

T-Mobile

3<sup>rd</sup> Quarter 2016

Financial Results, Supplementary Data,  
Non-GAAP Reconciliations,  
Reconciliation of Operating Measures

# A REVOLUTION DRIVING RESULTS



## 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 disconnected as a percentage of the average number of customers during the specified period. The number of customers whose service was disconnected is presented net of customers that subsequently have their service restored within a certain period of time.
- 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 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.

Average Billings per User (ABPU) - Average monthly branded postpaid service revenue earned from customers plus monthly EIP billings and lease revenues 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 device financing payments, from T-Mobile's postpaid customers each month.

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

- 5 Cost of services - Costs directly attributable to providing wireless service through the operation of T-Mobile's network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs.

Cost of equipment sales - Costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.

Selling, general and administrative expenses - Costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include commissions paid to dealers and retail employees for activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense and administrative support activities.

- 6 Net income margin - Margin % calculated as net income divided by service revenues.
- 7 Adjusted EBITDA - Earnings before interest expense, net of interest income, income tax expense, depreciation and amortization expense, non-cash stock-based compensation and certain expenses not reflective of T-Mobile's ongoing operating performance. 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 believes analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate overall operating performance and facilitate comparisons with other wireless communications companies because it is indicative of T-Mobile's ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments as well as non-cash stock-based compensation and certain other nonrecurring expenses. 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 is detailed in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures schedule.
- 8 Adjusted EBITDA Margin - Margin % calculated as Adjusted EBITDA divided by service revenues.
- 9 Cash capital expenditures - Amounts paid for construction and the purchase of property and equipment.
- 10 Smartphones - UMTS/HSPA/HSPA+ 21/HSPA+ 42/4G LTE enabled converged devices, which integrate voice and data services.
- 11 Free Cash Flow - Net cash provided by operating activities less cash capital expenditures for property and equipment. Free Cash Flow is utilized by T-Mobile's management, investors, and analysts to evaluate cash available to pay debt and provide further investment in the business. The reconciliation of Free Cash Flow to net cash provided by operating activities is detailed in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures schedule.
- 12 Adjusted Free Cash Flow - Free Cash Flow excluding decommissioning payments related to the shutdown of the CDMA portion of the MetroPCS network.
- 13 Net debt - Short-term debt, long-term debt to affiliates, and long-term debt (excluding tower obligations), less cash and cash equivalents and short-term investments.

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

| (in thousands)                              | Quarter |         |         |         |         |         |         | Nine Months Ended<br>September 30, |        |
|---|---------|---------|---------|---------|---------|---------|---------|------------------------------------|--------|
|   | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | 2015                               | 2016   |
| <b>Customers, end of period</b>             |         |         |         |         |         |         |         |                                    |        |
| Branded postpaid phone customers            | 26,835  | 27,595  | 28,438  | 29,355  | 30,232  | 30,878  | 30,364  | 28,438                             | 30,364 |
| Branded postpaid mobile broadband customers | 1,475   | 1,723   | 1,965   | 2,340   | 2,504   | 2,748   | 2,866   | 1,965                              | 2,866  |
| Total branded postpaid customers            | 28,310  | 29,318  | 30,403  | 31,695  | 32,736  | 33,626  | 33,230  | 30,403                             | 33,230 |
| Branded prepaid customers                   | 16,389  | 16,567  | 17,162  | 17,631  | 18,438  | 18,914  | 19,272  | 17,162                             | 19,272 |
| Total branded customers                     | 44,699  | 45,885  | 47,565  | 49,326  | 51,174  | 52,540  | 52,502  | 47,565                             | 52,502 |
| Wholesale customers                         | 12,137  | 13,023  | 13,655  | 13,956  | 14,329  | 14,844  | 16,852  | 13,655                             | 16,852 |
| Total customers, end of period              | 56,836  | 58,908  | 61,220  | 63,282  | 65,503  | 67,384  | 69,354  | 61,220                             | 69,354 |

| (in thousands)                                 | Quarter |         |         |         |         |         |         | Nine Months Ended<br>September 30, |         |
|--|---------|---------|---------|---------|---------|---------|---------|------------------------------------|---------|
|  | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | 2015                               | 2016    |
| <b>Net customer additions</b>                  |         |         |         |         |         |         |         |                                    |         |
| Branded postpaid phone customers               | 991     | 760     | 843     | 917     | 877     | 646     | 851     | 2,594                              | 2,374   |
| Branded postpaid mobile broadband customers    | 134     | 248     | 242     | 375     | 164     | 244     | 118     | 624                                | 526     |
| Total branded postpaid customers               | 1,125   | 1,008   | 1,085   | 1,292   | 1,041   | 890     | 969     | 3,218                              | 2,900   |
| Branded prepaid customers                      | 73      | 178     | 595     | 469     | 807     | 476     | 684     | 846                                | 1,967   |
| Total branded customers                        | 1,198   | 1,186   | 1,680   | 1,761   | 1,848   | 1,366   | 1,653   | 4,064                              | 4,867   |
| Wholesale customers                            | 620     | 886     | 632     | 301     | 373     | 515     | 317     | 2,138                              | 1,205   |
| Total net customer additions                   | 1,818   | 2,072   | 2,312   | 2,062   | 2,221   | 1,881   | 1,970   | 6,202                              | 6,072   |
| Transfer from branded postpaid phone customers | -       | -       | -       | -       | -       | -       | (1,365) | -                                  | (1,365) |
| Transfer from branded prepaid customers        | -       | -       | -       | -       | -       | -       | (326)   | -                                  | (326)   |
| Transfer to wholesale customers                | -       | -       | -       | -       | -       | -       | 1,691   | -                                  | 1,691   |

|                              | Quarter |         |         |         |         |         |         | Nine Months Ended<br>September 30, |       |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|------------------------------------|-------|
|                              | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | 2015                               | 2016  |
| Branded postpaid phone churn | 1.30%   | 1.32%   | 1.46%   | 1.46%   | 1.33%   | 1.27%   | 1.32%   | 1.36%                              | 1.30% |
| Branded prepaid churn        | 4.62%   | 4.93%   | 4.09%   | 4.20%   | 3.84%   | 3.91%   | 3.82%   | 4.54%                              | 3.86% |

**T-Mobile US, Inc. Supplementary Operating and Financial Data (Continued)**

|  | Quarter    |            |            |            |            |          |            | Nine Months Ended<br>September 30, |            |
|--|------------|------------|------------|------------|------------|----------|------------|------------------------------------|------------|
|  | Q1 2015    | Q2 2015    | Q3 2015    | Q4 2015    | Q1 2016    | Q2 2016  | Q3 2016    | 2015                               | 2016       |
| <b>Financial Metrics</b>   |            |            |            |            |            |          |            |                                    |            |
| Service revenues (in millions)   | \$ 5,819   | \$ 6,144   | \$ 6,302   | \$ 6,556   | \$ 6,578   | \$ 6,888 | \$ 7,133   | \$18,265                           | \$20,599   |
| Total revenues (in millions)   | \$ 7,778   | \$ 8,179   | \$ 7,849   | \$ 8,247   | \$ 8,599   | \$ 9,222 | \$ 9,246   | \$23,806                           | \$27,067   |
| Net income (loss) (in millions)  | \$ (63)    | \$ 361     | \$ 138     | \$ 297     | \$ 479     | \$ 225   | \$ 366     | \$ 436                             | \$ 1,070   |
| Net income margin (in millions)  | (1)%       | 6%         | 2%         | 13%        | 7%         | 3%       | 5%         | 2%                                 | 5%         |
| Adjusted EBITDA (in millions)  | \$ 1,388   | \$ 1,817   | \$ 1,908   | \$ 2,280   | \$ 2,749   | \$ 2,464 | \$ 2,630   | \$ 5,113                           | \$ 7,843   |
| Adjusted EBITDA margin   | 24%        | 30%        | 30%        | 35%        | 42%        | 36%      | 37%        | 28%                                | 38%        |
| Cash capex - Property & Equipment (in millions)  | \$ 982     | \$ 1,191   | \$ 1,120   | \$ 1,431   | \$ 1,335   | \$ 1,349 | \$ 1,159   | \$ 3,293                           | \$ 3,843   |
| Net cash provided by operating activities (in millions)                                    | \$ 489     | \$ 1,161   | \$ 1,531   | \$ 2,233   | \$ 1,025   | \$ 1,768 | \$ 1,740   | \$ 3,181                           | \$ 4,533   |
| Net cash used in investing activities (in millions)  | \$ (2,692) | \$ (1,337) | \$ (1,209) | \$ (4,322) | \$ (1,860) | \$ (667) | \$ (1,859) | \$ (5,238)                         | \$ (4,386) |
| Net cash provided by (used in) financing activities (in millions)                          | \$ (80)    | \$ (214)   | \$ (331)   | \$ 4,038   | \$ (100)   | \$ 790   | \$ (67)    | \$ (625)                           | \$ 623     |
| Free Cash Flow (in millions)   | \$ (493)   | \$ (30)    | \$ 411     | \$ 802     | \$ (310)   | \$ 419   | \$ 581     | \$ (112)                           | \$ 690     |
| Adjusted Free Cash Flow (in millions)  | \$ (422)   | \$ 73      | \$ 487     | \$ 897     | \$ (247)   | \$ 485   | \$ 624     | \$ 138                             | \$ 862     |
| <b>Revenue Metrics</b>   |            |            |            |            |            |          |            |                                    |            |
| Branded postpaid phone ARPU  | \$ 46.43   | \$48.19    | \$ 47.99   | \$ 48.05   | \$ 46.21   | \$ 47.11 | \$ 48.15   | \$ 47.55                           | \$ 47.17   |
| Branded postpaid ABPU  | \$ 60.94   | \$ 63.29   | \$ 62.96   | \$ 63.74   | \$ 61.90   | \$ 62.59 | \$ 63.38   | \$ 62.42                           | \$ 62.63   |
| Branded prepaid ARPU   | \$ 37.81   | \$ 37.83   | \$ 37.46   | \$ 37.63   | \$ 37.58   | \$ 37.86 | \$ 38.01   | \$ 37.70                           | \$ 37.82   |
| Branded postpaid accounts, end of period (in thousands)                                    | 11,831     | 12,061     | 12,250     | 12,456     | 12,639     | 12,753   | 11,932     | 12,250                             | 11,932     |
| Branded postpaid customers per account   | 2.39       | 2.43       | 2.48       | 2.54       | 2.59       | 2.64     | 2.78       | 2.48                               | 2.78       |
| <b>Device Sales and Leased Devices</b>   |            |            |            |            |            |          |            |                                    |            |
| Smartphone units (in millions)   | 8.0        | 7.4        | 8.1        | 10.0       | 8.8        | 8.1      | 8.7        | 23.5                               | 25.6       |
| Branded postpaid handset upgrade rate  | 8%         | 9%         | 9%         | 10%        | 7%         | 6%       | 7%         | 26%                                | 20%        |
| <b>Device Financing</b>  |            |            |            |            |            |          |            |                                    |            |
| Gross EIP financed (in millions)   | \$ 1,483   | \$ 1,697   | \$ 1,107   | \$ 926     | \$ 1,246   | \$ 1,562 | \$ 1,372   | \$ 4,287                           | \$ 4,180   |
| EIP billings (in millions)   | \$ 1,292   | \$ 1,393   | \$ 1,409   | \$ 1,400   | \$ 1,324   | \$ 1,344 | \$ 1,394   | \$ 4,094                           | \$ 4,062   |
| EIP receivables, net (in millions)   | \$ 4,842   | \$ 5,114   | \$ 4,771   | \$ 3,225   | \$ 3,053   | \$ 2,662 | \$ 2,508   | \$ 4,771                           | \$ 2,508   |
| Lease revenues (in millions)   | \$ -       | \$ -       | \$ 30      | \$ 194     | \$ 342     | \$ 367   | \$ 353     | \$ 30                              | \$ 1,062   |
| Leased devices transferred from inventory to property and equipment (in millions)          | \$ -       | \$ -       | \$ 854     | \$ 1,597   | \$ 784     | \$ 157   | \$ 234     | \$ 854                             | \$ 1,175   |
| Returned leased devices transferred from property and equipment to inventory (in millions) | \$ -       | \$ -       | \$ (32)    | \$ (134)   | \$ (131)   | \$ (105) | \$ (186)   | \$ (32)                            | \$ (422)   |
| <b>Customer Quality</b>  |            |            |            |            |            |          |            |                                    |            |
| EIP receivables classified as prime  | 52%        | 52%        | 52%        | 48%        | 47%        | 42%      | 42%        | 52%                                | 42%        |
| EIP receivables classified as prime (including EIP receivables sold)                       | 52%        | 52%        | 52%        | 52%        | 52%        | 53%      | 53%        | 52%                                | 53%        |
| Total bad debt expense and losses from sales of receivables (in millions)                  | \$ 169     | \$ 156     | \$ 198     | \$ 228     | \$ 173     | \$ 165   | \$ 177     | \$ 523                             | \$ 515     |

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

| (in millions, except share and per share amounts)  | September 30,<br>2016 | December 31,<br>2015 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| Current assets   |                       |                      |
| Cash and cash equivalents  | \$ 5,352              | \$ 4,582             |
| Short-term investments   | -                     | 2,998                |
| Accounts receivable, net of allowances of \$111 and \$116  | 1,885                 | 1,788                |
| Equipment installment plan receivables, net  | 1,669                 | 2,378                |
| Accounts receivable from affiliates  | 46                    | 36                   |
| Inventories  | 1,039                 | 1,295                |
| Asset purchase deposit   | 2,203                 | -                    |
| Other current assets   | 1,336                 | 1,813                |
| Total current assets   | 13,530                | 14,890               |
| Property and equipment, net  | 20,574                | 20,000               |
| Goodwill   | 1,683                 | 1,683                |
| Spectrum licenses  | 26,590                | 23,955               |
| Other intangible assets, net   | 431                   | 594                  |
| Equipment installment plan receivables due after one year, net   | 839                   | 847                  |
| Other assets   | 625                   | 444                  |
| Total assets   | \$ 64,272             | \$ 62,413            |
| <b>Liabilities and Stockholders' Equity</b>  |                       |                      |
| Current liabilities  |                       |                      |
| Accounts payable and accrued liabilities   | \$ 6,146              | \$ 8,084             |
| Payables to affiliates   | 313                   | 135                  |
| Short-term debt  | 325                   | 182                  |
| Deferred revenue   | 980                   | 717                  |
| Other current liabilities  | 355                   | 410                  |
| Total current liabilities  | 8,119                 | 9,528                |
| Long-term debt   | 21,825                | 20,461               |
| Long-term debt to affiliates   | 5,600                 | 5,600                |
| Tower obligations  | 2,629                 | 2,658                |
| Deferred tax liabilities   | 4,648                 | 4,061                |
| Deferred rent expense  | 2,591                 | 2,481                |
| Other long-term liabilities  | 1,007                 | 1,067                |
| Total long-term liabilities  | 38,300                | 36,328               |
| 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; 825,422,350 and 819,773,724 shares issued, 824,010,863 and 818,391,219 shares outstanding  | -                     | -                    |
| Additional paid-in capital   | 38,853                | 38,666               |
| Treasury stock, at cost, 1,411,487 and 1,382,505 shares issued   | (1)                   | -                    |
| Accumulated other comprehensive income (loss)  | 1                     | (1)                  |
| Accumulated deficit  | (21,000)              | (22,108)             |
| Total stockholders' equity   | 17,853                | 16,557               |
| Total liabilities and stockholders' equity   | \$ 64,272             | \$ 62,413            |

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

| (in millions, except share and per share amounts)  | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|  | September 30,<br>2016 | June 30,<br>2016 | September 30,<br>2015 | September 30,<br>2016 | September 30,<br>2015 |
| <b>Revenues</b>  |                       |                  |                       |                       |                       |
| Branded postpaid revenues  | \$ 4,647              | \$ 4,509         | \$ 4,197              | \$ 13,458             | \$ 12,046             |
| Branded prepaid revenues   | 2,182                 | 2,119            | 1,894                 | 6,326                 | 5,597                 |
| Wholesale revenues   | 238                   | 207              | 170                   | 645                   | 492                   |
| Roaming and other service revenues   | 66                    | 53               | 41                    | 170                   | 130                   |
| Total service revenues   | 7,133                 | 6,888            | 6,302                 | 20,599                | 18,265                |
| Equipment revenues   | 1,948                 | 2,188            | 1,416                 | 5,987                 | 5,182                 |
| Other revenues   | 165                   | 146              | 131                   | 481                   | 359                   |
| Total revenues   | 9,246                 | 9,222            | 7,849                 | 27,067                | 23,806                |
| <b>Operating expenses</b>  |                       |                  |                       |                       |                       |
| Cost of services, exclusive of depreciation and amortization shown separately below                          | 1,436                 | 1,429            | 1,378                 | 4,286                 | 4,170                 |
| Cost of equipment sales  | 2,539                 | 2,619            | 1,985                 | 7,532                 | 7,325                 |
| Selling, general and administrative  | 2,898                 | 2,772            | 2,624                 | 8,419                 | 7,434                 |
| Depreciation and amortization  | 1,568                 | 1,575            | 1,157                 | 4,695                 | 3,319                 |
| Cost of MetroPCS business combination  | 15                    | 59               | 193                   | 110                   | 355                   |
| Gains on disposal of spectrum licenses   | (199)                 | -                | (1)                   | (835)                 | (24)                  |
| Total operating expenses   | 8,257                 | 8,454            | 7,336                 | 24,207                | 22,579                |
| Operating income   | 989                   | 768              | 513                   | 2,860                 | 1,227                 |
| <b>Other income (expense)</b>  |                       |                  |                       |                       |                       |
| Interest expense   | (376)                 | (368)            | (262)                 | (1,083)               | (780)                 |
| Interest expense to affiliates   | (76)                  | (93)             | (121)                 | (248)                 | (277)                 |
| Interest income  | 62                    | 68               | 109                   | 198                   | 335                   |
| Other expense, net   | (1)                   | (3)              | (1)                   | (6)                   | (8)                   |
| Total other expense, net   | (391)                 | (396)            | (275)                 | (1,139)               | (730)                 |
| Income before income taxes   | 598                   | 372              | 238                   | 1,721                 | 497                   |
| Income tax expense   | (232)                 | (147)            | (100)                 | (651)                 | (61)                  |
| Net income   | 366                   | 225              | 138                   | 1,070                 | 436                   |
| Dividends on preferred stock   | (13)                  | (14)             | (13)                  | (41)                  | (41)                  |
| Net income attributable to common stockholders   | \$ 353                | \$ 211           | \$ 125                | \$ 1,029              | \$ 395                |
| Net income   | \$ 366                | \$ 225           | \$ 138                | \$ 1,070              | \$ 436                |
| <b>Other comprehensive gain (loss), net of tax</b>   |                       |                  |                       |                       |                       |
| Unrealized gain (loss) on available-for-sale securities, net of tax effect of \$1, \$2, \$(1), \$1 and \$(2) | 2                     | 3                | (2)                   | 2                     | (2)                   |
| Other comprehensive income (loss)  | 2                     | 3                | (2)                   | 2                     | (2)                   |
| Total comprehensive income   | \$ 368                | \$ 228           | \$ 136                | \$ 1,072              | \$ 434                |
| <b>Earnings per share</b>  |                       |                  |                       |                       |                       |
| Basic  | \$ 0.43               | \$ 0.26          | \$ 0.15               | \$ 1.25               | \$ 0.49               |
| Diluted  | \$ 0.42               | \$ 0.25          | \$ 0.15               | \$ 1.24               | \$ 0.48               |
| <b>Weighted average shares outstanding</b>   |                       |                  |                       |                       |                       |
| Basic  | 822,998,697           | 822,434,490      | 815,069,272           | 821,626,675           | 811,783,620           |
| Diluted  | 832,257,819           | 829,752,956      | 822,017,220           | 831,241,027           | 820,514,748           |

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

| (in millions)   | Three Months Ended    |                  |                       | Nine Months Ended<br>September 30, |          |
|---|-----------------------|------------------|-----------------------|------------------------------------|----------|
|   | September 30,<br>2016 | June 30,<br>2016 | September 30,<br>2015 | 2016                               | 2015     |
| <b>Operating activities</b>   |                       |                  |                       |                                    |          |
| Net income  | \$ 366                | \$ 225           | \$ 138                | \$ 1,070                           | \$ 436   |
| Adjustments to reconcile net income to net cash provided by operating activities      |                       |                  |                       |                                    |          |
| Depreciation and amortization   | 1,568                 | 1,575            | 1,157                 | 4,695                              | 3,319    |
| Stock-based compensation expense  | 59                    | 60               | 42                    | 171                                | 153      |
| Deferred income tax expense   | 219                   | 140              | 134                   | 623                                | 82       |
| Bad debt expense  | 118                   | 119              | 172                   | 358                                | 384      |
| Losses from sales of receivables  | 59                    | 46               | 26                    | 157                                | 139      |
| Deferred rent expense   | 32                    | 33               | 43                    | 97                                 | 131      |
| Gains on disposal of spectrum licenses  | (199)                 | -                | (1)                   | (835)                              | (24)     |
| Changes in operating assets and liabilities   |                       |                  |                       |                                    |          |
| Accounts receivable   | (155)                 | (105)            | (48)                  | (462)                              | (156)    |
| Equipment installment plan receivables  | 104                   | 343              | 229                   | 556                                | (350)    |
| Inventories   | 301                   | 3                | (915)                 | (497)                              | (973)    |
| Deferred purchase price from sales of receivables                                     | (16)                  | (204)            | (34)                  | (199)                              | (46)     |
| Other current and long-term assets  | (98)                  | (56)             | (184)                 | 31                                 | (58)     |
| Accounts payable and accrued liabilities  | (731)                 | (345)            | 582                   | (1,568)                            | 36       |
| Other current and long-term liabilities   | 112                   | (74)             | 92                    | 326                                | 2        |
| Other, net  | 1                     | 8                | 98                    | 10                                 | 106      |
| Net cash provided by operating activities   | 1,740                 | 1,768            | 1,531                 | 4,533                              | 3,181    |
| <b>Investing activities</b>   |                       |                  |                       |                                    |          |
| Purchases of property and equipment   | (1,159)               | (1,349)          | (1,120)               | (3,843)                            | (3,293)  |
| Purchases of spectrum licenses and other intangible assets, including deposits        | (705)                 | (2,245)          | (94)                  | (3,544)                            | (1,938)  |
| Sales of short-term investments   | -                     | 2,923            | -                     | 2,998                              | -        |
| Other, net  | 5                     | 4                | 5                     | 3                                  | (7)      |
| Net cash used in investing activities   | (1,859)               | (667)            | (1,209)               | (4,386)                            | (5,238)  |
| <b>Financing activities</b>   |                       |                  |                       |                                    |          |
| Proceeds from issuance of long-term debt  | -                     | 997              | -                     | 997                                | -        |
| Repayments of capital lease obligations   | (54)                  | (43)             | (13)                  | (133)                              | (24)     |
| Repayments of short-term debt for purchases of inventory, property and equipment, net | -                     | (150)            | (315)                 | (150)                              | (563)    |
| Repayments of long-term debt  | (5)                   | (5)              | -                     | (15)                               | -        |
| Tax withholdings on share-based awards  | (3)                   | (3)              | (2)                   | (52)                               | (100)    |
| Dividends on preferred stock  | (13)                  | (14)             | (13)                  | (41)                               | (41)     |
| Other, net  | 8                     | 8                | 12                    | 17                                 | 103      |
| Net cash provided by (used in) financing activities                                   | (67)                  | 790              | (331)                 | 623                                | (625)    |
| Change in cash and cash equivalents   | (186)                 | 1,891            | (9)                   | 770                                | (2,682)  |
| <b>Cash and cash equivalents</b>  |                       |                  |                       |                                    |          |
| Beginning of period   | 5,538                 | 3,647            | 2,642                 | 4,582                              | 5,315    |
| End of period   | \$ 5,352              | \$ 5,538         | \$ 2,633              | \$ 5,352                           | \$ 2,633 |

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

This Investor Factbook 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. T-Mobile is not able to forecast net income on a forward looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect GAAP net income including, but not limited to, income tax expense, stock based compensation expense, interest expense and interest income.

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

| (in millions)                           | Quarter  |          |          |          |          |          |          | Nine Months Ended September 30, |          |
|---|----------|----------|----------|----------|----------|----------|----------|---------------------------------|----------|
|   | Q1 2015  | Q2 2015  | Q3 2015  | Q4 2015  | Q1 2016  | Q2 2016  | Q3 2016  | 2015                            | 2016     |
| Net income (loss)                       | \$ (63)  | \$ 361   | \$ 138   | \$ 297   | \$ 479   | \$ 225   | \$ 366   | \$ 436                          | \$ 1,070 |
| Adjustments:                            |          |          |          |          |          |          |          |                                 |          |
| Interest expense                        | 261      | 257      | 262      | 305      | 339      | 368      | 376      | 780                             | 1,083    |
| Interest expense to affiliates          | 64       | 92       | 121      | 134      | 79       | 93       | 76       | 277                             | 248      |
| Interest income                         | (112)    | (114)    | (109)    | (85)     | (68)     | (68)     | (62)     | (335)                           | (198)    |
| Other expense (income), net             | 8        | (1)      | 1        | 3        | 2        | 3        | 1        | 8                               | 6        |
| Income tax expense (benefit)            | (41)     | 2        | 100      | 184      | 272      | 147      | 232      | 61                              | 651      |
| Operating income                        | 117      | 597      | 513      | 838      | 1,103    | 768      | 989      | 1,227                           | 2,860    |
| Depreciation and amortization           | 1,087    | 1,075    | 1,157    | 1,369    | 1,552    | 1,575    | 1,568    | 3,319                           | 4,695    |
| Cost of MetroPCS business combination   | 128      | 34       | 193      | 21       | 36       | 59       | 15       | 355                             | 110      |
| Stock-based compensation <sup>(1)</sup> | 56       | 71       | 43       | 52       | 53       | 61       | 57       | 170                             | 171      |
| Other, net                              | -        | 40       | 2        | -        | 5        | 1        | 1        | 42                              | 7        |
| Adjusted EBITDA                         | \$ 1,388 | \$ 1,817 | \$ 1,908 | \$ 2,280 | \$ 2,749 | \$ 2,464 | \$ 2,630 | \$ 5,113                        | \$ 7,843 |

(1) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the condensed consolidated financial statements.

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

| (in millions, except net debt ratio)   | Mar 31, 2015 | Jun 30, 2015 | Sep 30, 2015 | Dec 31, 2015 | Mar 31, 2016 | Jun 30, 2016 | Sep 30, 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Short-term debt  | \$ 467       | \$ 386       | \$ 114       | \$ 182       | \$ 365       | \$ 258       | \$ 325       |
| Long-term debt to affiliates   | 5,600        | 5,600        | 5,600        | 5,600        | 5,600        | 5,600        | 5,600        |
| Long-term debt <sup>(1)</sup>  | 16,248       | 16,373       | 16,430       | 20,461       | 20,505       | 21,574       | 21,825       |
| Less: Cash and cash equivalents  | (3,032)      | (2,642)      | (2,633)      | (4,582)      | (3,647)      | (5,538)      | (5,352)      |
| Less: Short-term investments   | -            | -            | -            | (2,998)      | (2,925)      | -            | -            |
| Net Debt (excluding Tower Obligations)   | \$ 19,283    | \$ 19,717    | \$ 19,511    | \$ 18,663    | \$ 19,898    | \$ 21,894    | \$ 22,398    |
| Divided by: Last twelve months Adjusted EBITDA                                     | \$ 5,936     | \$ 6,302     | \$ 6,864     | \$ 7,393     | \$ 8,754     | \$ 9,401     | \$ 10,123    |
| Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio | 3.2          | 3.1          | 2.8          | 2.5          | 2.3          | 2.3          | 2.2          |

(1) Long-term debt as of March 31, 2015 through December 31, 2015 has been restated for the adoption of Accounting Standards Update 2015-03, "Simplifying the Presentation of Debt Issuance Costs" in the first quarter of 2016. The impact to the Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio was not significant.

Free cash flow and adjusted free cash flow is calculated as follows:

| (in millions)                                       | Quarter    |            |            |            |            |          |            | Nine Months Ended September 30, |            |
|---|------------|------------|------------|------------|------------|----------|------------|---------------------------------|------------|
|   | Q1 2015    | Q2 2015    | Q3 2015    | Q4 2015    | Q1 2016    | Q2 2016  | Q3 2016    | 2015                            | 2016       |
| Net cash provided by operating activities           | \$ 489     | \$ 1,161   | \$ 1,531   | \$ 2,233   | \$ 1,025   | \$ 1,768 | \$ 1,740   | \$ 3,181                        | \$ 4,533   |
| Cash purchases of property and equipment            | (982)      | (1,191)    | (1,120)    | (1,431)    | (1,335)    | (1,349)  | (1,159)    | (3,293)                         | (3,843)    |
| Free Cash Flow                                      | (493)      | (30)       | 411        | 802        | (310)      | 419      | 581        | (112)                           | 690        |
| MetroPCS CDMA network decommissioning payments      | 71         | 103        | 76         | 95         | 63         | 66       | 43         | 250                             | 172        |
| Adjusted Free Cash Flow                             | \$ (422)   | \$ 73      | \$ 487     | \$ 897     | \$ (247)   | \$ 485   | \$ 624     | \$ 138                          | \$ 862     |
| Net cash used in investing activities               | \$ (2,692) | \$ (1,337) | \$ (1,209) | \$ (4,322) | \$ (1,860) | \$ (667) | \$ (1,859) | \$ (5,238)                      | \$ (4,386) |
| Net cash provided by (used in) financing activities | \$ (80)    | \$ (214)   | \$ (331)   | \$ 4,038   | \$ (100)   | \$ 790   | \$ (67)    | \$ (625)                        | \$ 623     |



**T-Mobile US, Inc.**  
**Reconciliation of Operating Measures to Branded Postpaid Service Revenues**  
**(Unaudited)**

The following tables illustrate the calculation of our operating measures ARPU and ABPU and reconcile these measures to the related service revenues:

| (in millions, except average number of customers, ARPU and ABPU)   | Quarter  |          |          |          |          |          |          | Nine Months Ended September 30, |          |
|--|----------|----------|----------|----------|----------|----------|----------|---------------------------------|----------|
|  | Q1 2015  | Q2 2015  | Q3 2015  | Q4 2015  | Q1 2016  | Q2 2016  | Q3 2016  | 2015                            | 2016     |
| <b>Calculation of Branded Postpaid Phone ARPU</b>  |          |          |          |          |          |          |          |                                 |          |
| Branded postpaid service revenues  | \$ 3,774 | \$ 4,075 | \$ 4,197 | \$ 4,337 | \$ 4,302 | \$ 4,509 | \$ 4,647 | \$12,046                        | \$13,458 |
| Less: Branded postpaid mobile broadband revenues   | (109)    | (135)    | (165)    | (179)    | (182)    | (193)    | (193)    | (409)                           | (568)    |
| Branded postpaid phone service revenues  | \$ 3,665 | \$ 3,940 | \$ 4,032 | \$ 4,158 | \$ 4,120 | \$ 4,316 | \$ 4,454 | \$11,637                        | \$12,890 |
| Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period | 26,313   | 27,250   | 28,003   | 28,849   | 29,720   | 30,537   | 30,836   | 27,189                          | 30,364   |
| Branded postpaid phone ARPU  | \$ 46.43 | \$ 48.19 | \$ 47.99 | \$ 48.05 | \$ 46.21 | \$ 47.11 | \$ 48.15 | \$ 47.55                        | \$ 47.17 |
| <b>Calculation of Branded Postpaid ABPU</b>  |          |          |          |          |          |          |          |                                 |          |
| Branded postpaid service revenues  | \$ 3,774 | \$ 4,075 | \$ 4,197 | \$ 4,337 | \$ 4,302 | \$ 4,509 | \$ 4,647 | \$12,046                        | \$13,458 |
| EIP billings   | 1,292    | 1,393    | 1,409    | 1,400    | 1,324    | 1,344    | 1,394    | 4,094                           | 4,062    |
| Lease revenues   | -        | -        | 30       | 194      | 342      | 367      | 353      | 30                              | 1,062    |
| Total billings for branded postpaid customers  | \$ 5,066 | \$ 5,468 | \$ 5,636 | \$ 5,931 | \$ 5,968 | \$ 6,220 | \$ 6,394 | \$16,170                        | \$18,582 |
| Divided by: Average number of branded postpaid customers (in thousands) and number of months in period       | 27,717   | 28,797   | 29,838   | 31,013   | 32,140   | 33,125   | 33,632   | 28,784                          | 32,966   |
| Branded postpaid ABPU  | \$ 60.94 | \$ 63.29 | \$ 62.96 | \$ 63.74 | \$ 61.90 | \$ 62.59 | \$ 63.38 | \$ 62.42                        | \$ 62.63 |
| <b>Calculation of Branded Prepaid ARPU</b>   |          |          |          |          |          |          |          |                                 |          |
| Branded prepaid service revenues   | \$ 1,842 | \$ 1,861 | \$ 1,894 | \$ 1,956 | \$ 2,025 | \$ 2,119 | \$ 2,182 | \$ 5,597                        | \$ 6,326 |
| Divided by: Average number of branded prepaid customers (in thousands) and number of months in period        | 16,238   | 16,396   | 16,853   | 17,330   | 17,962   | 18,662   | 19,134   | 16,496                          | 18,586   |
| Branded prepaid ARPU   | \$ 37.81 | \$ 37.83 | \$ 37.46 | \$ 37.63 | \$ 37.58 | \$ 37.86 | \$ 38.01 | \$ 37.70                        | \$ 37.82 |