



WE WON'T STOP

T-Mobile®

**1st Quarter 2015
Financial Results,
Supplementary Data and
Non-GAAP Reconciliations**

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 to provide management, investors, and analysts with useful information to assess and evaluate past performance and assist in forecasting future performance.

- 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.
- 3 Customers per account - The number of branded postpaid customers as of the end of the period divided by the number of branded postpaid accounts as of the end of the period. An account may include branded postpaid phone and mobile broadband customers.
- 4 Average Revenue Per Account (ARPA) - Average monthly branded postpaid service revenue earned per account. Branded postpaid service revenues for the specified period divided by the average number of branded postpaid accounts during the period, further divided by the number of months in the period. T-Mobile considers branded postpaid ARPA to be indicative of its revenue growth potential given the increase in the average number of branded postpaid phone customers per account and increased penetration of mobile broadband devices.

Average Billings Per Account (ABPA) - Average monthly branded postpaid service revenue earned from customers plus equipment installment plan (EIP) billings divided by the average number of branded postpaid accounts during the period, further divided by the number of months in the period. T-Mobile believes average branded postpaid customer billings per account is indicative of estimated cash collections, including equipment installments, from T-Mobile's customers each month on a per account basis.

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.

Branded postpaid phone ARPU excludes mobile broadband customers and related revenues.

Branded Postpaid Average Billings per User (ABPU) - Average monthly branded postpaid service revenue earned from customers plus 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 branded postpaid ABPU is indicative of estimated cash collections, including equipment installments, from T-Mobile's customers each month.

Service revenues - Branded postpaid, including handset insurance, branded prepaid, wholesale, and roaming and other service revenues.

- 5 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 retail and administrative space.

- 6 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.

- 7 Cash capital expenditures - Amounts paid for construction and the purchase of property and equipment.

- 8 Smartphones - UMTS/HSPA/HSPA+ 21/HSPA+ 42/4G LTE enabled converged devices, which integrate voice and data services.

- 9 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.

- 10 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 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Customers, end of period					
Branded postpaid phone customers	23,054	23,633	24,807	25,844	26,835
Branded postpaid mobile broadband customers	568	897	1,102	1,341	1,475
Total branded postpaid customers	23,622	24,530	25,909	27,185	28,310
Branded prepaid customers	15,537	15,639	16,050	16,316	16,389
Total branded customers	39,159	40,169	41,959	43,501	44,699
M2M customers	3,822	4,047	4,269	4,421	4,562
MVNO customers	6,094	6,329	6,662	7,096	7,575
Total wholesale customers	9,916	10,376	10,931	11,517	12,137
Total customers, end of period	49,075	50,545	52,890	55,018	56,836

(in thousands)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Net customer additions					
Branded postpaid phone customers	1,256	579	1,175	1,037	991
Branded postpaid mobile broadband customers	67	329	204	239	134
Total branded postpaid customers	1,323	908	1,379	1,276	1,125
Branded prepaid customers	465	102	411	266	73
Total branded customers	1,788	1,010	1,790	1,542	1,198
M2M customers	220	225	222	152	141
MVNO customers	383	235	333	434	479
Total wholesale customers	603	460	555	586	620
Total net customer additions	2,391	1,470	2,345	2,128	1,818

Note: Certain customer numbers may not add due to rounding.

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Branded postpaid phone churn	1.47 %	1.48 %	1.64 %	1.73 %	1.30 %
Branded prepaid churn	4.34 %	4.50 %	4.78 %	5.39 %	4.62 %

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

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Financial Metrics					
Service revenues (in millions)	\$ 5,337	\$ 5,484	\$ 5,684	\$ 5,870	\$ 5,819
Total revenues (in millions)	\$ 6,875	\$ 7,185	\$ 7,350	\$ 8,154	\$ 7,778
Adjusted EBITDA (in millions)	\$ 1,088	\$ 1,451	\$ 1,346	\$ 1,751	\$ 1,388
Adjusted EBITDA margin	20 %	26 %	24 %	30 %	24 %
Net income (loss) (in millions)	\$ (151)	\$ 391	\$ (94)	\$ 101	\$ (63)
Cash capex - Property & Equipment (in millions)	\$ 947	\$ 940	\$ 1,131	\$ 1,299	\$ 982
Revenue Metrics					
Branded postpaid ARPA	\$ 108.97	\$ 107.11	\$ 109.80	\$ 109.87	\$ 108.04
Branded postpaid ABPA	\$ 129.74	\$ 131.81	\$ 138.73	\$ 143.79	\$ 145.03
Branded postpaid accounts, end of period	10,812	11,017	11,297	11,506	11,831
Branded postpaid customers per account	2.18	2.23	2.29	2.36	2.39
Branded postpaid phone ARPU	\$ 50.48	\$ 49.32	\$ 49.84	\$ 48.26	\$ 46.43
Branded postpaid ABPU	\$ 59.54	\$ 59.79	\$ 61.59	\$ 61.80	\$ 60.94
Branded prepaid ARPU	\$ 36.09	\$ 37.16	\$ 37.59	\$ 37.51	\$ 37.81
Devices					
Smartphone sales units (in millions)	6.9	6.2	6.9	8.0	8.0
Branded postpaid handset upgrade rate	7 %	8 %	9 %	11 %	8 %
Equipment Installment Plans					
EIP financed (in millions)	\$ 1,249	\$ 1,342	\$ 1,317	\$ 1,902	\$ 1,483
EIP billings (in millions)	\$ 657	\$ 810	\$ 967	\$ 1,162	\$ 1,292
EIP receivables, net (in millions)	\$ 3,086	\$ 3,583	\$ 3,963	\$ 4,690	\$ 4,842
Customer Quality					
EIP receivables classified as prime	53 %	53 %	53 %	54 %	52 %
Bad debt expense (in millions)	\$ 130	\$ 105	\$ 103	\$ 106	\$ 104
Losses from factoring arrangement (in millions)	\$ 27	\$ 59	\$ 49	\$ 44	\$ 65
Total bad debt expense and losses from factoring arrangement (in millions)	\$ 157	\$ 164	\$ 152	\$ 150	\$ 169

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

(in millions, except share and per share amounts)	March 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 3,032	\$ 5,315
Accounts receivable, net of allowances of \$88 and \$83	1,933	1,865
Equipment installment plan receivables, net	3,259	3,062
Accounts receivable from affiliates	85	76
Inventories	1,230	1,085
Deferred tax assets, net	1,033	988
Other current assets	1,063	1,593
Total current assets	<u>11,635</u>	<u>13,984</u>
Property and equipment, net	16,483	16,245
Goodwill	1,683	1,683
Spectrum licenses	24,062	21,955
Other intangible assets, net	805	870
Equipment installment plan receivables due after one year, net	1,583	1,628
Other assets	307	288
Total assets	<u>\$ 56,558</u>	<u>\$ 56,653</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,793	\$ 7,364
Current payables to affiliates	216	231
Short-term debt	467	87
Deferred revenue	584	459
Other current liabilities	589	635
Total current liabilities	<u>8,649</u>	<u>8,776</u>
Long-term debt	16,261	16,273
Long-term debt to affiliates	5,600	5,600
Long-term financial obligation	2,523	2,521
Deferred tax liabilities	4,855	4,873
Deferred rents	2,366	2,331
Other long-term liabilities	654	616
Total long-term liabilities	<u>32,259</u>	<u>32,214</u>
Commitments and contingencies		
Stockholders' equity		
5.50% Mandatory Convertible Preferred Stock Series A, par value \$0.00001 per share, 100,000,000 shares authorized; 20,000,000 and 20,000,000 shares issued and outstanding; \$1,000 and \$1,000 aggregate liquidation value	—	—
Common Stock, par value \$0.00001 per share, 1,000,000,000 shares authorized; 811,666,776 and 808,851,108 shares issued, 810,284,271 and 807,468,603 shares outstanding	—	—
Additional paid-in capital	38,553	38,503
Treasury stock, at cost, 1,382,505 and 1,382,505 shares issued	—	—
Accumulated other comprehensive income	1	1
Accumulated deficit	(22,904)	(22,841)
Total stockholders' equity	<u>15,650</u>	<u>15,663</u>
Total liabilities and stockholders' equity	<u>\$ 56,558</u>	<u>\$ 56,653</u>

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, 2015	December 31, 2014	March 31, 2014
Revenues			
Branded postpaid revenues	\$ 3,774	\$ 3,764	\$ 3,447
Branded prepaid revenues	1,842	1,812	1,648
Wholesale revenues	158	214	174
Roaming and other service revenues	45	80	68
Total service revenues	5,819	5,870	5,337
Equipment sales	1,851	2,180	1,448
Other revenues	108	104	90
Total revenues	7,778	8,154	6,875
Operating expenses			
Cost of services, exclusive of depreciation and amortization shown separately below	1,395	1,383	1,464
Cost of equipment sales	2,679	2,812	2,286
Selling, general and administrative	2,372	2,333	2,096
Depreciation and amortization	1,087	1,090	1,055
Cost of MetroPCS business combination	128	168	12
Gains on disposal of spectrum licenses	—	(70)	(10)
Other, net	—	5	—
Total operating expenses	7,661	7,721	6,903
Operating income (loss)	117	433	(28)
Other income (expense)			
Interest expense to affiliates	(64)	(92)	(18)
Interest expense	(261)	(266)	(276)
Interest income	112	104	75
Other income (expense), net	(8)	21	(6)
Total other expense, net	(221)	(233)	(225)
Income (loss) before income taxes	(104)	200	(253)
Income tax expense (benefit)	(41)	99	(102)
Net income (loss)	(63)	101	(151)
Dividends on preferred stock	(14)	—	—
Net income (loss) attributable to common stockholders	\$ (77)	\$ 101	\$ (151)
Other comprehensive income (loss), net of tax:			
Unrealized loss on available-for-sale securities, net of tax effect of \$0, \$0 and \$(1)	—	—	(3)
Other comprehensive loss, net of tax	—	—	(3)
Total comprehensive income (loss)	\$ (63)	\$ 101	\$ (154)
Earnings (loss) per share			
Basic	\$ (0.09)	\$ 0.13	\$ (0.19)
Diluted	\$ (0.09)	\$ 0.12	\$ (0.19)
Weighted average shares outstanding			
Basic	808,605,526	807,396,425	802,520,723
Diluted	808,605,526	821,707,289	802,520,723

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

(in millions)	Three Months Ended	
	March 31, 2015	March 31, 2014
Operating activities		
Net cash provided by operating activities	\$ 489	\$ 759
Investing activities		
Purchases of property and equipment	(982)	(947)
Purchases of spectrum licenses and other intangible assets	(1,696)	—
Other, net	(14)	(18)
Net cash used in investing activities	(2,692)	(965)
Financing activities		
Repayments of short-term debt for purchases of inventory, property and equipment, net	(63)	(226)
Other, net	(17)	12
Net cash used in financing activities	(80)	(214)
Change in cash and cash equivalents	(2,283)	(420)
Cash and cash equivalents		
Beginning of period	5,315	5,891
End of period	\$ 3,032	\$ 5,471

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

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 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Net income (loss)	\$ (151)	\$ 391	\$ (94)	\$ 101	\$ (63)
Adjustments:					
Interest expense to affiliates	18	85	83	92	64
Interest expense	276	271	260	266	261
Interest income	(75)	(83)	(97)	(104)	(112)
Other expense (income), net	6	12	14	(21)	8
Income tax expense (benefit)	(102)	286	(117)	99	(41)
Operating income (loss)	(28)	962	49	433	117
Depreciation and amortization	1,055	1,129	1,138	1,090	1,087
Cost of MetroPCS business combination	12	22	97	168	128
Stock-based compensation ⁽¹⁾	49	63	45	54	56
Gains on disposal of spectrum licenses ⁽¹⁾	—	(731)	11	—	—
Other, net ⁽¹⁾	—	6	6	6	—
Adjusted EBITDA	\$ 1,088	\$ 1,451	\$ 1,346	\$ 1,751	\$ 1,388

(1) Stock-based compensation includes tax impacts and may not agree to stock based compensation expense in the consolidated financial statements. Gains on disposal of spectrum licenses and Other, net transactions may not agree in total to the Gains on disposal of spectrum licenses and Other, net in the Condensed Consolidated Statements of Comprehensive Income (Loss) primarily due to certain routine operating activities, such as insignificant or routine spectrum license exchanges that would be expected to reoccur, and are therefore included in Adjusted EBITDA.

T-MOBILE US, Inc.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

(Unaudited)

The following tables illustrate the calculation of ARPA and ABPA and reconcile these measures to the related service revenues, which we consider to be the most directly comparable GAAP financial measure to ARPA and ABPA:

(in millions, except average number of accounts, ARPA and ABPA)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Calculation of Branded Postpaid ARPA					
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774
Divided by: Average number of branded postpaid accounts (in thousands) and number of months in period	10,543	10,928	11,141	11,421	11,645
Branded postpaid ARPA	\$ 108.97	\$ 107.11	\$ 109.80	\$ 109.87	\$ 108.04
Calculation of Branded Postpaid ABPA					
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774
Add: EIP billings	657	810	967	1,162	1,292
Total billings for branded postpaid customers	\$ 4,104	\$ 4,321	\$ 4,637	\$ 4,926	\$ 5,066
Divided by: Average number of branded postpaid accounts (in thousands) and number of months in period	10,543	10,928	11,141	11,421	11,645
Branded postpaid ABPA	\$ 129.74	\$ 131.81	\$ 138.73	\$ 143.79	\$ 145.03

The following tables illustrate the calculation of ARPU and ABPU and reconcile these measures to the related service revenues, which we consider to be the most directly comparable GAAP financial measure to ARPU and ABPU:

(in millions, except average number of customers, ARPU and ABPU)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Calculation of Branded Postpaid Phone ARPU					
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774
Less: Branded postpaid mobile broadband revenues	(47)	(54)	(68)	(92)	(109)
Branded postpaid phone service revenues	\$ 3,400	\$ 3,457	\$ 3,602	\$ 3,672	\$ 3,665
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	22,447	23,368	24,091	25,359	26,313
Branded postpaid phone ARPU	\$ 50.48	\$ 49.32	\$ 49.84	\$ 48.26	\$ 46.43
Calculation of Branded Postpaid ABPU					
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774
Add: EIP billings	657	810	967	1,162	1,292
Total billings for branded postpaid customers	\$ 4,104	\$ 4,321	\$ 4,637	\$ 4,926	\$ 5,066
Divided by: Average number of branded postpaid customers (in thousands) and number of months in period	22,975	24,092	25,095	26,572	27,717
Branded postpaid ABPU	\$ 59.54	\$ 59.79	\$ 61.59	\$ 61.80	\$ 60.94
Calculation of Branded Prepaid ARPU					
Branded Prepaid Service Revenues	\$ 1,648	\$ 1,736	\$ 1,790	\$ 1,812	\$ 1,842
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	15,221	15,569	15,875	16,097	16,238
Branded prepaid ARPU	\$ 36.09	\$ 37.16	\$ 37.59	\$ 37.51	\$ 37.81

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

Net debt (excluding Tower Obligations) to last twelve months adjusted EBITDA ratio is calculated as follows:

(in millions, except net debt ratio)	Three Months Ended				
	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015
Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio					
Short-term debt	\$ 151	\$ 272	\$ 1,168	\$ 87	\$ 467
Long-term debt to affiliates	5,600	5,600	5,600	5,600	5,600
Long-term debt	14,331	14,369	16,284	16,273	16,261
Less: Cash and cash equivalents	(5,471)	(3,080)	(5,787)	(5,315)	(3,032)
Net Debt (excluding Tower Obligations)	\$ 14,611	\$ 17,161	\$ 17,265	\$ 16,645	\$ 19,296
Last twelve months Adjusted EBITDA ⁽¹⁾	4,936	5,122	5,124	5,636	5,936
Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio	3.0	3.4	3.4	3.0	3.3

(1) March 31, 2014 Adjusted EBITDA for the last twelve months includes Pro Forma combined results from Q2 2013 to reflect the results of MetroPCS prior to the business combination.

Simple free cash flow is calculated as follows:

(in millions)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Simple Free Cash Flow					
Adjusted EBITDA	\$ 1,088	\$ 1,451	\$ 1,346	\$ 1,751	\$ 1,388
Total Cash Capex - Property & Equipment	947	940	1,131	1,299	982
Simple Free Cash Flow	\$ 141	\$ 511	\$ 215	\$ 452	\$ 406