

**T-Mobile®**

1st Quarter 2014 Financial Results,  
Supplementary Data,  
Non-GAAP Reconciliations and  
Pro forma Reconciliations  
May 1, 2014

# The Un-carrier.



## Definitions of Terms

Operating and financial measures are utilized by T-Mobile's management to evaluate its operating performance and, in certain cases, its ability to meet liquidity requirements. Although companies in the wireless industry may not define measures in precisely the same way, T-Mobile believes the measures facilitate key operating performance comparisons with other companies in the wireless industry.

- 1 Customer - SIM card with a unique T-Mobile mobile identity number which generates revenue. Branded customers generally include customers that are qualified either for postpaid service, where they generally pay after incurring service, or prepaid service, where they generally pay in advance. Wholesale customers include Machine-to-Machine ("M2M") and Mobile Virtual Network Operator ("MVNO") customers that operate on T-Mobile's network, but are managed by wholesale partners.
- 2 Churn - Number of customers whose service was discontinued as a percentage of the average number of customers during the specified period. T-Mobile believes churn provides management with useful information to evaluate customer retention and loyalty.
- 3 Average Revenue Per User ("ARPU") - Average monthly service revenue earned from customers. Service revenues for the specified period divided by the average customers during the period, further divided by the number of months in the period. T-Mobile believes ARPU provides management with useful information to assess its per-customer service revenue realization and to assist in forecasting its future service revenues, and evaluate the average monthly service revenues generated from its customer base.

Branded postpaid Average Billings per User ("ABPU") - Average monthly branded postpaid service revenue earned from customers plus equipment installment plan ("EIP") EIP billings divided by the average branded postpaid customers during the period, further divided by the number of months in the period. T-Mobile believes ABPU provides management, investors, and analysts with useful information to evaluate per-branded postpaid customer billings as it approximates the expected cash collections, including equipment installments, from T-Mobile's customers each month.

Service revenues - Postpaid, including handset insurance, prepaid, wholesale, and roaming and other service revenues.

- 4 Cost of services - Costs to operate and maintain T-Mobile's networks, including direct switch and cell site costs, such as rent, fixed line costs, utilities, maintenance, and labor costs associated with network employees; long distance costs; regulatory fees; roaming fees paid to other carriers; fixed and variable costs paid to third parties for the use of proprietary data applications.

Cost of equipment sales - Costs to sell T-Mobile's equipment, including equipment, accessories, inventory adjustments, shipping, and warranty expenses.

Selling, general and administrative expenses - Salaries and wages and benefits not directly attributable to a service or product; bad debt charges; taxes other than income taxes; advertising and sales commission costs; customer billing; call center and information technology costs; regulatory fees, professional service fees; and rent and utilities for administrative space.

- 5 Adjusted EBITDA - Earnings before interest expense (net of interest income), tax, depreciation, amortization, stock-based compensation and expenses not reflective of T-Mobile's ongoing operating performance. Adjusted EBITDA margin is Adjusted EBITDA divided by service revenues. Adjusted EBITDA is a non-GAAP financial measure utilized by T-Mobile's management to monitor the financial performance of its operations. T-Mobile uses Adjusted EBITDA internally as a metric to evaluate and compensate its personnel and management for their performance, and as a benchmark to evaluate T-Mobile's operating performance in comparison to its competitors. Management also uses Adjusted EBITDA to measure its ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements, and to fund future growth. T-Mobile believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications companies. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income, or any other measure of financial performance reported in accordance with GAAP. The reconciliation of Adjusted EBITDA to net income (loss) is detailed in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures schedule.
- 6 Capital expenditures - Amounts paid for construction and the purchase of property and equipment.
- 7 Smartphones are defined as UMTS/HSPA/HSPA+21/HSPA+42/4G LTE enabled converged devices, which integrate voice and data services.
- 8 Simple Free Cash Flow - Adjusted EBITDA less cash capital expenditures. Simple Free Cash Flow is utilized by management as a measure of liquidity and an indicator of how much cash is generated from the ordinary course of business operations. Simple free cash flow should not be construed as an alternative to cash flows from operating activities as determined in accordance with GAAP.
- 9 Net debt - Short-term debt, long-term debt to affiliates, and long-term debt (excluding tower obligations), less cash and cash equivalents.

## T-Mobile US, Inc. Supplementary Operating and Financial Data

(in thousands)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Customers, end of period</b>					
Branded postpaid customers	20,094	20,783	21,430	22,299	23,622
Branded prepaid customers	6,028	14,935	14,960	15,072	15,537
Total branded customers	26,122	35,718	36,390	37,371	39,159
M2M customers	3,290	3,423	3,430	3,602	3,822
MVNO customers	4,556	4,875	5,219	5,711	6,094
Total wholesale customers	7,846	8,298	8,649	9,313	9,916
Total customers, end of period	33,968	44,016	45,039	46,684	49,075

(in thousands)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Net customer additions (losses)</b>					
Branded postpaid customers	(199)	688	648	869	1,323
Branded prepaid customers	202	(10)	24	112	465
Total branded customers	3	678	672	981	1,788
M2M customers	200	133	7	172	220
MVNO customers	376	319	344	492	383
Total wholesale customers	576	452	351	664	603
Total net customer additions	579	1,130	1,023	1,645	2,391

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Branded postpaid churn	1.9 %	1.6 %	1.7 %	1.7 %	1.5 %
Branded prepaid churn	7.0 %	5.4 %	5.0 %	5.1 %	4.3 %

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Service revenues (in millions)	\$4,005	\$4,756	\$5,138	\$5,169	\$5,337
Total revenues (in millions)	\$4,677	\$6,228	\$6,688	\$6,827	\$6,875
Adjusted EBITDA (in millions)	\$1,178	\$1,124	\$1,344	\$1,239	\$1,088
Adjusted EBITDA margin	29 %	24 %	26 %	24 %	20 %
Net Income (loss) (in millions)	\$107	\$(16)	\$(36)	\$(20)	\$(151)
Cash Capex - Property & Equipment (in millions)	\$1,076	\$1,050	\$1,017	\$882	\$947
Branded postpaid ARPU	\$54.07	\$53.60	\$52.20	\$50.70	\$50.01
Branded postpaid ABPU	\$57.28	\$58.72	\$59.08	\$58.78	\$59.54
Branded prepaid ARPU	\$28.25	\$34.78	\$35.71	\$35.84	\$36.09
Smartphone sales volume (in millions)	2.2	4.3	5.6	6.2	6.9
Smartphone sales rate	75 %	86 %	88 %	91 %	92 %
Branded postpaid handset upgrade rate	5 %	10 %	9 %	9 %	7 %
EIP Financed (in millions)	\$298	\$811	\$1,011	\$1,207	\$1,249
EIP Billings (in millions)	\$194	\$314	\$435	\$528	\$657
EIP Receivables (net) (in millions)	\$774	\$1,292	\$1,867	\$2,546	\$3,086

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

(in millions, except share and per share amounts)	March 31, 2014	December 31, 2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,471	\$ 5,891
Accounts receivable, net of deferred interest and allowances of \$420 and \$381	3,560	3,619
Accounts receivable from affiliates	60	41
Inventory	676	586
Current portion of deferred tax assets, net	923	839
Assets held-for-sale	1,362	614
Other current assets	905	638
Total current assets	12,957	12,228
Property and equipment, net of accumulated depreciation of \$20,282 and \$19,649	15,427	15,349
Goodwill	1,683	1,683
Spectrum licenses	17,383	18,122
Other intangible assets, net of accumulated amortization of \$560 and \$476	1,123	1,204
Other assets	1,596	1,367
Total assets	\$ 50,169	\$ 49,953
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,792	\$ 4,567
Current payables and short-term debt to affiliates	309	199
Short-term debt	151	244
Deferred revenue	459	445
Other current liabilities	399	353
Total current liabilities	6,110	5,808
Long-term debt to affiliates	5,600	5,600
Long-term debt	14,331	14,345
Long-term financial obligation	2,504	2,496
Deferred tax liabilities	4,614	4,645
Deferred rents	2,183	2,113
Other long-term liabilities	671	701
Total long-term liabilities	29,903	29,900
Commitments and contingencies		
Stockholders' equity		
Preferred stock, par value \$0.00001 per share, 100,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.00001 per share, 1,000,000,000 shares authorized; 804,187,802 and 803,262,309 shares issued, 802,805,297 and 801,879,804 shares outstanding	—	—
Additional paid-in capital	37,395	37,330
Treasury stock, at cost, 1,382,505 and 1,382,505 shares issued	—	—
Accumulated other comprehensive income	—	3
Accumulated deficit	(23,239)	(23,088)
Total stockholders' equity	14,156	14,245
Total liabilities and stockholders' equity	\$ 50,169	\$ 49,953

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

(in millions, except shares and per share amounts)	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
<b>Revenues</b>			
Branded postpaid revenues	\$ 3,447	\$ 3,317	\$ 3,263
Branded prepaid revenues	1,648	1,606	503
Total branded revenues	5,095	4,923	3,766
Wholesale revenues	174	164	149
Roaming and other service revenues	68	82	90
Total service revenues	5,337	5,169	4,005
Equipment sales	1,448	1,581	606
Other revenues	90	77	66
Total revenues	6,875	6,827	4,677
<b>Operating expenses</b>			
Cost of services, exclusive of depreciation and amortization shown separately below	1,464	1,399	1,109
Cost of equipment sales	2,286	2,139	886
Selling, general and administrative	2,096	2,096	1,506
Depreciation and amortization	1,055	997	755
MetroPCS transaction and integration costs	12	57	13
Restructuring costs	—	—	31
Other, net	(10)	—	(2)
Total operating expenses	6,903	6,688	4,298
Operating income (loss)	(28)	139	379
<b>Other income (expense)</b>			
Interest expense to affiliates	(18)	(92)	(178)
Interest expense	(276)	(234)	(51)
Interest income	75	64	35
Other expense, net	(6)	(16)	(6)
Total other expense, net	(225)	(278)	(200)
Income (loss) before income taxes	(253)	(139)	179
Income tax expense (benefit)	(102)	(119)	72
Net income (loss)	\$ (151)	\$ (20)	\$ 107
<b>Other comprehensive income (loss), net of tax:</b>			
Net loss on cross currency interest rate swaps, net of tax effect of \$0, \$0, and \$(26)	—	—	(43)
Net gain on foreign currency translation, net of tax effect of \$0, \$0, and \$25	—	—	42
Unrealized gain (loss) on available-for-sale securities, net of tax effect of \$(1), \$1, and \$0	(3)	1	—
Other comprehensive income (loss), net of tax	(3)	1	(1)
Total comprehensive income (loss)	\$ (154)	\$ (19)	\$ 106
<b>Earnings (loss) per share</b>			
Basic	\$ (0.19)	\$ (0.03)	\$ 0.20
Diluted	(0.19)	(0.03)	0.20
<b>Weighted average shares outstanding</b>			
Basic	802,520,723	761,964,720	535,286,077
Diluted	802,520,723	761,964,720	535,286,077

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

(in millions)	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
<b>Operating activities</b>			
Net cash provided by operating activities	\$ 759	\$ 1,004	\$ 909
<b>Investing activities</b>			
Purchases of property and equipment	(947)	(882)	(1,076)
Purchases of intangible assets	—	(329)	(49)
Short term affiliate loan receivable, net	—	—	275
Investments in unconsolidated affiliates, net	(11)	(11)	—
Other, net	(7)	(2)	(4)
Net cash used in investing activities	(965)	(1,224)	(854)
<b>Financing activities</b>			
Proceeds from issuance of long-term debt	—	1,996	—
Proceeds from issuance of common stock in connection with public offering	—	1,787	—
Repayments of short-term debt for purchases of property and equipment	(226)	(50)	—
Proceeds from exercise of stock options	14	21	—
Other, net	(2)	(8)	—
Net cash used in financing activities	(214)	3,746	—
Change in cash and cash equivalents	(420)	3,526	55
<b>Cash and cash equivalents</b>			
Beginning of period	5,891	2,365	394
End of period	\$ 5,471	\$ 5,891	\$ 449

**T-MOBILE US, Inc.**  
**Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures**  
**(Unaudited)**

This Investor Quarterly includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided below.

Adjusted EBITDA is reconciled to net income (loss) as follows:

(in millions)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Net income (loss)	\$ 107	\$ (16)	\$ (36)	\$ (20)	\$ (151)
Adjustments:					
Interest expense to affiliates	178	225	183	92	18
Interest expense	51	109	151	234	276
Interest income	(35)	(40)	(50)	(64)	(75)
Other (income) expense, net	6	(118)	7	16	6
Income tax expense (benefit)	72	21	42	(119)	(102)
Operating income (loss)	379	181	297	139	(28)
Depreciation and amortization	755	888	987	997	1,055
MetroPCS transaction and integration costs	13	26	12	57	12
Restructuring costs	31	23	-	-	-
Stock-based compensation	-	6	48	46	49
<b>Adjusted EBITDA</b>	<b>\$ 1,178</b>	<b>\$ 1,124</b>	<b>\$ 1,344</b>	<b>\$ 1,239</b>	<b>\$ 1,088</b>
Adjusted EBITDA of MetroPCS <sup>(1)</sup>	291	141	-	-	-
<b>Pro Forma Combined Adjusted EBITDA</b>	<b>\$ 1,469</b>	<b>\$ 1,265</b>	<b>\$ 1,344</b>	<b>\$ 1,239</b>	<b>\$ 1,088</b>

(1) The Adjusted EBITDA of MetroPCS for the second quarter of 2013 reflects the Adjusted EBITDA of MetroPCS for April 2013 and is included for informational purposes to allow for a comparison of T-Mobile's Adjusted EBITDA for periods following the completion of the business combination of T-Mobile USA and MetroPCS to pro forma combined Adjusted EBITDA for periods prior to the completion of the business combination. For first quarter of 2013 and earlier periods the Adjusted EBITDA of MetroPCS reflects the amounts previously reported by MetroPCS.

The following schedule reflects the branded postpaid ABPU calculation and provides a reconciliation of the billings for branded postpaid customers used for the branded postpaid average billings per user calculation to total branded postpaid service revenues reported in T-Mobile's condensed consolidated statements of comprehensive income.

(in millions, except average number of branded postpaid customers and branded postpaid ABPU)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Branded postpaid service revenues	\$ 3,263	\$ 3,284	\$ 3,302	\$ 3,317	\$ 3,447
Add: EIP billings	194	314	435	528	657
Total billings for branded postpaid customers	\$ 3,457	\$ 3,598	\$ 3,737	\$ 3,845	\$ 4,104
Divided by: Average number of branded postpaid customers (in thousands) and number of months in period	20,117	20,425	21,084	21,805	22,975
Branded postpaid ABPU	\$ 57.28	\$ 58.72	\$ 59.08	\$ 58.78	\$ 59.54

## Pro Forma Combined Results

The following pages contain certain pro forma combined financial and other operating data presented solely for informational purposes to provide comparative customer and financial trends for the combined company resulting from the combination of T-Mobile USA and MetroPCS. The pro forma combined amounts were created by combining certain financial results and other operating data of the individual entities for the relevant periods. The pro forma combined financial data have not been determined in accordance with the requirements of Article 11 of Regulation S-X.



## T-Mobile US, Inc. Supplementary Pro Forma Combined Operating and Financial Data

(in thousands)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Customers, end of period</b>					
Branded postpaid customers	20,094	20,783	21,430	22,299	23,622
Branded prepaid customers	15,023	14,935	14,960	15,072	15,537
Total branded customers	35,117	35,718	36,390	37,371	39,159
M2M customers	3,290	3,423	3,430	3,602	3,822
MVNO customers	4,556	4,875	5,219	5,711	6,094
Total wholesale customers	7,846	8,298	8,649	9,313	9,916
Total customers, end of period	42,963	44,016	45,039	46,684	49,075

(in thousands)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Net customer additions (losses)</b>					
Branded postpaid customers	(199)	688	648	869	1,323
Branded prepaid customers	310	(87)	24	112	465
Total branded customers	111	601	672	981	1,788
M2M customers	200	133	7	172	220
MVNO customers	376	319	344	492	383
Total wholesale customers	576	452	351	664	603
Total net customer additions	687	1,053	1,023	1,645	2,391

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Branded postpaid churn	1.9 %	1.6 %	1.7 %	1.7 %	1.5 %
Branded prepaid churn	4.4 %	4.9 %	5.0 %	5.1 %	4.3 %

All historical and current porting activity between the T-Mobile and MetroPCS brands has been removed from deactivations and treated as migration activity between brands/products, consistent with the treatment of the combined business. The effect of this treatment lowers the churn rates for both branded postpaid and branded prepaid customer bases.

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Service revenues (in millions)	\$5,106	\$5,122	\$5,138	\$5,169	\$5,337
Thereof, branded postpaid revenues (in millions)	\$3,263	\$3,284	\$3,302	\$3,317	\$3,447
Thereof, branded prepaid revenues (in millions)	\$1,604	\$1,608	\$1,594	\$1,606	\$1,648
Total revenues (in millions)	\$5,964	\$6,651	\$6,688	\$6,827	\$6,875
Adjusted EBITDA (in millions)	\$1,469	\$1,265	\$1,344	\$1,239	\$1,088
Adjusted EBITDA margin	29 %	25 %	26 %	24 %	20 %
Cash Capex - Property & Equipment (in millions)	\$1,230	\$1,111	\$1,017	\$882	\$947
Branded Postpaid ARPU	\$54.07	\$53.60	\$52.20	\$50.70	\$50.01
Branded Prepaid ARPU	\$35.87	\$35.97	\$35.71	\$35.84	\$36.09

(in millions, except net debt ratio)	Three Months Ended			
	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014
<b>Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio</b>				
Short-term debt	\$ 210	\$ 195	\$ 244	\$ 151
Long-term debt to affiliates	11,200	11,200	5,600	5,600
Long-term debt	6,276	6,761	14,345	14,331
Less: Cash and cash equivalents	(2,362)	(2,365)	(5,891)	(5,471)
Net Debt (excluding Tower Obligations)	\$ 15,324	\$ 15,791	\$ 14,298	\$ 14,611
Last twelve months Adjusted EBITDA *	5,781	5,433	5,317	4,936
Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio	2.7	2.9	2.7	3.0
* Pro Forma Combined EBITDA				

## Pro Forma Combined Reconciliations

(in millions)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Service Revenues</b>					
T-Mobile <sup>(1)</sup>	\$ 4,005	\$ 4,756	\$ 5,138	\$ 5,169	\$ 5,337
MetroPCS	1,101	366	-	-	-
Total service revenues	\$ 5,106	\$ 5,122	\$ 5,138	\$ 5,169	\$ 5,337
<b>Branded Revenues</b>					
T-Mobile <sup>(1)</sup>	\$ 3,766	\$ 4,526	\$ 4,896	\$ 4,923	\$ 5,095
MetroPCS	1,101	366	-	-	-
Total branded revenues	\$ 4,867	\$ 4,892	\$ 4,896	\$ 4,923	\$ 5,095
<b>Branded Prepaid Revenues</b>					
T-Mobile <sup>(1)</sup>	\$ 503	\$ 1,242	\$ 1,594	\$ 1,606	\$ 1,648
MetroPCS	1,101	366	-	-	-
Total branded prepaid revenues	\$ 1,604	\$ 1,608	\$ 1,594	\$ 1,606	\$ 1,648
<b>Total Revenues</b>					
T-Mobile <sup>(1)</sup>	\$ 4,677	\$ 6,228	\$ 6,688	\$ 6,827	\$ 6,875
MetroPCS	1,287	423	-	-	-
Total revenues	\$ 5,964	\$ 6,651	\$ 6,688	\$ 6,827	\$ 6,875

(in millions)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Cash Capex - Property &amp; Equipment</b>					
T-Mobile <sup>(1)</sup>	\$ 1,076	\$ 1,050	\$ 1,017	\$ 882	\$ 947
MetroPCS	154	61	-	-	-
Total Cash Capex - Property & Equipment	\$ 1,230	\$ 1,111	\$ 1,017	\$ 882	\$ 947

(1) The second quarter of 2013 represents the results for T-Mobile USA for April, 2013 and the results for T-Mobile USA and MetroPCS on a combined basis for May and June 2013, as the business combination was completed on April 30, 2013.

(in millions)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
<b>Simple Free Cash Flow</b>					
Pro Forma Combined Adjusted EBITDA	\$ 1,469	\$ 1,265	\$ 1,344	\$ 1,239	\$ 1,088
Pro Forma Combined Total Cash Capex - Property and Equipment	1,230	1,111	1,017	882	947
Simple Free Cash Flow	\$ 239	\$ 154	\$ 327	\$ 357	\$ 141