

T-Mobile

Q2 2017

Effect of Change in Accounting Principle, Financial Results
Supplementary Data, Non-GAAP Reconciliations,
Reconciliation of Operating Measures

REWRITING THE RULES.
**FORCING
CHANGE.**



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.

Customer - SIM number with a unique T-Mobile mobile identifier which is associated with an account that 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.

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.

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.

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.

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.

Net income margin - Margin % calculated as net income divided by service revenues.

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 margin represents 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 our 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, non-cash stock-based compensation, network decommissioning costs as they are not indicative of T-Mobile's ongoing operating performance 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. In Q1 2017, we made an accounting change to include imputed interest associated with EIP receivables in Other revenues which are included in Adjusted EBITDA.

Adjusted EBITDA Margin - Margin % calculated as Adjusted EBITDA divided by service revenues.

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

Free Cash Flow - Net cash provided by operating activities less cash purchases of 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.

Net debt - Short-term debt, short-term debt to affiliates, long-term debt, and long-term debt (excluding tower obligations) to affiliates, less cash and cash equivalents and short-term investments.

T-Mobile US, Inc.
Effect of Change in Accounting Principle
(Unaudited)

Effective January 1, 2017, we began presenting the amortization of the imputed discount on our Equipment Installment Plan ("EIP") receivables as Other revenue on our Condensed Consolidated Statements of Comprehensive Income. Prior to the change, the imputed interest was presented as Interest income. We made this change to provide a better representation of amounts earned from our major ongoing operations, align with industry practice and enhance comparability. We have applied this change in accounting principle retrospectively and presented the effect of the change in the table below. For additional information, see Note 1 - Basis of Presentation of the Notes to the Consolidated Financial Statements included in Part I, Item 1 of our Form 10-Q filed April 24, 2017.

(in millions, except for margin %'s and Net Debt Ratios)	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
EIP imputed discount	\$ 65	\$ 65	\$ 59	\$ 59	\$ 62	\$ 68	\$ 130	\$ 130
Other revenue - as adjusted	\$ 235	\$ 211	\$ 224	\$ 249	\$ 241	\$ 262	\$ 446	\$ 503
Other revenues - unadjusted	170	146	165	190	179	194	316	373
Total revenues - as adjusted	\$ 8,664	\$ 9,287	\$ 9,305	\$ 10,234	\$ 9,613	\$ 10,213	\$ 17,951	\$ 19,826
Total revenues - unadjusted	8,599	9,222	9,246	10,175	9,551	10,145	17,821	19,696
Operating income - as adjusted	\$ 1,168	\$ 833	\$ 1,048	\$ 1,001	\$ 1,037	\$ 1,416	\$ 2,001	\$ 2,453
Operating income - unadjusted	1,103	768	989	942	975	1,348	1,871	2,323
Interest income - as adjusted	\$ 3	\$ 3	\$ 3	\$ 4	\$ 7	\$ 6	\$ 6	\$ 13
Interest income - unadjusted	68	68	62	63	69	74	136	143
Total other expense, net - as adjusted	\$ (417)	\$ (461)	\$ (450)	\$ (395)	\$ (430)	\$ (482)	\$ (878)	\$ (912)
Total other expense, net - unadjusted	(352)	(396)	(391)	(336)	(368)	(414)	(748)	(782)
Net income - as adjusted	\$ 479	\$ 225	\$ 366	\$ 390	\$ 698	\$ 581	\$ 704	\$ 1,279
Net income - unadjusted	479	225	366	390	698	581	704	1,279
Adjusted EBITDA - as adjusted	\$ 2,814	\$ 2,529	\$ 2,689	\$ 2,607	\$ 2,668	\$ 3,012	\$ 5,343	\$ 5,680
Adjusted EBITDA - unadjusted	2,749	2,464	2,630	2,548	2,606	2,944	5,213	5,550
Net income margin - as adjusted	7%	3%	5%	5%	10%	8%	5%	9%
Net income margin - unadjusted	7%	3%	5%	5%	10%	8%	5%	9%
Adjusted EBITDA margin - as adjusted	43%	37%	38%	36%	36%	40%	40%	38%
Adjusted EBITDA margin - unadjusted	42%	36%	37%	35%	36%	40%	39%	38%
Last twelve months Net income - as adjusted	\$ 1,275	\$ 1,139	\$ 1,367	\$ 1,460	\$ 1,679	\$ 2,035	N/A	N/A
Last twelve months Net income - unadjusted	1,275	1,139	1,367	1,460	1,679	2,035	N/A	N/A
Last twelve months Adjusted EBITDA - as adjusted ⁽¹⁾	\$ 9,124	\$ 9,723	\$ 10,396	\$ 10,639	\$ 10,493	\$ 10,976	N/A	N/A
Last twelve months Adjusted EBITDA - unadjusted ⁽¹⁾	8,754	9,401	10,123	10,391	10,248	10,728	N/A	N/A
Net Debt (excluding Tower Obligations) to Last Twelve Months Net income - as adjusted	15.6	19.2	16.4	15.3	13.5	13.9	N/A	N/A
Net Debt (excluding Tower Obligations) to Last Twelve Months Net income - unadjusted	15.6	19.2	16.4	15.3	13.5	13.9	N/A	N/A
Net Debt (excluding Tower Obligations) to LTM Adjusted EBITDA Ratio - as adjusted	2.2	2.3	2.2	2.1	2.2	2.6	N/A	N/A
Net Debt (excluding Tower Obligations) to LTM Adjusted EBITDA Ratio - unadjusted	2.3	2.3	2.2	2.1	2.2	2.6	N/A	N/A

(1) For purposes of Last twelve months Adjusted EBITDA, prior quarterly adjustments were as follows:

(in millions)	Quarter		
	Q2 2015	Q3 2015	Q4 2015
EIP imputed discount	\$ 113	\$ 108	\$ 84
Net income - as adjusted	\$ 361	\$ 138	\$ 297
Net income - unadjusted	361	138	297
Adjusted EBITDA - as adjusted	\$ 1,930	\$ 2,016	\$ 2,364
Adjusted EBITDA - unadjusted	1,817	1,908	2,280

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

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Customers, end of period								
Branded postpaid phone customers	30,232	30,878	30,364	31,297	32,095	32,881	30,878	32,881
Branded postpaid mobile broadband customers	2,504	2,748	2,866	3,130	3,246	3,277	2,748	3,277
Total branded postpaid customers	32,736	33,626	33,230	34,427	35,341	36,158	33,626	36,158
Branded prepaid customers	18,438	18,914	19,272	19,813	20,199	20,293	18,914	20,293
Total branded customers	51,174	52,540	52,502	54,240	55,540	56,451	52,540	56,451
Wholesale customers	14,329	14,844	16,852	17,215	17,057	13,111	14,844	13,111
Total customers, end of period	65,503	67,384	69,354	71,455	72,597	69,562	67,384	69,562
Adjustments to branded postpaid phone customers ⁽¹⁾	-	-	(1,365)	-	-	-	-	-
Adjustments to branded prepaid customers ⁽¹⁾	-	-	(326)	-	-	-	-	-
Adjustments to wholesale customers ⁽¹⁾⁽²⁾	-	-	1,691	-	-	(4,368)	-	(4,368)

(1) The MVNO Transaction resulted in a transfer of branded postpaid phone customers and branded prepaid customers to wholesale customers on September 1, 2016.

(2) We believe current and future regulatory changes have made the Lifeline program offered by our wholesale partners uneconomical. We will continue to support our wholesale partners offering the Lifeline program, but have excluded the Lifeline customers from our reported wholesale subscriber base resulting in the removal of 4.4 million reported wholesale customers as of the beginning of Q2 2017.

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Net customer additions (losses)								
Branded postpaid phone customers	877	646	851	933	798	786	1,523	1,584
Branded postpaid mobile broadband customers	164	244	118	264	116	31	408	147
Total branded postpaid customers	1,041	890	969	1,197	914	817	1,931	1,731
Branded prepaid customers	807	476	684	541	386	94	1,283	480
Total branded customers	1,848	1,366	1,653	1,738	1,300	911	3,214	2,211
Wholesale customers ⁽¹⁾	373	515	317	363	(158)	422	888	264
Total net customer additions	2,221	1,881	1,970	2,101	1,142	1,333	4,102	2,475

(1) Net customer activity for Lifeline was excluded beginning in the second quarter of 2017 due to our determination based upon changes in the applicable government regulations that Lifeline is no longer a sustainable product for our wholesale providers.

	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Branded postpaid phone churn	1.33%	1.27%	1.32%	1.28%	1.18%	1.10%	1.30%	1.14%
Branded prepaid churn	3.84%	3.91%	3.82%	3.94%	4.01%	3.91%	3.88%	3.96%

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

	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Financial Metrics								
Service revenues (in millions)	\$ 6,578	\$ 6,888	\$ 7,133	\$ 7,245	\$ 7,329	\$ 7,445	\$ 13,466	\$ 14,774
Total revenues (in millions) ⁽¹⁾	\$ 8,664	\$ 9,287	\$ 9,305	\$ 10,234	\$ 9,613	\$ 10,213	\$ 17,951	\$ 19,826
Net income (in millions)	\$ 479	\$ 225	\$ 366	\$ 390	\$ 698	\$ 581	\$ 704	\$ 1,279
Net income margin	7%	3%	5%	5%	10%	8%	5%	9%
Adjusted EBITDA (in millions) ⁽¹⁾	\$ 2,814	\$ 2,529	\$ 2,689	\$ 2,607	\$ 2,668	\$ 3,012	\$ 5,343	\$ 5,680
Adjusted EBITDA margin ⁽¹⁾	43%	37%	38%	36%	36%	40%	40%	38%
Cash purchases of property and equipment including capitalized interest (in millions)	\$ 1,335	\$ 1,349	\$ 1,159	\$ 859	\$ 1,528	\$ 1,347	\$ 2,684	\$ 2,875
Capitalized Interest (in millions)	\$ 36	\$ 18	\$ 17	\$ 71	\$ 48	\$ 34	\$ 54	\$ 82
Cash purchases of property and equipment excluding capitalized interest (in millions)	\$ 1,299	\$ 1,331	\$ 1,142	\$ 788	\$ 1,480	\$ 1,313	\$ 2,630	\$ 2,793
Net cash provided by operating activities (in millions)	\$ 1,025	\$ 1,768	\$ 1,740	\$ 1,602	\$ 1,713	\$ 1,829	\$ 2,793	\$ 3,542
Net cash used in investing activities (in millions)	\$ (1,860)	\$ (667)	\$ (1,859)	\$ (1,294)	\$ (1,550)	\$ (7,133)	\$ (2,527)	\$ (8,683)
Net cash provided by (used in) financing activities (in millions)	\$ (100)	\$ 790	\$ (67)	\$ (160)	\$ 1,838	\$ (2,016)	\$ 690	\$ (178)
Free Cash Flow (in millions)	\$ (310)	\$ 419	\$ 581	\$ 743	\$ 185	\$ 482	\$ 109	\$ 667
Revenue Metrics								
Branded postpaid phone ARPU	\$ 46.21	\$ 47.11	\$ 48.15	\$ 48.37	\$ 47.53	\$ 47.01	\$ 46.67	\$ 47.26
Branded postpaid ABPU	\$ 61.90	\$ 62.59	\$ 63.38	\$ 63.08	\$ 61.89	\$ 60.40	\$ 62.25	\$ 61.14
Branded prepaid ARPU	\$ 37.58	\$ 37.86	\$ 38.01	\$ 38.20	\$ 38.53	\$ 38.65	\$ 37.72	\$ 38.59
Branded postpaid accounts, end of period (in thousands)	12,639	12,753	11,932	12,055	12,275	12,432	12,753	12,432
Branded postpaid customers per account	2.59	2.64	2.78	2.86	2.88	2.91	2.64	2.91
Device Sales and Leased Devices								
Phones (in millions)	9.0	8.4	8.8	10.0	8.6	8.3	17.4	16.9
Branded postpaid handset upgrade rate	7%	6%	7%	10%	7%	7%	13%	14%
Device Financing								
Gross EIP financed (in millions)	\$ 1,246	\$ 1,562	\$ 1,372	\$ 1,956	\$ 1,339	\$ 1,657	\$ 2,808	\$ 2,996
EIP billings (in millions)	\$ 1,324	\$ 1,344	\$ 1,394	\$ 1,370	\$ 1,402	\$ 1,402	\$ 2,668	\$ 2,804
EIP receivables, net (in millions)	\$ 3,053	\$ 2,662	\$ 2,508	\$ 2,914	\$ 2,855	\$ 3,162	\$ 2,662	\$ 3,162
Lease revenues (in millions)	\$ 342	\$ 367	\$ 353	\$ 354	\$ 324	\$ 234	\$ 709	\$ 558
Leased devices transferred from inventory to property and equipment (in millions)	\$ 784	\$ 157	\$ 234	\$ 413	\$ 243	\$ 270	\$ 941	\$ 513
Returned leased devices transferred from property and equipment to inventory (in millions)	\$ (131)	\$ (105)	\$ (186)	\$ (180)	\$ (197)	\$ (273)	\$ (236)	\$ (470)
Customer Quality								
EIP receivables classified as prime	47%	42%	42%	44%	43%	43%	42%	43%
EIP receivables classified as prime (including EIP receivables sold)	52%	53%	53%	53%	53%	52%	53%	52%
Total bad debt expense and losses from sales of receivables (in millions)	\$ 173	\$ 165	\$ 177	\$ 190	\$ 188	\$ 162	\$ 338	\$ 350

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See Effect of Change in Accounting Principle table for further detail.

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

(in millions, except share and per share amounts)	June 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 181	\$ 5,500
Accounts receivable, net of allowances of \$83 and \$102	1,719	1,896
Equipment installment plan receivables, net	2,060	1,930
Accounts receivable from affiliates	32	40
Inventories	1,208	1,111
Asset purchase deposit	-	2,203
Other current assets	1,580	1,537
Total current assets	6,780	14,217
Property and equipment, net	21,423	20,943
Goodwill	1,683	1,683
Spectrum licenses	35,060	27,014
Other intangible assets, net	296	376
Equipment installment plan receivables due after one year, net	1,102	984
Other assets	815	674
Total assets	\$ 67,159	\$ 65,891
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,225	\$ 7,152
Payables to affiliates	155	125
Short-term debt	522	354
Short-term debt to affiliates	680	-
Deferred revenue	851	986
Other current liabilities	395	405
Total current liabilities	8,828	9,022
Long-term debt	13,206	21,832
Long-term debt to affiliates	14,086	5,600
Tower obligations	2,606	2,621
Deferred tax liabilities	5,188	4,938
Deferred rent expense	2,660	2,616
Other long-term liabilities	971	1,026
Total long-term liabilities	38,717	38,633
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; 832,476,169 and 827,768,818 shares issued, 831,021,302 and 826,357,331 shares outstanding	-	-
Additional paid-in capital	38,946	38,846
Treasury stock, at cost, 1,454,867 and 1,411,487 shares issued	(4)	(1)
Accumulated other comprehensive income	3	1
Accumulated deficit	(19,331)	(20,610)
Total stockholders' equity	19,614	18,236
Total liabilities and stockholders' equity	\$ 67,159	\$ 65,891

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

(in millions, except share and per share amounts)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2017	March 31, 2017	June 30, 2016	2017	2016
			As Adjusted (1)		As Adjusted (1)
Revenues					
Branded postpaid revenues	\$ 4,820	\$ 4,725	\$ 4,509	\$ 9,545	\$ 8,811
Branded prepaid revenues	2,334	2,299	2,119	4,633	4,144
Wholesale revenues	234	270	207	504	407
Roaming and other service revenues	57	35	53	92	104
Total service revenues	7,445	7,329	6,888	14,774	13,466
Equipment revenues	2,506	2,043	2,188	4,549	4,039
Other revenues ⁽¹⁾	262	241	211	503	446
Total revenues ⁽¹⁾	10,213	9,613	9,287	19,826	17,951
Operating expenses					
Cost of services, exclusive of depreciation and amortization shown separately below	1,518	1,408	1,429	2,926	2,850
Cost of equipment sales	2,846	2,686	2,619	5,532	4,993
Selling, general and administrative	2,915	2,955	2,772	5,870	5,521
Depreciation and amortization	1,519	1,564	1,575	3,083	3,127
Cost of MetroPCS business combination	-	-	59	-	95
Gains on disposal of spectrum licenses	(1)	(37)	-	(38)	(636)
Total operating expense	8,797	8,576	8,454	17,373	15,950
Operating income ⁽¹⁾	1,416	1,037	833	2,453	2,001
Other income (expense)					
Interest expense	(265)	(339)	(368)	(604)	(707)
Interest expense to affiliates	(131)	(100)	(93)	(231)	(172)
Interest income ⁽¹⁾	6	7	3	13	6
Other (expense) income, net	(92)	2	(3)	(90)	(5)
Total other expense, net ⁽¹⁾	(482)	(430)	(461)	(912)	(878)
Income before income taxes	934	607	372	1,541	1,123
Income tax (expense) benefit	(353)	91	(147)	(262)	(419)
Net income	581	698	225	1,279	704
Dividends on preferred stock	(14)	(14)	(14)	(28)	(28)
Net income attributable to common stockholders	\$ 567	\$ 684	\$ 211	\$ 1,251	\$ 676
Net income	\$ 581	\$ 698	\$ 225	\$ 1,279	\$ 704
Other comprehensive income, net of tax					
Unrealized gain on available-for-sale securities, net of tax effect \$1, \$1, \$2, \$2 and \$0	1	1	3	2	-
Other comprehensive income	1	1	3	2	-
Total comprehensive income	\$ 582	\$ 699	\$ 228	\$ 1,281	\$ 704
Earnings per share					
Basic	\$ 0.68	\$ 0.83	\$ 0.26	\$ 1.51	\$ 0.82
Diluted	\$ 0.67	\$ 0.80	\$ 0.25	\$ 1.47	\$ 0.81
Weighted average shares outstanding					
Basic	830,971,528	827,723,034	822,434,490	829,356,255	820,933,126
Diluted	870,456,447	869,395,250	829,752,956	870,853,652	829,662,053

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See the Effect of Change in Accounting Principle table for further detail.

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

(in millions)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2017	March 31, 2017	June 30, 2016	2017	2016
Operating activities					
Net income	\$ 581	\$ 698	\$ 225	\$ 1,279	\$ 704
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	1,519	1,564	1,575	3,083	3,127
Stock-based compensation expense	72	67	60	139	112
Deferred income tax expense (benefit)	345	(97)	140	248	404
Bad debt expense	82	93	119	175	240
Losses from sales of receivables	80	95	46	175	98
Deferred rent expense	20	20	33	40	65
Gains on disposal of spectrum licenses	(1)	(37)	-	(38)	(636)
Changes in operating assets and liabilities					
Accounts receivable	21	(68)	(105)	(47)	(307)
Equipment installment plan receivables	(353)	(13)	343	(366)	452
Inventories	(185)	44	3	(141)	(798)
Deferred purchase price from sales of receivables	1	(19)	(204)	(18)	(183)
Other current and long-term assets	(135)	(11)	(56)	(146)	129
Accounts payable and accrued liabilities	56	(651)	(345)	(595)	(837)
Other current and long-term liabilities	(189)	45	(74)	(144)	214
Other, net	(85)	(17)	8	(102)	9
Net cash provided by operating activities	1,829	1,713	1,768	3,542	2,793
Investing activities					
Purchases of property and equipment, including capitalized interest of \$34, \$48, \$18, \$82 and \$54	(1,347)	(1,528)	(1,349)	(2,875)	(2,684)
Purchases of spectrum licenses and other intangible assets, including deposits	(5,791)	(14)	(2,245)	(5,805)	(2,839)
Sales of short-term investments	-	-	2,923	-	2,998
Other, net	5	(8)	4	(3)	(2)
Net cash used in investing activities	(7,133)	(1,550)	(667)	(8,683)	(2,527)
Financing activities					
Proceeds from issuance of long-term debt	4,485	5,495	997	9,980	997
Proceeds from borrowing on revolving credit facility, net	1,855	-	-	1,855	-
Repayments of revolving credit facility	(1,175)	-	-	(1,175)	-
Repayments of capital lease obligations	(119)	(90)	(43)	(209)	(79)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(292)	-	(150)	(292)	(150)
Repayments of long-term debt	(6,750)	(3,480)	(5)	(10,230)	(10)
Tax withholdings on share-based awards	(3)	(92)	(3)	(95)	(49)
Dividends on preferred stock	(14)	(14)	(14)	(28)	(28)
Other, net	(3)	19	8	16	9
Net cash (used in) provided by financing activities	(2,016)	1,838	790	(178)	690
Change in cash and cash equivalents	(7,320)	2,001	1,891	(5,319)	956
Cash and cash equivalents					
Beginning of period	7,501	5,500	3,647	5,500	4,582
End of period	\$ 181	\$ 7,501	\$ 5,538	\$ 181	\$ 5,538
Supplemental disclosure of cash flow information					
Interest payments, net of amounts capitalized, of which \$79, \$0, \$0, \$79, \$0 is recorded as debt discount	\$ 727	\$ 495	\$ 399	\$ 1,222	\$ 814
Income tax payments	6	15	17	21	19
Changes in accounts payable for purchases of property and equipment	8	(325)	(101)	(317)	(228)
Leased devices transferred from inventory to property and equipment	270	243	157	513	941
Returned leased devices transferred from property and equipment to inventory	(273)	(197)	(105)	(470)	(236)
Issuance of short-term debt for financing of property and equipment	2	288	-	290	150
Assets acquired under capital lease obligations	313	284	171	597	295

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 and interest expense. Adjusted EBITDA should not be used to predict net income as the difference between the two measures is variable. We made an accounting change in 2017 to include imputed interest associated with EIP receivables in Other revenues which are included in Adjusted EBITDA.

Adjusted EBITDA is reconciled to net income as follows:

(in millions)	Quarter								Six Months Ended June 30,		
	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Net income	\$ 361	\$ 138	\$ 297	\$ 479	\$ 225	\$ 366	\$ 390	\$ 698	\$ 581	\$ 704	\$ 1,279
Adjustments:											
Interest expense	257	262	305	339	368	376	335	339	265	707	604
Interest expense to affiliates	92	121	134	79	93	76	64	100	131	172	231
Interest income ⁽¹⁾	(1)	(1)	(1)	(3)	(3)	(3)	(4)	(7)	(6)	(6)	(13)
Other expense (income), net	(1)	1	3	2	3	1	-	(2)	92	5	90
Income tax expense (benefit)	2	100	184	272	147	232	216	(91)	353	419	262
Operating income ⁽¹⁾	710	621	922	1,168	833	1,048	1,001	1,037	1,416	2,001	2,453
Depreciation and amortization	1,075	1,157	1,369	1,552	1,575	1,568	1,548	1,564	1,519	3,127	3,083
Cost of MetroPCS business combination ⁽²⁾	34	193	21	36	59	15	(6)	-	-	95	-
Stock-based compensation ⁽³⁾	71	43	52	53	61	57	64	67	72	114	139
Other, net ⁽³⁾	40	2	-	5	1	1	-	-	5	6	5
Adjusted EBITDA ⁽¹⁾	\$ 1,930	\$ 2,016	\$ 2,364	\$ 2,814	\$ 2,529	\$ 2,689	\$ 2,607	\$ 2,668	\$ 3,012	\$ 5,343	\$ 5,680

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See the Effect of Change in Accounting Principle table for further detail.

(2) Beginning Q1 2017, we will no longer separately present Cost of MetroPCS business combination as it is insignificant.

(3) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the condensed consolidated financial statements. Other, net may not agree to the Condensed Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur, and are therefore excluded in Adjusted EBITDA.

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

(in millions, except net debt ratio)	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	June 30, 2017
Short-term debt	\$ 365	\$ 258	\$ 325	\$ 354	\$ 7,542	\$ 522
Short-term debt to affiliates	-	-	-	-	-	680
Long-term debt	20,505	21,574	21,825	21,832	13,105	13,206
Long-term debt to affiliates	5,600	5,600	5,600	5,600	9,600	14,086
Less: Cash and cash equivalents	(3,647)	(5,538)	(5,352)	(5,500)	(7,501)	(181)
Less: Short-term investments	(2,925)	-	-	-	-	-
Net debt (excluding tower obligations)	\$ 19,898	\$ 21,894	\$ 22,398	\$ 22,286	\$ 22,746	\$ 28,313
Divided by: Last twelve months Net income	\$ 1,275	\$ 1,139	\$ 1,367	\$ 1,460	\$ 1,679	\$ 2,035
Net Debt (excluding tower obligations) to last twelve months net income	15.6	19.2	16.4	15.3	13.5	13.9
Divided by: Last twelve months Adjusted EBITDA ⁽¹⁾	\$ 9,124	\$ 9,723	\$ 10,396	\$ 10,639	\$ 10,493	\$ 10,976
Net Debt (excluding Tower Obligations) to last twelve months Adjusted EBITDA Ratio ⁽¹⁾	2.2	2.3	2.2	2.1	2.2	2.6

(1) The amortized imputed discount on EIP receivables previously recognized as Interest income has been retrospectively reclassified as Other revenues. See the Effect of Change in Accounting Principle table for further detail.

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

Free cash flow is calculated as follows:

(in millions)	Quarter						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Net cash provided by operating activities	\$ 1,025	\$ 1,768	\$ 1,740	\$ 1,602	\$ 1,713	\$ 1,829	\$ 2,793	\$ 3,542
Cash purchases of property and equipment	(1,335)	(1,349)	(1,159)	(859)	(1,528)	(1,347)	(2,684)	(2,875)
Free Cash Flow	\$ (310)	\$ 419	\$ 581	\$ 743	\$ 185	\$ 482	\$ 109	\$ 667
Net cash used in investing activities	\$ (1,860)	\$ (667)	\$ (1,859)	\$ (1,294)	\$ (1,550)	\$ (7,133)	\$ (2,527)	\$ (8,683)
Net cash provided by (used in) financing activities	\$ (100)	\$ 790	\$ (67)	\$ (160)	\$ 1,838	\$ (2,016)	\$ 690	\$ (178)

Free cash flow three-year CAGR is calculated as follows:

(in millions, except CAGR Range)	FY	FY		CAGR Range	
	2016	2019 Guidance Range		CAGR Range	
Net cash provided by operating activities	\$ 6,135	\$ 9,400	\$ 10,000	15%	18%
Cash purchases of property and equipment	(4,702)	(5,000)	(5,400)	2%	5%
Free Cash Flow	\$ 1,433	\$ 4,400	\$ 4,600	45%	48%

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						Six Months Ended June 30,	
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	2016	2017
Calculation of Branded Postpaid Phone ARPU								
Branded postpaid service revenues	\$ 4,302	\$ 4,509	\$ 4,647	\$ 4,680	\$ 4,725	\$ 4,820	\$ 8,811	\$ 9,545
Less: Branded postpaid mobile broadband revenues	(182)	(193)	(193)	(205)	(225)	(255)	(375)	(480)
Branded postpaid phone service revenues	\$ 4,120	\$ 4,316	\$ 4,454	\$ 4,475	\$ 4,500	\$ 4,565	\$ 8,436	\$ 9,065
Divided by: Average number of branded postpaid phone customers (in thousands) and number of months in period	29,720	30,537	30,836	30,842	31,564	32,372	30,128	31,968
Branded postpaid phone ARPU	\$ 46.21	\$ 47.11	\$ 48.15	\$ 48.37	\$ 47.53	\$ 47.01	\$ 46.67	\$ 47.26
Calculation of Branded Postpaid ABPU								
Branded postpaid service revenues	\$ 4,302	\$ 4,509	\$ 4,647	\$ 4,680	\$ 4,725	\$ 4,820	\$ 8,811	\$ 9,545
EIP billings	1,324	1,344	1,394	1,370	1,402	1,402	2,668	2,804
Lease revenues	342	367	353	354	324	234	709	558
Total billings for branded postpaid customers	\$ 5,968	\$ 6,220	\$ 6,394	\$ 6,404	\$ 6,451	\$ 6,456	\$ 12,188	\$ 12,907
Divided by: Average number of branded postpaid customers (in thousands) and number of months in period	32,140	33,125	33,632	33,839	34,740	35,636	32,633	35,188
Branded postpaid ABPU	\$ 61.90	\$ 62.59	\$ 63.38	\$ 63.08	\$ 61.89	\$ 60.40	\$ 62.25	\$ 61.14
Calculation of Branded Prepaid ARPU								
Branded prepaid service revenues	\$ 2,025	\$ 2,119	\$ 2,182	\$ 2,227	\$ 2,299	\$ 2,334	\$ 4,144	\$ 4,633
Divided by: Average number of branded prepaid customers (in thousands) and number of months in period	17,962	18,662	19,134	19,431	19,889	20,131	18,312	20,010
Branded prepaid ARPU	\$ 37.58	\$ 37.86	\$ 38.01	\$ 38.20	\$ 38.53	\$ 38.65	\$ 37.72	\$ 38.59