

T-Mobile US, Inc.
Form DEF 14A
April 26, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to § 240.14a-12

T-Mobile US, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Agenda:

Place: Elect 12 director nominees named in the Proxy Statement to the Company's Board of Directors;

Four Seasons Hotel
99 Union Street
Seattle, WA 98101

Ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019;

Vote on one stockholder proposal, if properly presented at the Annual Meeting; and

Consider any other business that is properly brought before the Annual Meeting or any continuation, adjournment or postponement of the Annual Meeting.

Date: June 13, 2019

Record Date: You can vote your shares if you were a stockholder of record at the close of business on April 18, 2019.

Time: 8:00 a.m. PDT

YOUR VOTE IS VERY IMPORTANT. Please vote as soon as possible by internet, by telephone or by signing and returning your proxy card if you received a paper copy of the proxy card by mail.

By Order of the Board of Directors,

Timotheus Höttges

Chairman of the Board of Directors

April 26, 2019

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS**

TO BE HELD ON JUNE 13, 2019

The Proxy Statement and Annual Report to Stockholders are available at

<https://t-mobile.com/Proxy2019> and <https://www.proxyvote.com>.

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Proxy Statement Summary

This summary highlights information you will find in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement before you vote.

2019 Annual Meeting Information

Date and Time:	Location:	Record Date:	Proxy Mail Date:
Thursday, June 13, 2019 at 8:00 a.m. (PDT)	Four Seasons Hotel 99 Union Street Seattle, WA 98101	April 18, 2019	On or about April 26, 2019

How to Vote

<p>By Internet:</p> <p>Visit the website listed on your proxy card</p>	<p>By Phone:</p> <p>Call the telephone number on your proxy card</p>	<p>By Mail:</p> <p>Sign, date and return your proxy card in the enclosed envelope</p>	<p>In Person:</p> <p>Attend the Annual Meeting in Seattle, Washington</p>
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Voting: Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Admission: Admission to the Annual Meeting is limited to stockholders as of the record date. To be admitted to the Annual Meeting, you must present government-issued picture identification and proof of ownership of T-Mobile stock on the record date. This can be any of the following:

Notice of Internet Availability of Proxy Materials

Admission ticket enclosed with the paper copy of the proxy materials

Legal proxy, account statement or other documentation confirming your T-Mobile stock holdings from the broker, bank or other institution that holds your shares

Annual Meeting Agenda and Vote Recommendations:

Matter		Board Vote Recommendation	Page Reference (for more details)
Proposal 1	<u>Election of Directors</u>	FOR	14
Proposal 2	<u>Ratification of the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for Fiscal Year 2019</u>	FOR	23
Proposal 3	<u>Stockholder Proposal for Limitations on Accelerated Vesting of Equity Awards in the Event of a Change of Control</u>	AGAINST	54

In this Proxy Statement, we, our, us, T-Mobile and the Company refer to T-Mobile US, Inc. and the Annual Meeting refers to the 2019 Annual Meeting of Stockholders. We first made this Proxy Statement and form of proxy card available to stockholders on or about April 26, 2019.

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Governance is real at T-Mobile. In connection with the business combination with MetroPCS Communications, Inc. completed in 2013 (the Metro Combination), T-Mobile became a publicly traded company with a significant stockholder, Deutsche Telekom AG (Deutsche Telekom). Deutsche Telekom has the right to designate a number of our directors, and as a result, we have stockholder representation on our Board. Directors approach each Board decision with a mindset that is intellectually independent from management. In addition, our Board has structured our corporate governance program to promote the long-term interest of stockholders, strengthen the Board's and management's accountability and help build public trust in the Company.

Unclassified Board and Annual Election of Directors	Annual Board and Committee Self-Evaluations
12 Director Nominees	No Poison Pill
Separation of Chairman and Chief Executive Officer Roles	Stockholder Right to Call Special Meeting and Act by Written Consent
Lead Independent Director	Anti-Hedging, Anti-Short Sale and Anti-Pledging Policies
Independent Chairs of the Audit, Compensation and Nominating and Corporate Governance Committees	Executive Compensation Driven by Pay for Performance
Regular Executive Sessions of Independent Directors	Stock Ownership Guidelines for Executive Officers and Directors
Comprehensive Risk Oversight by the Board and its Committees	Clawback Policy to Recapture Incentive Payments

T-Mobile Had Record Financial Results and Strong Customer Growth in 2018 and Proved, Once Again, That Taking Care of Customers Is Also Good for Stockholders

T-Mobile had record financial results in 2018, including record service revenues, record total revenues, strong net income, record fourth quarter Adjusted EBITDA, strong net cash from operating activities and record free cash flow. We added 7.0 million total net customers in 2018, marking the fifth year in a row of more than 5 million total net customer additions. We ended the year with 79.7 million total customers.

Our customer growth translated into industry-leading revenue growth. Service revenue of \$32.0 billion for 2018 grew at 6.1% year over year. Net income of \$2.9 billion for 2018 was down 36.3% year over year, due to the impact from the Tax Cuts and Jobs Act (the Tax Act), which resulted in an income tax benefit of \$2.2 billion in 2017, and grew 22.6% year over year excluding the impact from the Tax Act. Adjusted EBITDA of \$12.4 billion grew 10.6% year over year.

As of December 31, 2018, T-Mobile covered more than 325 million people with 4G LTE. Our stock price increased by 285.0% from May 1, 2013 (the first day of trading after the Metro Combination) through December 31, 2018. Looking back three years, our stock price has increased 63.3% (January 4, 2016 through December 31, 2018).

Adjusted EBITDA is a non-GAAP financial measure. This non-GAAP financial measure should be considered in addition to, but not as a substitute for, the information provided in accordance with U.S. generally accepted accounting principles (GAAP). A reconciliation to the most directly comparable GAAP financial measure is provided in Appendix A to this Proxy Statement.

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PROXY SUMMARY STATEMENT

Executive Compensation Highlights Paying for Performance

Our executive compensation program is aligned with our business strategy and is designed to attract and retain top talent, reward short-term and long-term business results and exceptional individual performance, and, most importantly, maximize stockholder value.

Key Features of Our Executive Compensation Program

What We Do

Emphasis on pay for performance

Independent compensation consultant

Executive and director stock ownership guidelines

Clawback policy to recapture incentive payments

Use multiple performance measures and caps on potential incentive payments

Substantial majority of target total compensation is variable

Use of executive compensation statements (tally sheets)

Annual risk assessment of compensation programs

What We Don't Do

No short-selling, hedging or pledging of Company's securities

No excise tax gross-ups

No guaranteed increases or bonuses

No plans that encourage excessive risk taking

No single-trigger vesting of equity awards upon a change in control

No significant perquisites

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Corporate Governance at T-Mobile

T-Mobile Is Committed to Good Corporate Governance

Our corporate governance practices and policies promote the long-term interests of our stockholders, strengthen the accountability of our Board and management and help build public trust.

Our Board has established a boardroom dynamic that encourages meaningful and robust discussions based on each director's unique and

diverse background, resulting in informed decision-making that seeks to maximize stockholder value and promotes stockholder interests. Directors exercise thorough oversight of decisions regarding the Company's strategy and outlook. The Board regularly reviews developments in corporate governance and updates its practices and governance materials as it deems necessary and appropriate.

Governance Highlights

Unclassified Board and Annual Election of Directors 12 Director Nominees	Annual Board and Committee Self-Evaluations No Poison Pill
Separation of Chairman and Chief Executive Officer Roles	Stockholder Right to Call Special Meeting and Act by Written Consent
Lead Independent Director	Anti-Hedging, Anti-Short Sale and Anti-Pledging Policies
Independent Chairs of the Audit, Compensation and Nominating and Corporate Governance Committees	Executive Compensation Driven by Pay for Performance
Regular Executive Sessions of Independent Directors	Stock Ownership Guidelines for Executive Officers and Directors
Comprehensive Risk Oversight by the Board and Its Committees	Clawback Policy to Recapture Incentive Payments

Key Governance Materials

Certificate of Incorporation

Charter for Each Board Committee

Bylaws

Code of Business Conduct

Corporate Governance Guidelines

Code of Ethics for Senior Financial Officers

Stockholder s Agreement

Speak Up Policy (f.k.a. Whistleblower Protection Policy)

These documents are available under the Governance section of our website at <http://investor.t-mobile.com> or are listed as exhibits to the Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC).

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CORPORATE GOVERNANCE AT T-MOBILE

ABOUT THE BOARD OF DIRECTORS

Governance Framework and Code of Business Conduct

Our Board has adopted Corporate Governance Guidelines that, together with our certificate of incorporation, our bylaws and the Stockholder s Agreement with Deutsche Telekom, provide a framework for the effective governance of the Company.

The Board also adopted our Code of Business Conduct, which establishes the standards of ethical conduct applicable to our directors, officers and employees. In addition, we have a Code of Ethics for Senior Financial Officers. In the event of a waiver by the Board of any Code of Business Conduct or Code of Ethics for Senior Financial Officers provisions applicable to directors or executive officers, we will promptly disclose the Board s actions on our website.

Our Board and Director Independence

Our Board consists of 12 directors, two of whom are currently employed by the Company. Pursuant to our certificate of incorporation and the Stockholder s Agreement, Deutsche Telekom has certain rights to designate director nominees and to have such designees serve on the committees of the Board. See Transactions with Related Persons and Approval Transactions with Deutsche Telekom Stockholder s Agreement for more information.

We Are a Controlled Company with Certain Exemptions

Since Deutsche Telekom beneficially owns a majority of our outstanding stock (approximately 63.0% as of March 31, 2019), we are deemed a controlled company under the NASDAQ Stock Market LLC (NASDAQ) rules. These rules exempt controlled companies, like us, from certain corporate governance requirements, including: (i) that a majority of our Board be independent, (ii) that our Nominating and Corporate Governance Committee be composed entirely of independent directors, and (iii) that our Compensation Committee be composed entirely of independent directors. In addition, we rely on the exemption for controlled companies from NASDAQ rules adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act that relate to compensation committee member independence and compensation committee consultants.

Director Independence

On an annual basis, our Board evaluates the independence of each director, including nominees for election to the Board, in accordance with NASDAQ rules and our Corporate Governance Guidelines. For certain types of relationships, NASDAQ rules require us to consider a director s relationship with the Company, and also with any parent or subsidiary in a consolidated group with the Company, which includes Deutsche Telekom and its affiliates. Each of the following directors or director nominees is an independent director under NASDAQ rules and our Corporate Governance Guidelines:

Srikant M. Datar*
Lawrence H. Guffey
Olaf Swantee

Kelvin R. Westbrook*
Teresa A. Taylor*

* The Board has determined that each member of the Audit Committee meets the heightened independence criteria applicable to audit committee members under NASDAQ and SEC rules.

Board Leadership

Our Chairman and Our Chief Executive Officer Roles Are Separated

We believe that separating the roles of Chief Executive Officer and Chairman of the Board is appropriate for the Company and in the best interests of the Company and its stockholders at this time. Timotheus Höttges, Deutsche Telekom's Chief Executive Officer, is the Chairman of the Board. Key responsibilities of our Chairman include:

- Managing the overall Board function
- Chairing all regular sessions of the Board
- Establishing the agenda for each Board meeting in consultation with the lead independent director, our Chief Executive Officer and other senior management as appropriate
- Assisting in establishing, coordinating and reviewing the criteria and methods for evaluating, at least annually, the effectiveness of the Board and its committees

The separation of the offices allows Mr. Höttges to focus on management of Board matters and allows our Chief Executive Officer to focus on managing our business. Additionally, we believe the separation of the roles ensures the objectivity of the Board in its management oversight role, specifically with respect to reviewing and assessing our Chief Executive Officer's performance. The Board believes that its role in risk oversight did not impact the leadership structure chosen by the Board.

We Have a Lead Independent Director

Our Board has also chosen to appoint a lead independent director. Teresa A. Taylor is our current lead independent director. Key responsibilities of our lead independent director include:

- Coordinating the activities of our independent directors
- Calling and presiding over the executive sessions of the independent directors
- Functioning as a liaison between the independent directors and the Chairman of the Board and/or the Chief Executive Officer
- Providing input on the flow of information to the Board, including the Board's agenda and schedule

Board Meetings and Director Attendance

Our Board meets regularly throughout the year. Committees typically meet the day prior to the Board meeting, and depending on the schedule of the Board meeting, the Audit Committee holds additional meetings in connection with quarterly earnings. Directors are expected to attend all meetings of the Board and each committee on which they serve, as well as the Annual Meeting of Stockholders. At each regularly scheduled Board meeting (or more frequently if necessary), time is set aside for executive sessions where outside (non-management) directors meet without management present. In addition, our Corporate Governance Guidelines require the independent directors to meet at least twice each year in executive session, with the lead independent director presiding at such executive session.

Our Board met 10 times during 2018

Each director attended at least 75% of the total number of meetings of the Board and Board committees on which he or she served

All directors who then served on the Board, other than one, attended our 2018 Annual Meeting of Stockholders

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CORPORATE GOVERNANCE AT T-MOBILE

ANNUAL BOARD AND COMMITTEE EVALUATIONS

The Nominating and Corporate Governance Committee oversees the annual Board and committee self-evaluation process. In 2018, the Committee engaged an outside consultant to coordinate and provide insight on the annual self-evaluation process.

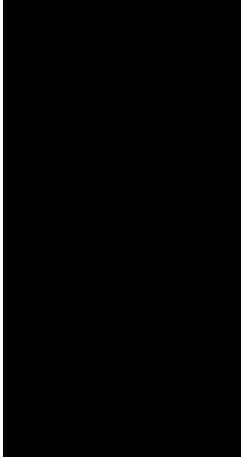
The Board is committed to a comprehensive self-evaluation process to review the Board's and each committee's overall effectiveness.

Noted below are the high-level steps of the Board and Committee self-evaluation process.

Board Evaluation Process

HOW TO COMMUNICATE WITH OUR BOARD

You may contact the Chairman of the Board, the Board as a whole, the lead independent director, or any individual director as follows:



T-Mobile US, Inc.
The Board of Directors
c/o Corporate Secretary
12920 SE 38th Street
Bellevue, Washington 98006

After receipt, communications will generally be forwarded to the Chairman of the Board, the whole Board, the lead independent director or specific directors as the Corporate Secretary deems appropriate based on the content of, and the matters raised in, the communications. Communications that are unrelated to the duties and responsibilities of the Board or are unduly hostile, threatening, potentially illegal or similarly unsuitable will not be forwarded. Responses to letters and any communications that are excluded are maintained by the Company and are available to any director upon request.

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CORPORATE GOVERNANCE AT T-MOBILE

BOARD COMMITTEES AND RELATED MATTERS

Our Board has four standing committees: Audit, Compensation, Executive, and Nominating and Corporate Governance. The Board makes committee and committee chair assignments annually at its meeting immediately following the Annual Meeting of Stockholders, although further changes may be made from time to time as deemed appropriate by the Board.

Each committee has a Board-approved charter, which is reviewed annually by the respective committee. Recommended changes, if any, are submitted to the Board for approval. Each committee may retain and compensate consultants or other advisors as necessary for it to carry out its duties, without consulting with or obtaining the approval of the Board or the Company. A copy of the charter for each standing committee can be found on the Investor Relations section of our website at <http://investor.t-mobile.com> by selecting Governance Documents under the Governance tab.

Audit Committee

	As more fully described in its charter, the primary responsibilities of the Audit Committee are to:
Chair: Srikant M. Datar	
Additional Members	Assist the Board in oversight of the integrity of the Company’s financial statements and the financial reporting process, disclosure controls and procedures and internal audit functions
Teresa A. Taylor	Directly appoint, compensate and retain our independent auditor, including the evaluation of the independent auditor’s qualifications, performance and independence
Kelvin R. Westbrook	Pre-approve the retention of the independent auditor for all audit and such non-audit services as the independent auditor is permitted to provide the Company and approve the fees for such services
Meetings Held in 2018: 11	Discuss the Company’s risk assessment and risk management policies, as well as annually review the implementation and effectiveness of our compliance and ethics programs
	Develop and oversee compliance with the Code of Ethics for Senior Financial Officers and the Code of Business Conduct for all employees, officers and directors

Establish procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters

Review and approve all related person transactions pursuant to the Company's Related Person Transaction Policy

Our Board has determined that each member of the Audit Committee meets all of the requirements for audit committee members under applicable NASDAQ rules and each of Messrs. Datar and Westbrook is an audit committee financial expert as defined in applicable SEC rules.

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CORPORATE GOVERNANCE AT T-MOBILE

Compensation Committee

Chair: Kelvin R.
Westbrook

Additional Members

Lawrence H. Guffey

Dr. Christian P. Illek

Raphael Kübler

Olaf Swantee

Meetings Held in 2018: 6