our Un-carrier proposition in 2013 and continue to aggressively address customer pain points with the launch of different phases of the Un-carrier proposition. Un-carrier initiatives have included, but are not limited to, offering the following to qualifying customers:

- providing customers with affordable rate plans while eliminating annual service contracts;
- allowing customers easier options to upgrade their eligible devices when they want;
- reimbursing customers’ early termination fees or remaining phone payments when they switch from other carriers;
- allowing customers to stream music without it counting against their high speed data allotment;
- providing Wi-Fi calling and texting for customers with capable smartphones;
- giving customers the ability to roll-over up to 20 GB of their unused high-speed data automatically each month;
- providing reduced United States to international calling rates, and providing messaging and data roaming while traveling abroad at no extra charge;
- extending coverage and calling, as well as 4G LTE data, across the U.S., Mexico and Canada at no extra charge; and
- providing select video streaming services without it counting against their high speed data allotment on qualifying plans.

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Below is a summary of the phases and updates to our Un-carrier proposition:

Customer Experience

The ongoing success of our Un-carrier proposition and continued modernization of the network has strengthened T-Mobile's position as a provider of dependable high-speed LTE service. Additionally, we have continued to focus on retaining customers by delivering an improved wireless customer experience. Branded postpaid phone churn improved to 1.39% in 2015, compared to 1.58% in 2014 and 1.69% in 2013. These results reinforce our position as an organization with a strong focus and commitment to providing an outstanding customer experience.

Aligned Cost Structure

We continue to pursue a low-cost business operating model to drive cost savings, which can then be reinvested in the business. These cost-reduction programs are on-going as we continue to simplify our business and drive operational efficiencies and cost savings in areas, such as network optimization, customer roaming and customer service. A portion of these savings have been, and will continue to be, reinvested into growth of our business.

Customers

T-Mobile provides wireless communication services to three primary categories of customers: branded postpaid, branded prepaid and wholesale. Branded postpaid customers generally include customers that are qualified to pay after using wireless communication services. Branded prepaid customers generally include customers who pay for wireless communication services in advance. Our branded prepaid customers include customers of the T-Mobile, MetroPCS and certain partner brands. Wholesale customers, which include Machine-to-Machine ("M2M") and Mobile Virtual Network Operators ("MVNO"), operate on the T-Mobile network, but are managed by wholesale partners.

We generate the majority of our service revenues by providing wireless communication services to branded postpaid customers. In 2015, 66% of our service revenues were generated by providing wireless communication services to branded postpaid customers, compared to 30% from branded prepaid customers and 4% from wholesale customers, roaming and other services. Therefore, our ability to acquire and retain branded postpaid customers is important to our business in the generation of service revenues, equipment revenues and other revenues. Our branded postpaid net customer additions remained strong with 4.5 million in 2015, compared to 4.9 million in 2014 and 2.0 million in 2013. Growth in our branded postpaid net customer additions was primarily driven by strong customer response to our Un-carrier initiatives, ongoing improvements to our network and promotions for services and devices.

Services and Products

T-Mobile provides wireless communication services through a variety of service plan options. We also offer a wide selection of wireless devices, including smartphones, tablets and other mobile communication devices, which are manufactured by various suppliers. Services, devices and accessories are offered directly to consumers through our owned and operated retail stores, as

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well as through our websites. In addition, we sell devices and accessories to dealers and other third party distributors for resale through independent third-party retail outlets and a variety of third-party websites.

Service plan options include our Simple Choice plans, which allow customers to subscribe for wireless services separately from the purchase of a handset. We introduced our Simple Choice plans as part of phase 1.0 of our Un-carrier proposition in 2013, which eliminated annual service contracts and simplified the lineup of consumer rate plans to one affordable plan for unlimited voice and messaging services with the option to add data services. Depending on their credit profile, customers are qualified either for postpaid or prepaid service. As part of the ongoing movement towards simplifying the business, we continued to drive the penetration of Simple Choice plans within our customer base. The proportion of branded postpaid customers on Simple Choice plans was 94% as of December 31, 2015, up from 89% as of December 31, 2014.

Customers on our Simple Choice plans benefit from reduced monthly service charges and can choose whether to use their own compatible handset on our network, purchase a handset from us or one of our dealers or lease a device through our JUMP On Demand™ program. Depending on their credit profile, qualifying customers who purchase a device from us have the option of financing all or a portion of the purchase price at the time of sale over an installment period using our Equipment Installment Plan (“EIP”). In addition, qualifying customers who finance their initial handset device with an EIP can enroll in JUMP! to later upgrade their device. Upon qualifying JUMP! program upgrades, the customers’ remaining EIP balance is settled provided they trade in their used handset at the time of upgrade in good working condition and purchase a new handset from us on a new EIP.

In 2015, we introduced JUMP! On Demand. With JUMP! On Demand, a low monthly payment covers the cost of leasing a new device and gives customers the freedom to swap it for a new one up to three times in 12 months for no extra fee. Upon device upgrade or at lease end, customers must return or purchase their device.

Network

We provide mobile communication services utilizing mid-band spectrum licenses, such as Advanced Wireless Services (“AWS”) and Personal Communications Service (“PCS”), and low-band spectrum licenses utilizing our 700 MHz A-Block spectrum. We owned an average of 85 MHz of spectrum across the top 25 markets in the U.S. as of December 31, 2015. This is compared to an average of 82 MHz of spectrum across the top 25 markets in the U.S. as of December 31, 2014. Over the last year, we have entered into various agreements for the acquisition of 700 MHz A-Block, AWS and PCS spectrum licenses. In addition, we intend to opportunistically acquire spectrum licenses in private party transactions and future Federal Communications Commission (“FCC”) spectrum license auctions, including the broadcast incentive auction of low-band 600 MHz spectrum licenses scheduled to occur in 2016.

We have substantially completed the process of upgrading our network to LTE, which provides our customers with the fastest nationwide LTE services. Our LTE network now covers 305 million people, compared to 265 million people as of December 31, 2014. In addition, we are currently in the process of building out our network to utilize our low-band 700 MHz A-Block spectrum licenses, which will boost network reach, improve in-building coverage and extend coverage to more areas.

We are rapidly deploying both Wideband LTE to add capacity to our LTE Network and Extended Range LTE to enhance coverage and in-building performance. Extended Range LTE, which operates on our low-band 700 MHz A-Block spectrum, currently covers approximately 190 million people in more than 300 market areas.

Our nationwide network covers all major metropolitan areas and approximately 91% of people in the U.S., excluding roaming coverage. Over the last three years, we have continued to build out our network to concentrate our cell sites where our customers need data most. We had approximately 64,000 cell sites, including macro sites and certain distributed antenna system ("DAS") network nodes as of December 31, 2015 compared to approximately 61,000 cell sites as of December 31, 2014.

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Below is a map showing our coverage, including LTE, in the U.S.:

In addition, we have completed the shutdown of the MetroPCS Code Division Multiple Access ("CDMA") network. The migration of customers from the MetroPCS CDMA network onto T-Mobile's LTE and Evolved High Speed Packet Access Plus ("HSPA+") network provides faster network performance for MetroPCS customers with compatible handsets.

Distribution

We had approximately 80,000 total points of distribution, including approximately 12,000 T-Mobile and MetroPCS branded locations and 68,000 third-party and national retailer locations, as well as distribution through our websites, as of December 31, 2015. Our distribution density in major metropolitan areas provides customers with the convenience of having retail and service locations close to where they live and work.

Competition

The wireless telecommunications industry is highly competitive. We are the third largest provider of postpaid service plans and the largest provider of prepaid service plans in the U.S. as measured by customers. Our competitors include other national carriers, such as AT&T Inc. ("AT&T"), Verizon Communications, Inc. ("Verizon") and Sprint Corporation ("Sprint"). AT&T and Verizon are significantly larger than us and may enjoy greater resources and scale advantages as compared to us. In addition, our competitors include numerous smaller regional carriers and MVNOs, such as TracFone Wireless, Inc., many of which offer no-contract, prepaid service plans. Competitors also include providers who offer similar communication services, such as voice and messaging, using alternative technologies or services. Competitive factors within the wireless telecommunications industry include pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies, availability of additional spectrum licenses, and regulatory changes. Some competitors have shown a willingness to use aggressive pricing as a source of differentiation. Taken together, the competitive factors we face continue to put pressure on margins as companies compete to retain the current customer base and continue to add new customers.

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Employees

As of December 31, 2015, we employed approximately 50,000 full-time and part-time employees, including network, retail, administrative and customer support functions, of which approximately 30 employees were covered by a collective bargaining agreement, as of December 31, 2015.

Regulation

The FCC regulates many key aspects of our business, including licensing, construction, the operation and use of our network, modifications of our network, control and ownership of our business, the sale of certain business assets, domestic roaming arrangements and interconnection agreements, pursuant to its authority under the Communications Act of 1934, as amended ("Communications Act"). The FCC has a number of complex requirements and proceedings that affect our operations and that could increase our costs or diminish our revenues. For example, the FCC has rules regarding provision of 911 and E-911 services, porting telephone numbers, interconnection, roaming, internet openness or net neutrality, and the universal service and Lifeline programs. Many of these and other issues are being considered in ongoing proceedings, and we cannot predict whether or how such actions will affect our business, financial condition or results of operations. Our ability to provide services and generate revenues could be harmed by adverse regulatory action or changes to existing laws and regulations. In addition, regulation of companies that offer competing services can impact our business indirectly.

Wireless communications providers must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC issues each license for a fixed period of time, typically 10 years in the case of cellular, PCS and point-to-point microwave licenses. AWS licenses have an initial term of 15 years, with successive 10-year terms thereafter. While the FCC has generally renewed licenses given to operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance was unintentional. In extreme cases, penalties can include revocation of our licenses. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations and financial condition.

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

Congress and the FCC have imposed limitations on foreign ownership of CMRS licensees that exceed 20% direct ownership or 25% indirect ownership. The FCC has ruled that higher levels of indirect foreign ownership, even up to 100%, are presumptively consistent with the public interest albeit subject to review. Consistent with that established policy, the FCC has issued a declaratory ruling authorizing up to 100% ownership of our company by Deutsche Telekom. This declaratory ruling, and our licenses, are conditioned on Deutsche Telekom's and the Company's compliance with a network security agreement with the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland Security. Failure to comply with the terms of this agreement could result in fines, injunctions and other penalties, including potential revocation of our spectrum licenses.

While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless communication providers, certain state and local governments regulate other terms and conditions of wireless service, including billing, termination of service arrangements and the imposition of early termination fees, advertising, network outages, the use of handsets while driving, zoning and land use. Further, the FCC and the Federal Aviation Administration regulate the siting, lighting and construction of transmitter towers and antennae. Tower siting and construction are also subject to state and local zoning, as well as federal statutes regarding environmental and historic preservation. The future costs to comply with all relevant regulations are to some extent unknown and regulations could result in higher operating expenses in the future.

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Available Information

T-Mobile's Form 10-K and all other reports and amendments filed with or furnished to the SEC, are publicly available free of charge on the Investor Relations section of our website at investor.t-mobile.com or at www.sec.gov as soon as reasonably practicable after these materials are filed with or furnished to the SEC. Our corporate governance guidelines, code of business conduct, code of ethics for senior financial officers and charters for the audit, compensation, nominating and corporate governance and executive committees of our board of directors are also posted on the Investor Relations section of T-Mobile's website at investor.t-mobile.com. The information on our websites is not part of this or any other report T-Mobile files with, or furnishes to, the SEC.

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. T-Mobile intends to also use the @TMobileIR Twitter account (https://twitter.com/TMobileIR) and the @JohnLegere Twitter (https://twitter.com/JohnLegere) and Periscope accounts, which Mr. Legere also uses as means for personal communications and observations, as means of disclosing information about the Company, its services and other matters and for complying with its disclosure obligations under Regulation FD. The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following the Company's press releases, SEC filings and public conference calls and webcasts. The social media channels that T-Mobile intends to use as a means of disclosing the information described above may be updated from time to time as listed on the Company's investor relations website.

Item 1A. Risk Factors

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

Risks Related to Our Business and the Wireless Industry

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

We will need to acquire additional spectrum in order to continue our customer growth, expand into new metropolitan areas, maintain our quality of service, meet increasing customer demands and deploy new technologies. We will be at a competitive disadvantage and possibly experience erosion in the quality of service in certain markets if we fail to gain access to necessary spectrum before reaching capacity, especially low band spectrum.

The continued interest in, and aggregation of, spectrum may reduce our ability to acquire spectrum from other carriers or otherwise negatively impact our ability to gain access to spectrum through other means. As a result, we may need to acquire spectrum through government auctions and/or enter into spectrum sharing arrangements, which are subject to certain risks and uncertainties. Although the FCC has scheduled an auction of low band spectrum to begin in 2016, it is possible the auction may be delayed. Any material delay could adversely impact our ability to implement our plans and efforts to improve our network. Additionally, we may be unable to secure the spectrum we need in the upcoming auction, or in any other government auction we may elect to participate in, on favorable terms or at all. In addition, the FCC has encountered resistance to its plans to make additional spectrum available, which has created uncertainty about the timing and availability of spectrum through government auctions.

The FCC may impose conditions on the use of new wireless broadband mobile spectrum, including new restrictions or rules governing the use or access to current or future spectrum. This could increase pressure on capacity. Additional conditions that may be imposed by the FCC include heightened build-out requirements, limited renewal rights, clearing obligations, or open access or net neutrality requirements that may make it less attractive or less economical to acquire spectrum. In addition, rules may be established for future government spectrum auctions that may negatively impact our ability to obtain spectrum economically or in appropriate configurations or coverage areas.

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

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We operate in a very competitive wireless industry, which could limit our ability to attract and retain customers and adversely affect our business, operations and financial results.

We have multiple wireless competitors in each of our service areas, some of which have greater resources than us, and compete for customers based principally on service/device offerings, price, call quality, data use experience, coverage area and customer service. In addition, we are facing growing competition from providers offering services using alternative wireless technologies and IP-based networks, as well as traditional cable, satellite TV and wireline networks. We expect market saturation to continue to cause the wireless industry’s customer growth rate to be moderate in comparison with historical growth rates or possibly negative, leading to increased competition for customers. Customer attrition, also known as churn, may increase as the wireless industry shifts away from service contracts. We also expect that our customers’ growing appetite for data services will place increased demands on our network capacity. This competition and our capacity issues will continue to put pressure on pricing and margins as companies compete for potential customers. Our ability to compete will depend on, among other things, continued absolute and relative improvement in network quality and customer services, effective marketing and selling of products and services, attractive pricing, and cost management, all of which will involve significant expenses.

Joint ventures, mergers, acquisitions and strategic alliances in the wireless industry have resulted in and are expected to result in larger competitors competing for a limited number of customers. The two largest national wireless communication providers currently serve a significant percentage of all wireless customers and hold significant spectrum and other resources. Our largest competitors may be able to enter into exclusive handset, device, or content arrangements, execute pervasive advertising and marketing campaigns, or otherwise improve their cost position relative to ours. In addition, the refusal of our large competitors to provide critical access to resources and inputs, such as roaming services on reasonable terms, may improve their position within the wireless broadband mobile services industry. Furthermore, industries are converging as video, mobile, and broadband companies compete to deliver content as the next generation of offerings. Companies like Comcast and AT&T/DirecTV will have the scale and assets to aggressively compete in a converged wireless industry. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of our larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, have made it more difficult for smaller carriers like us to continue to attract and retain customers, and may adversely affect our competitive position and ability to grow, which would have a material adverse effect on our business, financial condition and operating results.

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

In order to grow and remain competitive with new and evolving technologies in our industry, we will need to adapt to future changes in technology, continually invest in our network, enhance our existing offerings, and introduce new offerings to address our current and potential customers’ changing demands. Enhancing our network is subject to risk from equipment changes and migration of customers from existing spectrum bands. Adopting new and sophisticated technologies may result in implementation issues such as scheduling and supplier delays, unexpected or increased costs, technological constraints, regulatory permitting issues, subscriber dissatisfaction, and other issues that could cause delays in launching new technological capabilities, which in turn could result in significant costs or reduce the anticipated benefits of the upgrades. In general, the development of new services in the wireless telecommunications industry will require us to anticipate and respond to the continuously changing demands of our customers, which we may not be able to do accurately or timely. We could experience a material adverse effect on our business, operations, financial position, and operating results if our new services fail to retain or gain acceptance in the marketplace or if costs associated with these services are higher than anticipated.

If our efforts, or those of third party service providers, to maintain the privacy and security of our customer, confidential, or sensitive information are not successful at preventing a significant data breach or cyber-attack, we could incur substantial additional costs, become subject to litigation, enforcement actions or regulatory investigation, and suffer reputational damage.

Our business, like that of most retailers and wireless companies, involves the receipt, storage and transmission of personal information, consumer preferences and payment card information of our customers and other persons who apply to become customers, confidential information about our employees and suppliers, and other sensitive information about our company, such as our business plans, transactions and intellectual property (“confidential information”). The methods used to obtain unauthorized access, disable or degrade service, or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. Cyber-attacks, such as denial of service, advanced persistent threats, other malicious attacks, unauthorized access or distribution of confidential information by third parties or employees, errors or breaches by third party suppliers, or other breaches of security could disrupt our internal systems and applications, impair our

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ability to provide services to our customers, and protect the privacy and confidentiality of our sensitive information. Such attacks against companies are occurring with greater frequency and may be perpetrated by a variety of groups or persons, including those in jurisdictions where U.S. law enforcement is or has been unable to effectively address such attacks.

In addition, we provide confidential, proprietary and personal information to third party service providers when it is necessary to pursue business objectives. We and our third party service providers have been subject to cyber-attacks in the past, including a breach at Experian in September 2015 in which a subset of records containing current and potential customer information was compromised.

Although we regularly review our processes and procedures to protect against unauthorized access to or use of sensitive data and to prevent data loss, the ever-evolving threat landscape requires us to continually evaluate and adapt our systems and processes. We cannot assure you that the security measures and preventive actions we take will be adequate to repel a significant attack, prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third party supplier environments. If we are subject to such attacks or compromise, we may incur significant costs, be subject to regulatory investigations, sanctions and private litigation, experience disruptions to our operations or may suffer damage to our reputation that negatively impacts customer confidence. Although the cyber-attacks that we and our third party service providers have been subjected to in the past have not caused significant harm to our company, future cyber-attacks may materially adversely affect our business, results of operations and financial condition.

We are in the process of transferring our customer billing systems from our existing third-party vendor to a new third-party vendor. Any unanticipated difficulties, disruption or significant delays could have adverse operational, financial and reputational effects on our business.

We are currently implementing a new customer billing system, which involves moving to a new third-party billing services vendor and platform through utilization of a phased deployment approach. The first release phase, which is limited to prepaid services, is scheduled for 2016. Post implementation, we plan to operate both the existing and new billing systems in parallel to aid in the transition to the new system until all phases of the conversion are complete.

The implementation may cause major system or business disruptions or we may fail to implement the new billing system in a timely or effective manner. In addition, the third-party billing services vendor may experience errors, cyber-attacks or other operational disruptions that could negatively impact us and over which we may have limited control. Interruptions and/or failure of this new billing services system could disrupt our operations and impact our ability to provide or bill for our services, retain customers, attract new customers or negatively impact overall customer experience. Any occurrence of the foregoing could cause material adverse effects on our operations and financial condition, material weaknesses in our internal control over financial reporting and reputational damage.

Our reputation and financial condition could be materially adversely affected by system failures, business disruptions, and unauthorized use of or interference with our network and other systems.

To be successful, we must provide our customers with reliable, trustworthy service and protect the communications, location, and personal information shared or generated by our customers. We rely upon our systems and networks, and the systems and networks of other providers and suppliers, to provide and support our services and, in some cases, to protect our customers' and our information. Failure of our or others' systems, networks and infrastructure may prevent us from providing reliable service, or may allow for the unauthorized use of or interference with our networks and other systems. Examples of these risks include:

- human error such as responding to deceptive communications or unintentionally executing malicious code;

- physical damage, power surges or outages, or equipment failure, including those as a result of severe weather, natural disasters, terrorist attacks, and acts of war;
- theft of customer and/or proprietary information offered for sale for competitive advantage or corporate extortion;
- unauthorized access to our information technology, billing, customer care and provisioning systems and networks, and those of our suppliers and other providers;
- supplier failures or delays; and
- other systems failures or outages.

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

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

We depend heavily on suppliers and other third parties in order for us to efficiently operate our business. Our business is complex, and it is not unusual for multiple vendors located in multiple locations to help us to develop, maintain and troubleshoot products and services, such as network components, software development services, and billing and customer service support. Our suppliers often provide services outside of the U.S., which carries associated additional regulatory and legal obligations. We generally rely upon the suppliers to provide contractual assurances and accurate information regarding risks associated with their provision of products or services in accordance with our expectations and standards, and they may fail to do so.

Generally, there are multiple sources for the types of products and services we purchase or use. However, we currently rely on a limited number of suppliers for billing services, voice and data communications transport services, network infrastructure, equipment, handsets, and other devices, and payment processing services, among other products and services we rely on. Disruptions with respect to such suppliers, or failure of such suppliers to adequately perform, could have a material adverse on our financial performance.

In the past, our suppliers, contractors and third-party retailers have not always performed at the levels we expect or at the levels required by their contracts. Our business could be severely disrupted if key suppliers, contractors, service providers, or third-party retailers fail to comply with their contracts or become unable to continue the supply due to patent or other intellectual property infringement actions, or other disruptions. Our business could also be disrupted if we experience delays or service degradation during any transition to a new outsourcing provider or other supplier, or we were required to replace the supplied products or services with those from another source, especially if the replacement became necessary on short notice. Any such disruptions could have a material adverse effect on our business, results of operations and financial condition.

Economic and market conditions may adversely affect our business and financial performance, as well as our access to financing on favorable terms or at all.

Our business and financial performance are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, economic growth, energy costs and other macro-economic factors. Difficult, or worsening, general economic conditions could have a material adverse effect on our business, financial condition and results of operations.

Market volatility, economic uncertainty, and weak economic conditions may materially adversely affect our business and financial performance in a number of ways. Our services are available to a broad customer base, a significant segment of which may be more vulnerable to weak economic conditions. We may have greater difficulty in gaining new customers within this segment and existing customers may be more likely to terminate service due to an inability to pay.

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

In addition, instability in the global financial markets could lead to periodic volatility in the credit, equity and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us, or at all.

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

The agreements governing our indebtedness impose significant operating and financial restrictions on us. These restrictions, subject in certain cases to customary baskets, exceptions and incurrence-based ratio tests, may limit our or our subsidiaries' ability to engage in some transactions, including the following:

- incurring additional indebtedness and issuing preferred stock;
- paying dividends, redeeming capital stock or making other restricted payments or investments;
- selling or buying assets, properties or licenses including participating in future FCC auctions of spectrum or private sales of spectrum;
- developing assets, properties or licenses which we have or in the future may procure;

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- creating liens on assets;
- engaging in mergers, acquisitions, business combinations or other transactions;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit our ability to react to changes in our operating environment or the economy. Any future indebtedness that we incur may contain similar or more restrictive covenants. Any failure to comply with the restrictions of our debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these agreements and other agreements, giving our lenders the right to terminate any commitments they had made to provide us with further funds and to require us to repay all amounts then outstanding. Any of these events would have a material adverse effect on our financial position and performance.

Our significant indebtedness could adversely affect our business, financial condition and operating results.

Our ability to make payments on our debt, to repay our existing indebtedness when due, to fund our capital intensive business and operations and fund significant planned capital expenditures will depend on our ability to generate cash in the future, which is in turn subject to the operational risks described elsewhere in this section. Our debt service obligations could have material adverse effects on our operations and financial results, including by:

- limiting our flexibility in planning for, or reacting to, changes in our business or the communications industry or pursuing growth opportunities;
- reducing the amount of cash available for other operational or strategic needs; and
- placing us at a competitive disadvantage to competitors who are less leveraged than we are.

In addition, $0.6 billion of the $5.6 billion in principal amount of the senior reset notes we issued to Deutsche Telekom in connection with the business combination between T-Mobile and MetroPCS bears interest at rates which will be reset in April 2016. Some of our debt also has a floating rate of interest linked to various indices. If the resets or the change in indices result in interest rate increases, debt service requirements will increase, which could adversely affect our cash flow. While we have and may enter into agreements limiting our exposure to higher interest rates in the future, any such agreements may not offer complete protection from this risk, and any portion not subject to such agreements would have full exposure to higher interest rates. Any of these risks could have a material adverse effect on our business, financial condition, and operating results.

Our business and stock price may be adversely affected if our internal controls are not effective.

Under Section 404 of the Sarbanes-Oxley Act of 2002, and the related SEC rules, we are required to establish, maintain, and annually evaluate the effectiveness of our internal controls over financial reporting. This process is designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. We rely heavily on information technology (“IT”) systems as an important part of our internal controls in order to operate, transact and otherwise manage our business, as well as provide effective and timely reporting of our financial results. Each year, we are required to document and test our internal controls over financial reporting, including these IT systems; our management is required to assess and issue a report concerning our internal control over financial reporting; and our independent registered public accounting firm is required to report on the effectiveness of our internal control over financial reporting.

We cannot assure you that we will not discover material weaknesses within our IT controls or other aspects of our internal control over financial reporting in the future. The existence of one or more material weaknesses could result in errors in our financial statements, and substantial costs and resources may be required to rectify these or other internal control deficiencies. If we are unable to comply with the requirements of Section 404 in a timely manner or determine that our internal control over financial reporting is not effective, investors may lose confidence in the accuracy and completeness of our financial reports. This may negatively impact the trading price of our common stock, and possibly expose us to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities.

Our financial performance will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription or dealer fraud. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as national retailers, dealers and others, the resulting loss of revenue or increased expenses could have a materially adverse impact on our financial

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condition and results of operations.

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

In our industry, there is substantial and continuous competition for highly-skilled business, product development, technical, and other personnel. We believe that our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented and highly-skilled personnel. Doing so may be difficult due to many factors, including fluctuations in economic and industry conditions, competitors' hiring practices, employee tolerance for the significant amount of change within and demands on our company and our industry, and the effectiveness of our compensation programs. Our continued ability to compete effectively depends on our ability to retain and motivate our existing employees and to attract new employees. If we do not succeed in retaining and motivating our existing key employees and in attracting new key personnel, we may not be able to meet our business plan and, as a result, our revenue growth and profitability may be materially adversely affected.

Risk related to Legal and Regulatory Matters

We operate throughout the U.S., Puerto Rico, and the U.S. Virgin Islands, and as such are subject to regulatory and legislative action by applicable local, state and federal governmental entities, which may increase our costs of providing products or services, or require us to change our business operations, products, or services or subject us to material adverse impacts if we fail to comply with such regulations.

The FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, as do some state and local regulatory agencies. Additionally, the Federal Trade Commission ("FTC") and other federal agencies have asserted that they have jurisdiction over some consumer protection and elimination and prevention of anticompetitive business practices with respect to the provision of non-common carrier services. We cannot assure you that the FCC, FTC, or any other federal, state or local agencies will not adopt regulations or take other enforcement or other actions that would adversely affect our business, impose new costs, or require changes in current or planned operations. We are subject to regulatory oversight by various federal agencies, as well as judicial review and actions, on issues related to the wireless industry that include, but are not limited to: roaming, spectrum allocation and licensing, pole attachments, intercarrier compensation, Universal Service Fund ("USF"), net neutrality, special access, 911 services, consumer protection, consumer privacy, and cybersecurity. We are also subject to regulations in connection with other aspects of our business, including handset financing and insurance activities.

In June 2015, the FCC's new net neutrality rules became effective, with the exception of enhanced transparency requirements, which are expected to become effective in 2016. The rules include a new Internet Service Provider (ISP) conduct standard, prohibiting actions that harm consumers or edge providers, subject to case-by-case review by the FCC. The new rules potentially subject some of our initiatives and practices, such as Binge On and our network management practices, to heightened scrutiny by federal and state regulators, the public, and edge providers regarding whether such initiatives or practices are compliant.

In addition, states are increasingly focused on the quality of service and support that wireless communication providers provide to their customers and several states have proposed or enacted new and potentially burdensome regulations in this area. A number of state Public Utility Commissions and state legislatures have introduced proposals in recent years seeking to regulate carriers' business practices. We also face potential investigations by, and inquiries from or actions by state Public Utility Commissions and state Attorneys General. We also cannot assure you that Congress will not amend the Communications Act, from which the FCC obtains its authority and which serves to limit state authority, or enact other legislation in a manner that could be adverse to our business. Enactment of additional state or federal regulations may increase our costs of providing services (including, through universal service programs, requiring us to subsidize wireline competitors) or require us to change our services. Failure to comply with applicable regulations could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we could be subject to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses) for failure to comply with FCC or other governmental regulations, even if any such non-compliance was unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations, and financial condition.

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Unfavorable outcomes of legal proceedings may adversely affect our business and financial condition.

We are regularly involved in a number of legal proceedings before various state and federal courts, the FCC, the FTC, other federal agencies, and state and local regulatory agencies. Such legal proceedings can be complex, costly, and highly disruptive to business operations by diverting the attention and energies of management and other key personnel. The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition, operating results or ability to do business.

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

The offering of financial services products to our customers, such as financing of devices, including through our EIP and JUMP! On Demand program, has expanded our regulatory compliance obligations. If we fail to remain compliant with any of these regulations, then we face the risk of:

- Increased consumer complaints and potential examinations or enforcement actions by federal and state regulatory agencies, including but not limited to the Consumer Financial Protection Board (“CFPB”), Federal Deposit Insurance Corporation (“FDIC”) and the FTC;
- Violation of financial services and consumer protections regulations may result in regulatory fines, penalties, enforcement actions, civil litigation and/or class action lawsuits.

We may be unable to adequately protect our intellectual property. Additionally, we use equipment, software, technology, and content in the operation of our business, which may subject us to third-party intellectual property claims and we may be adversely affected by litigation involving our suppliers.

We rely on a combination of patent, service mark, trademark, and trade secret laws and contractual restrictions to establish and protect our proprietary rights, all of which offer only limited protection. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. We may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to ours. Unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We cannot be sure that any legal actions against such infringers will be successful, even when our rights have been infringed. We cannot assure you that our pending or future patent applications will be granted or enforceable, or that the rights granted under any patent that may be issued will provide us with any competitive advantages. In addition, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or will provide adequate protection of our brands. We do not have insurance coverage for intellectual property losses, and as such, a charge for an anticipated settlement, or an adverse ruling awarding damages, represents unplanned loss events. Any of these factors could have material adverse effects on our business, results of operations and financial condition.

Third parties may claim we infringe their intellectual property rights. We are a defendant in numerous intellectual property lawsuits, including patent infringement lawsuits, which exposes us to the risk of adverse financial impact either by way of significant settlement amounts or damage awards. As we adopt new technologies and new business systems, and provide customers with new products and/or services, we may face additional infringement claims. These claims could require us to cease certain activities or to cease selling relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources. In addition to litigation directly involving our company, our vendors and suppliers can be threatened with patent litigation and/or subjected to the threat of disruption or blockage of sale, use, or importation of products, posing the risk of supply chain interruption to particular products and associated services exposing us to material adverse operational and financial impacts.

Our business may be impacted by new or changing tax laws or regulations and actions by federal, state or local agencies, or how judicial authorities apply tax laws.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In connection with the products and services we provide, we calculate, collect, and remit various taxes and regulatory fees to numerous federal, state and local governmental authorities, including federal USF contributions and common carrier regulatory fees. In addition, many state and local governments levy various taxes and fees on our sales of products and services to

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customers and on our purchases of telecommunications equipment and services from vendors and various telecommunications carriers. We impose surcharges on customers to reimburse us for taxes, regulatory assessments and other costs we incur to comply with governmental regulatory mandates. In many cases, the applicability and method of calculating these surcharges, taxes and fees may be uncertain, and our calculation, assessment or remittance of these amounts may be contested by either customers or governmental authorities. In the event that we have incorrectly described, disclosed, calculated, assessed or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties, or other adverse actions, which could materially impact our operations or financial condition. In the event that federal, state and/or local municipalities were to significantly increase taxes and regulatory fees on our services or seek to impose new ones, it could have a material adverse effect on our margins and financial and operational results.

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

Our existing wireless licenses are subject to renewal upon the expiration of the 10-year or 15-year period for which they are granted. Historically, the FCC has approved our license renewal applications. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. In addition, our licenses are subject to our compliance with the terms set forth in the agreement pertaining to national security among Deutsche Telekom, the Federal Bureau of Investigation, the Department of Justice, the Department of Homeland Security and the Company. The failure of Deutsche Telekom or the Company to comply with the terms of this agreement could result in fines, injunctions, and other penalties, including potential revocation or non-renewal of our spectrum licenses. If we fail to timely file to renew any wireless license, or fail to meet any regulatory requirements for renewal, including construction and substantial service requirements, we could be denied a license renewal. Many of our wireless licenses are subject to interim or final construction requirements and there is no guarantee that the FCC will find our construction, or the construction of prior licensees, sufficient to meet the build-out or renewal requirements. The FCC has pending a rulemaking proceeding to reevaluate, among other things, its wireless license renewal showings and standards and may in this or other proceedings promulgate changes or additional substantial requirements or conditions to its renewal rules, including revising license build out requirements. Accordingly, we cannot assure you that the FCC will renew our wireless licenses upon their expiration. If any of our wireless licenses were to be revoked or not renewed upon expiration, we would not be permitted to provide services under that license, which could have a material adverse effect on our business, results of operations and financial condition.

Our business could be adversely affected by findings of product liability for health/safety risks from wireless devices and transmission equipment, as well as by changes to regulations/radio frequency emission standards.

We do not manufacture devices or other equipment sold by us, and we depend on our suppliers to provide defect-free and safe equipment. Suppliers are required by applicable law to manufacture their devices to meet certain governmentally imposed safety criteria. However, even if the devices we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for any harm caused by products we sell if such products are later found to have design or manufacturing defects. We generally seek to enter into indemnification agreements with the manufacturers who supply us with devices to protect us from losses associated with product liability, but we cannot guarantee that we will be fully protected against all losses associated with a product that is found to be defective.

Allegations have been made that the use of wireless handsets and wireless transmission equipment, such as cell towers, may be linked to various health concerns, including cancer and brain tumors. Lawsuits have been filed against manufacturers and carriers in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, the FCC has from time to time gathered data regarding wireless handset emissions and its assessment of this issue may evolve based on its findings. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. These allegations may lead to changes in regulatory standards. There have also been other allegations regarding wireless technology, including allegations that wireless handset emissions may interfere with various electronic medical devices (including hearing aids and pacemakers), airbags and anti-lock brakes.

Additionally, there are safety risks associated with the use of wireless devices while operating vehicles or equipment. Concerns over any of these risks and the effect of any legislation, rules or regulations that have been and may be adopted in response to these risks could limit our ability to sell our wireless services.

Related to Ownership of our Common Stock

We are controlled by Deutsche Telekom, whose interests may differ from the interests of our other stockholders.

Deutsche Telekom beneficially owns and possesses majority voting power of the fully diluted shares of our common stock.

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Through its control of the voting power of our common stock and the rights granted to Deutsche Telekom in our certificate of incorporation and the Stockholder's Agreement, Deutsche Telekom controls the election of our directors and all other matters requiring the approval of our stockholders. By virtue of Deutsche Telekom's voting control, we are a "controlled company," as defined in the NASDAQ listing rules, and are not subject to NASDAQ requirements that would otherwise require us to have a majority of independent directors, a nominating committee composed solely of independent directors or a compensation committee composed solely of independent directors.

In addition, our certificate of incorporation and the Stockholder's Agreement restrict us from taking certain actions without Deutsche Telekom's prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of our common stock, including:

- the incurrence of debt (excluding certain permitted debt) if our consolidated ratio of debt to cash flow for the most recently ended four full fiscal quarters for which financial statements are available would exceed 5.25 to 1.0 on a pro forma basis;
- the acquisition of any business, debt or equity interests, operations or assets of any person for consideration in excess of $1 billion;
- the sale of any of our or our subsidiaries' divisions, businesses, operations or equity interests for consideration in excess of $1 billion;
- any change in the size of our board of directors;
- the issuances of equity securities in excess of 10% of our outstanding shares or to repurchase debt held by Deutsche Telekom;
- the repurchase or redemption of equity securities or the declaration of extraordinary or in-kind dividends or distributions other than on a pro rata basis;
- or the termination or hiring of our chief executive officer.

These restrictions could prevent us from taking actions that our board of directors may otherwise determine are in the best interests of the Company and our stockholders or that may be in the best interests of our other stockholders.

Deutsche Telekom effectively has control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes to our certificate of incorporation, a sale or merger of our company and other transactions requiring stockholder approval under Delaware law. Deutsche Telekom's controlling interest may have the effect of making it more difficult for a third-party to acquire, or discouraging a third-party from seeking to acquire, the Company. Deutsche Telekom may have strategic, financial, or other interests different from our other stockholders, including as the holder of a substantial amount of our indebtedness and as the counter-party in a number of commercial arrangements, and may make decisions adverse to the interests of our other stakeholders.

Future sales or issuances of our common stock, including sales by Deutsche Telekom, could have a negative impact on our stock price.

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

We and Deutsche Telekom are parties to the Stockholder's Agreement pursuant to which Deutsche Telekom is free to transfer its shares in public sales without notice, as long as such transactions would not result in the transferee owning 30% or more of the outstanding shares of our common stock. If a transfer would exceed the 30% threshold, it is prohibited unless the transferee makes a binding offer to purchase all of the other outstanding shares on the same price and terms. The Stockholder's Agreement does not otherwise impose any other restrictions on the sales of common stock by Deutsche Telekom. Moreover, we have filed a shelf registration statement with respect to the common stock and certain debt securities held by Deutsche Telekom, which would facilitate the resale by Deutsche Telekom of all or any portion of the shares of our common stock it holds. The sale of shares of our common stock by Deutsche Telekom (other than in transactions involving the purchase of all of our outstanding shares) could significantly increase the number of shares available in the market, which could cause a decrease in our stock price. In addition, even if Deutsche Telekom does not sell a large number of its shares into the market, its right to transfer a large number of shares into the market may depress our stock price.

In addition, we have reserved up to 38.684 million shares of common stock for issuance upon conversion of our preferred stock, subject to certain anti-dilution adjustments. The dividends on the preferred stock may also be paid in cash or, subject to certain limitations, shares of common stock or any combination of cash and shares of common stock. The issuance of additional shares of common stock upon conversion of, or in connection with the payment of dividends upon, the mandatory

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convertible preferred stock may depress our stock price.

Our stock price may be volatile, and may fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

The trading prices of the securities of communications companies historically have been highly volatile, and the trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in reaction to a number of events and factors that may include, among other things:

- our or our competitors' actual or anticipated operating and financial results; introduction of new products and services by us or our competitors or changes in service plans or pricing by us or our competitors;
- analyst projections, predictions and forecasts, analyst target prices for our securities and changes in, or our failure to meet, securities analysts' expectations;
- Deutsche Telekom's financial performance, results of operation, or actions implied or taken by Deutsche Telekom;
- entry of new competitors into our markets or perceptions of increased price competition, including a price war;
- our performance, including subscriber growth, and our financial and operational metric performance;
- market perceptions relating to our services, network, handsets and deployment of our LTE platform and our access to iconic handsets, services, applications or content;
- market perceptions of the wireless communications industry and valuation models for us and the industry;
- changes in our credit rating or future prospects;
- the availability or perceived availability of additional capital in general and our access to such capital;
- actual or anticipated consolidation, or other strategic mergers or acquisition activities involving us or our competitors or market speculations regarding such activities;
- disruptions of our operations or service providers or other vendors necessary to our network operations; the general state of the U.S. and world economies; and
- availability of additional spectrum, whether by the announcement, commencement, bidding and closing of auctions for new spectrum or the acquisition of companies that own spectrum, and the extent to which we or our competitors succeed in acquiring additional spectrum.

In addition, the stock market has been volatile in the recent past and has experienced significant price and volume fluctuations, which may continue for the foreseeable future. This volatility has had a significant impact on the trading price of securities issued by many companies, including companies in the communications industry. These changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and operating results.

Our stockholder rights plan could prevent a change in control of our Company in instances in which some stockholders may believe a change in control is in their best interests.

We have a stockholder rights plan ("Rights Plan") in effect. The Rights Plan will cause substantial dilution to a person or group that attempts to acquire our company on terms that our board of directors does not believe are in our and our stockholders' best interest. The Rights Plan is intended to protect stockholders in the event of an unfair or coercive offer to acquire the Company and to provide our board of directors with adequate time to evaluate unsolicited offers. The Rights Plan may prevent or make takeovers or unsolicited corporate transactions with respect to our company more difficult, even if stockholders may consider such transactions favorable, possibly including transactions in which stockholders might otherwise receive a premium for their shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2015, we leased approximately 60,000 cell sites, 64 switching centers and 8 data centers, totaling approximately 2.0 million square feet. In addition, we had 18 leased call centers, totaling approximately 1.4 million square feet, and 21 leased warehouses, totaling approximately 615,000 square feet. We also leased approximately 2,350 retail locations, including stores and kiosks ranging in size from approximately 100 square feet to 13,000 square feet.

We currently lease office space totaling approximately 1.0 million square feet for our corporate headquarters in Bellevue, Washington. We use these offices for engineering and administrative purposes. We also lease space throughout the U.S.,

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totaling approximately 1.3 million square feet as of December 31, 2015, for use by our regional offices primarily for administrative, engineering and sales purposes.

Item 3. Legal Proceedings

See Note 13 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding certain legal proceedings in which we are involved.

Item 4. Mine Safety Disclosures

None.

PART II.

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

Market Information

Since October 27, 2015, our common stock has traded on the NASDAQ Global Select Market of The NASDAQ Stock Market LLC ("NASDAQ") under the symbol "TMUS." From May 1, 2013, the first trading day after the closing of the business combination with MetroPCS, until October 26, 2015, our common stock traded on the New York Stock Exchange ("NYSE") under the symbol "TMUS." As of December 31, 2015, there were 324 registered stockholders of record of our common stock, but we estimate the total number of stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name.

The high and low common stock sales prices per share were as follows:

	High	Low
Year Ended December 31, 2015		
First Quarter	$33.48	$26.46
Second Quarter	40.77	31.19
Third Quarter	43.43	36.33
Fourth Quarter	42.06	34.24
Year Ended December 31, 2014		
First Quarter	$33.92	$29.06
Second Quarter	35.50	27.62
Third Quarter	34.55	28.25
Fourth Quarter	29.60	24.26

We have never paid or declared any cash dividends on our common stock, and we do not intend to declare or pay any cash dividends on our common stock in the foreseeable future. Our credit facilities and the indentures and supplemental indentures governing our long-term debt to affiliates and third parties, excluding capital leases, contain covenants that, among other things, restrict our ability to declare or pay dividends on our common stock. In addition, no dividend may be declared or paid on our common stock, other than dividends payable solely in shares of our common stock, unless all accrued dividends for all completed dividend periods have been declared and paid on our preferred stock. Other than to pay dividends on our preferred stock, we currently intend to retain future earnings, if any, to invest in our business. Subject to Delaware law, our board of directors will determine the payment of future dividends on our common stock, if any, and the amount of any dividends in light of:

- any applicable contractual or charter restrictions limiting our ability to pay dividends;
- our earnings and cash flows;
- our capital requirements;
- our future needs for cash;
- our financial condition; and
- other factors our board of directors deems relevant.

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Performance Graph

The graph below compares the five-year cumulative total returns of T-Mobile, the NASDAQ Composite index, the NYSE Composite index, the S&P 500 index and the Dow Jones US Mobile Telecommunications TSM index. The graph tracks the performance of a $100 investment, with the reinvestment of all dividends, from December 31, 2010 to December 31, 2015. For periods prior to the closing of the business combination with MetroPCS, our stock price performance represents the stock price of MetroPCS, adjusted to reflect the 1-for-2 reverse stock split effected on April 30, 2013. After 2015, T-Mobile will no longer provide a comparison to the NYSE Composite index since we transferred the listing of our stock to the NASDAQ Stock Market on October 27, 2015.

	At December 31,					
	2010	2011	2012	2013	2014	2015
T-Mobile US, Inc.	$100.00	$68.73	$78.70	$165.82	$132.79	$192.83
NYSE Composite	100.00	96.16	111.53	140.85	150.35	144.21
S&P 500	100.00	102.11	118.45	156.82	178.29	180.75
NASDAQ Composite	100.00	100.53	116.92			