

Examples Illustrating Sprint and T-Mobile Merger Tax Consequences

Assumption for Examples

The following three examples illustrate the calculations described in Form 8937. In each example it is assumed that you owned 200 shares of Sprint Corporation common stock (Sprint Common Stock) at the time of the merger. It is also assumed, for purposes of calculating the total consideration received in the merger (Step 2), that the fair market value of any the New T-Mobile Common Stock received in the merger was \$85.13, which was the closing price of the New T-Mobile Common Stock on April 1, 2020 (the day on which the merger closed).

In each example you would have been entitled to approximately 20.512 shares of New T-Mobile Common Stock (200 Sprint Common Stock times the 0.10256 stock exchange ratio). In exchange for the 0.512 fractional share, you would have received an additional cash payment of \$43.59 (0.512 fraction share times the \$85.13 closing price), leaving you with 20 shares of New T-Mobile Common Stock.

The three examples differ as to the original cost basis in the Sprint Common Stock. In Example 1, you are assumed to have had an adjusted tax basis of \$6 per share of Sprint Common Stock. In Example 2, your basis is assumed to be \$12 per share, while in Example 3 it is assumed to be \$3 per share.

The information contained herein is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Sprint and T-Mobile Merger. In addition, this information does not address tax consequences which may vary depending on the individual circumstances of Sprint shareholders, or any non-income tax or any foreign, state or local tax consequences of the Sprint and T-Mobile Merger. Accordingly, Sprint shareholders are strongly urged to consult with their own tax advisor to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the Sprint and T-Mobile Merger to them.

Example 1:

Step 1: Tax Basis of Sprint Common Stock

200 shares x \$6.00/share \$1,200.00

Step 2: Total Consideration Received in the Merger

Stock Merger Consideration (20.512 New T-Mobile Common Stock X \$85.13) \$1,746.19

Step 3: Taxable Gain or Loss Realized in the Merger

Total Consideration Received \$1,746.19

Less: Tax Basis of Sprint Common Stock (1,200.00)

Total Gain Realized \$546.19

Step 4: Taxable Gain Recognized in the Merger

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) \$0.00

Step 5: Total Basis in New T-Mobile Common Stock

Tax Basis of Sprint Common Stock \$1,200.00

Plus: Taxable Gain Recognized 0.00

Basis of New T-Mobile Common Stock (20.512 shares) \$1,200.00

Step 6: Taxable Gain or Loss Recognized on Fractional Share

Cash Paid in Lieu of Fractional Share (0.512 X \$85.13) \$43.59

Less: Basis Attributable to Fraction Share [(0.512 / 20.512) X 1,200] (29.95)

Taxable Gain on Fractional Share \$13.64

Step 7: Total Basis in the Remaining New T-Mobile Common Stock

Basis of New T-Mobile Common Stock (20.512 shares) \$1,200.00

Less: Basis Attributable to Fraction Share (29.95)

Basis in Remaining New T-Mobile Common Stock (20 shares) \$1,170.05

Per Share Basis (\$1,170.05 / 20) \$58.50

In this example, you would report a total taxable gain from the merger of \$13.64 (\$0 + \$13.64 for fractional share gain), and you would have a tax basis in the 20 shares of T-Mobile stock that you received of \$1,170.05.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.

Example 2:

Step 1: Tax Basis of Sprint Common Stock

200 shares x \$12.00/share	\$2,400.00
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Step 2: Total Consideration Received in the Merger

Stock Merger Consideration (20.512 New T-Mobile Common Stock X \$85.13)	\$1,746.19
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Step 3: Taxable Gain or Loss Realized in the Merger

Total Consideration Received	\$1,746.19
Less: Tax Basis of Sprint Common Stock	<u>(2,400.00)</u>
Total Gain (Loss) Realized	-\$653.81

Step 4: Taxable Gain Recognized in the Merger

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration)	<u>\$0.00</u>
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Step 5: Total Basis in New T-Mobile Common Stock

Tax Basis of Sprint Common Stock	\$2,400.00
Plus: Taxable Gain Recognized	<u>0.00</u>
Basis of New T-Mobile Common Stock (20.512 shares)	\$2,400.00

Step 6: Taxable Gain or Loss Recognized on Fractional Share

Cash Paid in Lieu of Fractional Share (0.512 X \$85.13)	\$43.59
Less: Basis Attributable to Fraction Share [(0.512 / 20.512) X 2,400]	<u>(59.91)</u>
Taxable Gain (Loss) on Fractional Share	(\$16.32)

Step 7: Total Basis in the Remaining New T-Mobile Common Stock

Basis of New T-Mobile Common Stock (20.512 shares)	\$2,400.00
Less: Basis Attributable to Fraction Share	<u>(59.91)</u>
Basis in Remaining New T-Mobile Common Stock (20 shares)	\$2,340.09

Per Share Basis (\$2,340.09 / 20)	\$117.00
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In this example, you would report a total taxable loss from the merger of \$16.32 (\$0 - \$16.32 for fractional share loss), and you would have a tax basis in the 20 shares of T-Mobile stock that you received of \$2,340.09.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.

Example 3:

Step 1: Tax Basis of Sprint Common Stock

200 shares x \$3.00/share \$600.00

Step 2: Total Consideration Received in the Merger

Stock Merger Consideration (20.512 New T-Mobile Common Stock X \$85.13) \$1,746.19

Step 3: Taxable Gain or Loss Realized in the Merger

Total Consideration Received \$1,746.19

Less: Tax Basis of Sprint Common Stock (600.00)

Total Gain Realized \$1,146.19

Step 4: Taxable Gain Recognized in the Merger

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) \$0.00

Step 4: Total Basis in New T-Mobile Common Stock

Tax Basis of Sprint Common Stock \$600.00

Plus: Taxable Gain Recognized 0.00

Basis of New T-Mobile Common Stock (20.512 shares) \$600.00

Step 5: Taxable Gain or Loss Recognized on Fractional Share

Cash Paid in Lieu of Fractional Share (0.512 X \$85.13) \$43.59

Less: Basis Attributable to Fraction Share [(0.512 / 20.512) X 600] (14.98)

Taxable Gain on Fractional Share \$28.61

Step 6: Total Basis in the Remaining New T-Mobile Common Stock

Basis of New T-Mobile Common Stock (20.512 shares) \$600.00

Less: Basis Attributable to Fraction Share (14.98)

Basis in Remaining New T-Mobile Common Stock (20 shares) \$585.02

Per Share Basis (\$585.02 / 20) \$29.25

In this example, you would report a total taxable gain from the merger of \$28.61 (\$0 + \$28.61 for fractional share gain), and you would have a tax basis in the 20 shares of T-Mobile stock that you received of \$585.02.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.