



WE WON'T STOP

T-Mobile

**4th 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 disconnected 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 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 customers each month.

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. Branded postpaid ARPA will no longer be reported after the fourth quarter of 2015.

Average Billings Per Account (ABPA) - Average monthly branded postpaid service revenue earned from customers plus monthly equipment installment plan (EIP) billings and lease revenues divided by the average number of branded postpaid accounts during the period, further divided by the number of months in the period. Branded postpaid ABPA will no longer be reported after the fourth quarter of 2015.

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 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 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 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 more indicative of T-Mobile's ongoing performance and trends by excluding certain expenses which are either nonrecurring or may not be indicative of T-Mobile's directly controllable operating results. 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 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.
- 10 Adjusted Free Cash Flow - Free Cash Flow excluding decommissioning payments related to the shutdown of the CDMA portion of the MetroPCS network.
- 11 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								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Customers, end of period										
Branded postpaid phone customers	23,054	23,633	24,807	25,844	26,835	27,595	28,438	29,355	25,844	29,355
Branded postpaid mobile broadband customers	568	897	1,102	1,341	1,475	1,723	1,965	2,340	1,341	2,340
Total branded postpaid customers	23,622	24,530	25,909	27,185	28,310	29,318	30,403	31,695	27,185	31,695
Branded prepaid customers	15,537	15,639	16,050	16,316	16,389	16,567	17,162	17,631	16,316	17,631
Total branded customers	39,159	40,169	41,959	43,501	44,699	45,885	47,565	49,326	43,501	49,326
Wholesale customers	9,916	10,376	10,931	11,517	12,137	13,023	13,655	13,956	11,517	13,956
Total customers, end of period	49,075	50,545	52,890	55,018	56,836	58,908	61,220	63,282	55,018	63,282

(in thousands)	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Net customer additions										
Branded postpaid phone customers	1,256	579	1,175	1,037	991	760	843	917	4,047	3,511
Branded postpaid mobile broadband customers	67	329	204	239	134	248	242	375	839	999
Total branded postpaid customers	1,323	908	1,379	1,276	1,125	1,008	1,085	1,292	4,886	4,510
Branded prepaid customers	465	102	411	266	73	178	595	469	1,244	1,315
Total branded customers	1,788	1,010	1,790	1,542	1,198	1,186	1,680	1,761	6,130	5,825
Wholesale customers	603	460	555	586	620	886	632	301	2,204	2,439
Total net customer additions	2,391	1,470	2,345	2,128	1,818	2,072	2,312	2,062	8,334	8,264

	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Branded postpaid phone churn	1.47%	1.48%	1.64%	1.73%	1.30%	1.32%	1.46%	1.46%	1.58%	1.39%
Branded prepaid churn	4.34%	4.50%	4.78%	5.39%	4.62%	4.93%	4.09%	4.20%	4.76%	4.45%

	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Financial Metrics										
Service revenues (in millions)	\$ 5,337	\$ 5,484	\$ 5,684	\$ 5,870	\$ 5,819	\$ 6,144	\$ 6,302	\$ 6,556	\$ 22,375	\$ 24,821
Total revenues (in millions)	\$ 6,875	\$ 7,185	\$ 7,350	\$ 8,154	\$ 7,778	\$ 8,179	\$ 7,849	\$ 8,247	\$ 29,564	\$ 32,053
Adjusted EBITDA (in millions)	\$ 1,088	\$ 1,451	\$ 1,346	\$ 1,751	\$ 1,388	\$ 1,817	\$ 1,908	\$ 2,280	\$ 5,636	\$ 7,393
Adjusted EBITDA margin	20%	26%	24%	30%	24%	30%	30%	35%	25%	30%
Net income (loss) (in millions)	\$ (151)	\$ 391	\$ (94)	\$ 101	\$ (63)	\$ 361	\$ 138	\$ 297	\$ 247	\$ 733
Cash capex - Property & Equipment (in millions)	\$ 947	\$ 940	\$ 1,131	\$ 1,299	\$ 982	\$ 1,191	\$ 1,120	\$ 1,431	\$ 4,317	\$ 4,724
Free Cash Flow (in millions)	\$ (188)	\$ 30	\$ (69)	\$ 56	\$ (493)	\$ (30)	\$ 411	\$ 802	\$ (171)	\$ 690
Adjusted Free Cash Flow (in millions)	\$ (179)	\$ 35	\$ (54)	\$ 108	\$ (422)	\$ 73	\$ 487	\$ 897	\$ (90)	\$ 1,035
Revenue Metrics										
Branded postpaid phone ARPU	\$ 50.48	\$ 49.32	\$ 49.84	\$ 48.26	\$ 46.43	\$ 48.19	\$ 47.99	\$ 48.05	\$ 49.44	\$ 47.68
Branded postpaid ABPU	\$ 59.54	\$ 59.79	\$ 61.59	\$ 61.80	\$ 60.94	\$ 63.29	\$ 62.96	\$ 63.74	\$ 60.73	\$ 62.77
Branded prepaid ARPU	\$ 36.09	\$ 37.16	\$ 37.59	\$ 37.51	\$ 37.81	\$ 37.83	\$ 37.46	\$ 37.63	\$ 37.10	\$ 37.68
Branded postpaid accounts, end of period	10,812	11,017	11,297	11,506	11,831	12,061	12,250	12,456	11,506	12,456
Branded postpaid customers per account	2.18	2.23	2.29	2.36	2.39	2.43	2.48	2.54	2.36	2.54
Branded postpaid ARPA	\$ 108.97	\$ 107.11	\$ 109.80	\$ 109.87	\$ 108.04	\$ 113.50	\$ 115.10	\$ 117.09	\$ 108.95	\$ 113.50
Branded postpaid ABPA	\$ 129.74	\$ 131.81	\$ 138.73	\$ 143.79	\$ 145.03	\$ 152.31	\$ 154.56	\$ 160.11	\$ 136.17	\$ 153.12
Device Sales and Leased Devices										
Smartphone units (in millions)	6.9	6.2	6.9	8.0	8.0	7.4	8.1	10.0	28.0	33.5
Branded postpaid handset upgrade rate	7%	8%	9%	11%	8%	9%	9%	10%	35%	36%
Device Financing										
EIP financed (in millions)	\$ 1,249	\$ 1,342	\$ 1,317	\$ 1,902	\$ 1,483	\$ 1,697	\$ 1,107	\$ 926	\$ 5,810	\$ 5,213
EIP billings (in millions)	\$ 657	\$ 810	\$ 967	\$ 1,162	\$ 1,292	\$ 1,393	\$ 1,409	\$ 1,400	\$ 3,596	\$ 5,494
EIP receivables, net (in millions)	\$ 3,086	\$ 3,583	\$ 3,963	\$ 4,690	\$ 4,842	\$ 5,114	\$ 4,771	\$ 3,225	\$ 4,690	\$ 3,225
Lease revenues (in millions)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30	\$ 194	\$ —	\$ 224
Leased devices transferred from inventory to property and equipment, net of returns (in millions)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 822	\$ 1,463	\$ —	\$ 2,285
Customer Quality										
EIP receivables classified as prime	53%	53%	53%	54%	52%	52%	52%	48%	54%	48%
Total bad debt expense and losses from sales of receivables (in millions)	\$ 157	\$ 164	\$ 152	\$ 150	\$ 169	\$ 156	\$ 198	\$ 228	\$ 623	\$ 751

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

(in millions, except share and per share amounts)	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 4,582	\$ 5,315
Short-term investments	2,998	—
Accounts receivable, net of allowances of \$116 and \$83	1,788	1,865
Equipment installment plan receivables, net	2,378	3,062
Accounts receivable from affiliates	36	76
Inventories	1,295	1,085
Deferred tax assets, net	—	988
Other current assets	1,813	1,593
Total current assets	14,890	13,984
Property and equipment, net	20,000	16,245
Goodwill	1,683	1,683
Spectrum licenses	23,955	21,955
Other intangible assets, net	594	870
Equipment installment plan receivables due after one year, net	847	1,628
Other assets	467	288
Total assets	\$ 62,436	\$ 56,653
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,084	\$ 7,364
Current payables to affiliates	135	231
Short-term debt	182	87
Deferred revenue	717	459
Other current liabilities	410	635
Total current liabilities	9,528	8,776
Long-term debt	20,484	16,273
Long-term debt to affiliates	5,600	5,600
Tower obligations	2,658	2,521
Deferred tax liabilities	4,061	4,873
Deferred rents	2,481	2,331
Other long-term liabilities	1,067	616
Total long-term liabilities	36,351	32,214
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; 819,773,724 and 808,851,108 shares issued, 818,391,219 and 807,468,603 shares outstanding	—	—
Additional paid-in capital	38,666	38,503
Treasury stock, at cost, 1,382,505 and 1,382,505 shares issued	—	—
Accumulated other comprehensive income (loss)	(1)	1
Accumulated deficit	(22,108)	(22,841)
Total stockholders' equity	16,557	15,663
Total liabilities and stockholders' equity	\$ 62,436	\$ 56,653

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

(in millions, except share and per share amounts)	Three Months Ended			Year Ended December 31,	
	December 31, 2015	September 30, 2015	December 31, 2014	2015	2014
Revenues					
Branded postpaid revenues	\$ 4,337	\$ 4,197	\$ 3,764	\$ 16,383	\$ 14,392
Branded prepaid revenues	1,956	1,894	1,812	7,553	6,986
Wholesale revenues	200	170	214	692	731
Roaming and other service revenues	63	41	80	193	266
Total service revenues	6,556	6,302	5,870	24,821	22,375
Equipment revenues	1,536	1,416	2,180	6,718	6,789
Other revenues	155	131	104	514	400
Total revenues	8,247	7,849	8,154	32,053	29,564
Operating expenses					
Cost of services, exclusive of depreciation and amortization shown separately below	1,384	1,378	1,383	5,554	5,788
Cost of equipment sales	2,019	1,985	2,812	9,344	9,621
Selling, general and administrative	2,755	2,624	2,333	10,189	8,863
Depreciation and amortization	1,369	1,157	1,090	4,688	4,412
Cost of MetroPCS business combination	21	193	168	376	299
Gains on disposal of spectrum licenses	(139)	(1)	(70)	(163)	(840)
Other, net	—	—	5	—	5
Total operating expenses	7,409	7,336	7,721	29,988	28,148
Operating income	838	513	433	2,065	1,416
Other income (expense)					
Interest expense	(305)	(262)	(266)	(1,085)	(1,073)
Interest expense to affiliates	(134)	(121)	(92)	(411)	(278)
Interest income	85	109	104	420	359
Other income (expense), net	(3)	(1)	21	(11)	(11)
Total other expense, net	(357)	(275)	(233)	(1,087)	(1,003)
Income before income taxes	481	238	200	978	413
Income tax expense	184	100	99	245	166
Net income	297	138	101	733	247
Dividends on preferred stock	(14)	(13)	-	(55)	-
Net income attributable to common stockholders	\$ 283	\$ 125	\$ 101	\$ 678	\$ 247
Other comprehensive loss, net of tax:					
Unrealized loss on available-for-sale securities, net of tax effect of \$0, (\$1), \$0, (\$1), and (\$1)	—	(2)	—	(2)	(2)
Other comprehensive loss	—	(2)	—	(2)	(2)
Total comprehensive income	\$ 297	\$ 136	\$ 101	\$ 731	\$ 245
Earnings per share					
Basic	\$ 0.35	\$ 0.15	\$ 0.13	\$ 0.83	\$ 0.31
Diluted	\$ 0.34	\$ 0.15	\$ 0.12	\$ 0.82	\$ 0.30
Weighted average shares outstanding					
Basic	816,585,782	815,069,272	807,396,425	812,994,028	805,284,712
Diluted	824,716,119	822,017,220	821,707,289	822,617,938	815,922,258

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

(in millions)	Year Ended December 31,	
	2015	2014
Operating activities		
Net income	\$ 733	\$ 247
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,688	4,412
Stock-based compensation expense	201	196
Deferred income tax expense	256	122
Bad debt expense	547	444
Losses from sales of receivables	204	179
Deferred rent expense	167	225
Gains on disposal of spectrum licenses	(163)	(840)
Changes in embedded derivatives	148	(18)
Changes in operating assets and liabilities		
Accounts receivable	(259)	(90)
Equipment installment plan receivables	1,089	(2,429)
Inventories	(2,495)	(499)
Deferred purchase price from sales of receivables	(185)	(204)
Other current and long-term assets	(217)	(328)
Accounts payable and accrued liabilities	693	2,395
Other current and long-term liabilities	22	312
Other, net	(15)	22
Net cash provided by operating activities	5,414	4,146
Investing activities		
Purchases of property and equipment	(4,724)	(4,317)
Purchases of spectrum licenses and other intangible assets, including deposits	(1,935)	(2,900)
Short-term investments	(2,997)	—
Other, net	96	(29)
Net cash used in investing activities	(9,560)	(7,246)
Financing activities		
Proceeds from issuance of long-term debt	3,979	2,993
Repayments of long-term debt and capital lease obligations	(57)	(1,019)
Proceeds from tower obligations	140	-
Repayments of short-term debt for purchases of inventory, property and equipment, net	(564)	(418)
Dividends on preferred stock	(55)	—
Proceeds from exercise of stock options	47	27
Proceeds from issuance of preferred stock	—	982
Taxes paid related to net share settlement of stock awards	(156)	(73)
Other, net	79	32
Net cash provided by financing activities	3,413	2,524
Change in cash and cash equivalents	(733)	(576)
Cash and cash equivalents		
Beginning of year	5,315	5,891
End of year	\$ 4,582	\$ 5,315

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. As T-Mobile does not or cannot predict or forecast certain of the expenses which are excluded from Adjusted EBITDA, but which would be required for the presentation of projected net income, T-Mobile does not provide projected net income or reconciliations to GAAP in the forward-looking financial measures.

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

(in millions)	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Net income (loss)	\$ (151)	\$ 391	\$ (94)	\$ 101	\$ (63)	\$ 361	\$ 138	\$ 297	\$ 247	\$ 733
Adjustments:										
Interest expense	276	271	260	266	261	257	262	305	1,073	1,085
Interest expense to affiliates	18	85	83	92	64	92	121	134	278	411
Interest income	(75)	(83)	(97)	(104)	(112)	(114)	(109)	(85)	(359)	(420)
Other expense (income), net	6	12	14	(21)	8	(1)	1	3	11	11
Income tax expense (benefit)	(102)	286	(117)	99	(41)	2	100	184	166	245
Operating income (loss)	(28)	962	49	433	117	597	513	838	1,416	2,065
Depreciation and amortization	1,055	1,129	1,138	1,090	1,087	1,075	1,157	1,369	4,412	4,688
Cost of MetroPCS business combination	12	22	97	168	128	34	193	21	299	376
Stock-based compensation ⁽¹⁾	49	63	45	54	56	71	43	52	211	222
Gains on disposal of spectrum licenses ⁽¹⁾	—	(731)	11	—	—	—	—	—	(720)	—
Other, net ⁽¹⁾	—	6	6	6	—	40	2	—	18	42
Adjusted EBITDA	\$ 1,088	\$ 1,451	\$ 1,346	\$ 1,751	\$ 1,388	\$ 1,817	\$ 1,908	\$ 2,280	\$ 5,636	\$ 7,393

(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 may not agree to the Consolidated Statements of Comprehensive Income primarily due to certain routine operating activities, such as routine spectrum license exchanges that would be expected to reoccur, and are therefore included in Adjusted EBITDA.

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)	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Calculation of Branded Postpaid Phone ARPU										
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 14,392	\$ 16,383
Less: Branded postpaid mobile broadband revenues	(47)	(54)	(68)	(92)	(109)	(135)	(165)	(179)	(261)	(588)
Branded postpaid phone service revenues	\$ 3,400	\$ 3,457	\$ 3,602	\$ 3,672	\$ 3,665	\$ 3,940	\$ 4,032	\$ 4,158	\$ 14,131	\$ 15,795
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	27,250	28,003	28,849	23,817	27,604
Branded postpaid phone ARPU	\$ 50.48	\$ 49.32	\$ 49.84	\$ 48.26	\$ 46.43	\$ 48.19	\$ 47.99	\$ 48.05	\$ 49.44	\$ 47.68
Calculation of Branded Postpaid ABPU										
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 14,392	\$ 16,383
EIP billings	657	810	967	1,162	1,292	1,393	1,409	1,400	3,596	5,494
Lease revenues	—	—	—	—	—	—	30	194	—	224
Total billings for branded postpaid customers	\$ 4,104	\$ 4,321	\$ 4,637	\$ 4,926	\$ 5,066	\$ 5,468	\$ 5,636	\$ 5,931	\$ 17,988	\$ 22,101
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	28,797	29,838	31,013	24,683	29,341
Branded postpaid ABPU	\$ 59.54	\$ 59.79	\$ 61.59	\$ 61.80	\$ 60.94	\$ 63.29	\$ 62.96	\$ 63.74	\$ 60.73	\$ 62.77
Calculation of Branded Prepaid ARPU										
Branded prepaid service revenues	\$ 1,648	\$ 1,736	\$ 1,790	\$ 1,812	\$ 1,842	\$ 1,861	\$ 1,894	\$ 1,956	\$ 6,986	\$ 7,553
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	16,396	16,853	17,330	15,691	16,704
Branded prepaid ARPU	\$ 36.09	\$ 37.16	\$ 37.59	\$ 37.51	\$ 37.81	\$ 37.83	\$ 37.46	\$ 37.63	\$ 37.10	\$ 37.68

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. To streamline the number of key performance metrics T-Mobile discloses, the Company will discontinue reporting branded postpaid ARPA and ABPA after the fourth quarter of 2015. Going forward, T-Mobile plans to continue reporting branded postpaid customers per account which may be used, along with branded postpaid service revenues, to assess performance on a per account basis.

(in millions, except average number of accounts, ARPA and ABPA)	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Calculation of Branded Postpaid ARPA										
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 14,392	\$ 16,383
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	11,966	12,154	12,346	11,008	12,028
Branded postpaid ARPA	\$ 108.97	\$ 107.11	\$ 109.80	\$ 109.87	\$ 108.04	\$ 113.50	\$ 115.10	\$ 117.09	\$ 108.95	\$ 113.50
Calculation of Branded Postpaid ABPA										
Branded postpaid service revenues	\$ 3,447	\$ 3,511	\$ 3,670	\$ 3,764	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 14,392	\$ 16,383
EIP billings	657	810	967	1,162	1,292	1,393	1,409	1,400	3,596	5,494
Lease revenues	—	—	—	—	—	—	30	194	—	224
Total billings for branded postpaid customers	\$ 4,104	\$ 4,321	\$ 4,637	\$ 4,926	\$ 5,066	\$ 5,468	\$ 5,636	\$ 5,931	\$ 17,988	\$ 22,101
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	11,966	12,154	12,346	11,008	12,028
Branded postpaid ABPA	\$ 129.74	\$ 131.81	\$ 138.73	\$ 143.79	\$ 145.03	\$ 152.31	\$ 154.56	\$ 160.11	\$ 136.17	\$ 153.12

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

(in millions, except net debt ratio)	Period Ended							
	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015
Short-term debt	\$ 151	\$ 272	\$ 1,168	\$ 87	\$ 467	\$ 386	\$ 114	\$ 182
Long-term debt to affiliates	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
Long-term debt	14,331	14,369	16,284	16,273	16,261	16,386	16,442	20,484
Less: Cash and cash equivalents	(5,471)	(3,080)	(5,787)	(5,315)	(3,032)	(2,642)	(2,633)	(4,582)
Less: Short-term investments	—	—	—	—	—	—	—	(2,998)
Net Debt (excluding Tower Obligations)	\$ 14,611	\$ 17,161	\$ 17,265	\$ 16,645	\$ 19,296	\$ 19,730	\$ 19,523	\$ 18,686
Divided by: Last twelve months Adjusted EBITDA ⁽¹⁾	\$ 4,936	\$ 5,122	\$ 5,124	\$ 5,636	\$ 5,936	\$ 6,302	\$ 6,864	\$ 7,393
Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio	3.0	3.4	3.4	3.0	3.3	3.1	2.8	2.5

(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.

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

(in millions)	Quarter								Year Ended December 31,	
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2014	2015
Net cash provided by operating activities	\$ 759	\$ 970	\$ 1,062	\$ 1,355	\$ 489	\$ 1,161	\$ 1,531	\$ 2,233	\$ 4,146	\$ 5,414
Cash purchases of property and equipment	(947)	(940)	(1,131)	(1,299)	(982)	(1,191)	(1,120)	(1,431)	(4,317)	(4,724)
Free Cash Flow	(188)	30	(69)	56	(493)	(30)	411	802	(171)	690
MetroPCS CDMA network decommissioning payments	9	5	15	52	71	103	76	95	81	345
Adjusted Free Cash Flow	\$ (179)	\$ 35	\$ (54)	\$ 108	\$ (422)	\$ 73	\$ 487	\$ 897	\$ (90)	\$ 1,035