

T-Mobile to buy almost all of U.S. Cellular in deal worth \$4.4 billion with debt

May 28 2024, by Michelle Chapman



T-mobile logo in the Mobile World Congress 2023 in Barcelona, Spain, on Thursday, March 2, 2023. On Tuesday, May 28, 2024, T-Mobile is buying U.S. Cellular's wireless operations and certain spectrum assets in a deal valued at \$4.4 billion. Credit: AP Photo/Joan Mateu Parra, File

T-Mobile is buying U.S. Cellular's wireless operations and certain

spectrum assets in a deal valued at \$4.4 billion, and further consolidating the industry.

T-Mobile would get more than 4 million new customers and control of U.S. Cellular's wireless operations and about 30% of [spectrum](#) assets across several spectrum bands. T-Mobile will also enter into a new master license agreement on more than 2,000 towers and extend the lease term for the approximately 600 towers where T-Mobile is already a tenant.

T-Mobile CEO Mike Sievert said the deal will "create a better experience for all of our customers with more coverage and more capacity."

It may also signal the start of more consolidation in an industry with fewer players than ever. "The writing is on the wall for the carriers and consolidation is now on the horizon and could speed up into 2025," said Wedbush Securities analyst Dan Ives. "This is the first shot across the bow in the wireless world and we expect more deals over the next year.

T-Mobile is among the more active companies in telecommunications with regard to mergers and acquisitions. In 2020 T-Mobile completed the takeover of smaller rival Sprint. And in 2013 the Federal Communications Commission approved its merger with MetroPCS Communications Inc.

T-Mobile said Tuesday that U.S. Cellular customers will gain access to its 5G network, giving them better coverage and speed. The company said the deal will particularly benefit those that live in underserved rural areas of the country.

"In the face of rising competition and increasing capital intensity required to keep pace with the latest technologies, and following our

careful and deliberate strategic review, we are confident that continuing to deliver on our mission requires a level of scale and investment that is best achieved by integrating our wireless operations with those of T-Mobile," U.S. Cellular Chair LeRoy Carlson Jr. said in a statement.

T-Mobile said that U.S. Cellular customers will be able to remain on their current plans or switch to an unlimited T-Mobile plan of their choice. They will not incur switching costs if a plan change is made.

That is a mixed bag for consumers, said Ives at Wedbush.

"The U.S. consumer has less choice but there is more competition and this could drive prices lower," Ives said.

The transaction includes a combination of cash and up to about \$2 billion of assumed debt. Up to \$100 million of the cash component is contingent on hitting certain financial and operational metrics between the deal's signing and closing.

U.S. Cellular will keep about 70% of its spectrum portfolio across several spectrum bands.

The deal has been unanimously approved by the boards of United States Cellular Corp. and Telephone and Data Systems Inc, which is a majority shareholder of U.S. Cellular. It is expected to close in mid-2025.

U.S. Cellular's stock jumped more than 2% in morning trading on Tuesday.

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