

T-Mobile

2nd Quarter 2016
Financial Results,
Supplementary Data and
Non-GAAP Reconciliations

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 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 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. 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						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Customers, end of period								
Branded postpaid phone customers	26,835	27,595	28,438	29,355	30,232	30,878	27,595	30,878
Branded postpaid mobile broadband customers	1,475	1,723	1,965	2,340	2,504	2,748	1,723	2,748
Total branded postpaid customers	28,310	29,318	30,403	31,695	32,736	33,626	29,318	33,626
Branded prepaid customers	16,389	16,567	17,162	17,631	18,438	18,914	16,567	18,914
Total branded customers	44,699	45,885	47,565	49,326	51,174	52,540	45,885	52,540
Wholesale customers	12,137	13,023	13,655	13,956	14,329	14,844	13,023	14,844
Total customers, end of period	56,836	58,908	61,220	63,282	65,503	67,384	58,908	67,384

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Net customer additions								
Branded postpaid phone customers	991	760	843	917	877	646	1,751	1,523
Branded postpaid mobile broadband customers	134	248	242	375	164	244	382	408
Total branded postpaid customers	1,125	1,008	1,085	1,292	1,041	890	2,133	1,931
Branded prepaid customers	73	178	595	469	807	476	251	1,283
Total branded customers	1,198	1,186	1,680	1,761	1,848	1,366	2,384	3,214
Wholesale customers	620	886	632	301	373	515	1,506	888
Total net customer additions	1,818	2,072	2,312	2,062	2,221	1,881	3,890	4,102

	Quarter						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Branded postpaid phone churn	1.30%	1.32%	1.46%	1.46%	1.33%	1.27%	1.31%	1.30%
Branded prepaid churn	4.62%	4.93%	4.09%	4.20%	3.84%	3.91%	4.78%	3.88%

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

	Quarter						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Financial Metrics								
Service revenues (in millions)	\$ 5,819	\$ 6,144	\$ 6,302	\$ 6,556	\$ 6,578	\$ 6,888	\$ 11,963	\$ 13,466
Total revenues (in millions)	\$ 7,778	\$ 8,179	\$ 7,849	\$ 8,247	\$ 8,599	\$ 9,222	\$ 15,957	\$ 17,821
Adjusted EBITDA (in millions)	\$ 1,388	\$ 1,817	\$ 1,908	\$ 2,280	\$ 2,749	\$ 2,464	\$ 3,205	\$ 5,213
Adjusted EBITDA margin	24%	30%	30%	35%	42%	36%	27%	39%
Net income (loss) (in millions)	\$ (63)	\$ 361	\$ 138	\$ 297	\$ 479	\$ 225	\$ 298	\$ 704
Cash capex - Property & Equipment (in millions)	\$ 982	\$ 1,191	\$ 1,120	\$ 1,431	\$ 1,335	\$ 1,349	\$ 2,173	\$ 2,684
Free Cash Flow (in millions)	\$ (493)	\$ (30)	\$ 411	\$ 802	\$ (310)	\$ 419	\$ (523)	\$ 109
Adjusted Free Cash Flow (in millions)	\$ (422)	\$ 73	\$ 487	\$ 897	\$ (247)	\$ 485	\$ (349)	\$ 238
Revenue Metrics								
Branded postpaid phone ARPU	\$ 46.43	\$ 48.19	\$ 47.99	\$ 48.05	\$ 46.21	\$ 47.11	\$ 47.33	\$ 46.67
Branded postpaid ABPU	\$ 60.94	\$ 63.29	\$ 62.96	\$ 63.74	\$ 61.90	\$ 62.59	\$ 62.14	\$ 62.25
Branded prepaid ARPU	\$ 37.81	\$ 37.83	\$ 37.46	\$ 37.63	\$ 37.58	\$ 37.86	\$ 37.82	\$ 37.72
Branded postpaid accounts, end of period (in thousands)	11,831	12,061	12,250	12,456	12,639	12,753	12,061	12,753
Branded postpaid customers per account	2.39	2.43	2.48	2.54	2.59	2.64	2.43	2.64
Device Sales and Leased Devices								
Smartphone units (in millions)	8.0	7.4	8.1	10.0	8.8	8.1	15.4	16.9
Branded postpaid handset upgrade rate	8%	9%	9%	10%	7%	6%	17%	13%
Device Financing								
EIP financed (in millions)	\$ 1,483	\$ 1,697	\$ 1,107	\$ 926	\$ 1,246	\$ 1,562	\$ 3,180	\$ 2,808
EIP billings (in millions)	\$ 1,292	\$ 1,393	\$ 1,409	\$ 1,400	\$ 1,324	\$ 1,344	\$ 2,685	\$ 2,668
EIP receivables, net (in millions)	\$ 4,842	\$ 5,114	\$ 4,771	\$ 3,225	\$ 3,053	\$ 2,662	\$ 5,114	\$ 2,662
Lease revenues (in millions)	\$ -	\$ -	\$ 30	\$ 194	\$ 342	\$ 367	\$ -	\$ 709
Leased devices transferred from inventory to property and equipment, net of returns (in millions)	\$ -	\$ -	\$ 822	\$ 1,463	\$ 653	\$ 52	\$ -	\$ 705
Customer Quality								
EIP receivables classified as prime	52%	52%	52%	48%	47%	42%	52%	42%
Total bad debt expense and losses from sales of receivables (in millions)	\$ 169	\$ 156	\$ 198	\$ 228	\$ 173	\$ 165	\$ 325	\$ 338

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

(in millions, except share and per share amounts)	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 5,538	\$ 4,582
Short-term investments	-	2,998
Accounts receivable, net of allowances of \$125 and \$116	1,866	1,788
Equipment installment plan receivables, net	1,831	2,378
Accounts receivable from affiliates	39	36
Inventories	1,388	1,295
Asset purchase deposit	2,203	-
Other current assets	1,415	1,813
Total current assets	14,280	14,890
Property and equipment, net	20,570	20,000
Goodwill	1,683	1,683
Spectrum licenses	25,536	23,955
Other intangible assets, net	486	594
Equipment installment plan receivables due after one year, net	831	847
Other assets	582	444
Total assets	\$ 63,968	\$ 62,413
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,985	\$ 8,084
Payables to affiliates	203	135
Short-term debt	258	182
Deferred revenue	936	717
Other current liabilities	370	410
Total current liabilities	8,752	9,528
Long-term debt	21,574	20,461
Long-term debt to affiliates	5,600	5,600
Tower obligations	2,634	2,658
Deferred tax liabilities	4,427	4,061
Deferred rent expense	2,548	2,481
Other long-term liabilities	1,038	1,067
Total long-term liabilities	37,821	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; 824,116,744 and 819,773,724 shares issued, 822,704,856 and 818,391,219 shares outstanding	-	-
Additional paid-in capital	38,763	38,666
Treasury stock, at cost, 1,411,888 and 1,382,505 shares issued	(1)	-
Accumulated other comprehensive loss	(1)	(1)
Accumulated deficit	(21,366)	(22,108)
Total stockholders' equity	17,395	16,557
Total liabilities and stockholders' equity	\$ 63,968	\$ 62,413

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

(in millions, except share and per share amounts)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2016	March 31, 2016	June 30, 2015	2016	2015
Revenues					
Branded postpaid revenues	\$ 4,509	\$ 4,302	\$ 4,075	\$ 8,811	\$ 7,849
Branded prepaid revenues	2,119	2,025	1,861	4,144	3,703
Wholesale revenues	207	200	164	407	322
Roaming and other service revenues	53	51	44	104	89
Total service revenues	6,888	6,578	6,144	13,466	11,963
Equipment revenues	2,188	1,851	1,915	4,039	3,766
Other revenues	146	170	120	316	228
Total revenues	9,222	8,599	8,179	17,821	15,957
Operating expenses					
Cost of services, exclusive of depreciation and amortization shown separately below	1,429	1,421	1,397	2,850	2,792
Cost of equipment sales	2,619	2,374	2,661	4,993	5,340
Selling, general and administrative	2,772	2,749	2,438	5,521	4,810
Depreciation and amortization	1,575	1,552	1,075	3,127	2,162
Cost of MetroPCS business combination	59	36	34	95	162
Gains on disposal of spectrum licenses	-	(636)	(23)	(636)	(23)
Total operating expenses	8,454	7,496	7,582	15,950	15,243
Operating income	768	1,103	597	1,871	714
Other income (expense)					
Interest expense	(368)	(339)	(257)	(707)	(518)
Interest expense to affiliates	(93)	(79)	(92)	(172)	(156)
Interest income	68	68	114	136	226
Other income (expense), net	(3)	(2)	1	(5)	(7)
Total other expense, net	(396)	(352)	(234)	(748)	(455)
Income before income taxes	372	751	363	1,123	259
Income tax (expense) benefit	(147)	(272)	(2)	(419)	39
Net income	225	479	361	704	298
Dividends on preferred stock	(14)	(14)	(14)	(28)	(28)
Net income attributable to common stockholders	\$ 211	\$ 465	\$ 347	\$ 676	\$ 270
Net income					
Net income	\$ 225	\$ 479	\$ 361	\$ 704	\$ 298
Other comprehensive gain (loss), net of tax					
Unrealized gain (loss) on available-for-sale securities, net of tax effect of \$2, (\$2), \$0, \$0 and \$0	3	(3)	-	-	-
Other comprehensive income (loss)	3	(3)	-	-	-
Total comprehensive income	\$ 228	\$ 476	\$ 361	\$ 704	\$ 298
Earnings per share					
Basic	\$ 0.26	\$ 0.57	\$ 0.43	\$ 0.82	\$ 0.33
Diluted	\$ 0.25	\$ 0.56	\$ 0.42	\$ 0.81	\$ 0.33
Weighted average shares outstanding					
Basic	822,434,490	819,431,761	811,605,031	820,933,126	810,113,564
Diluted	829,752,956	859,382,827	821,122,537	829,662,053	819,548,539

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

(in millions)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2016	March 31, 2016	June 30, 2015	2016	2015
Operating activities					
Net income	\$ 225	\$ 479	\$ 361	\$ 704	\$ 298
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	1,575	1,552	1,075	3,127	2,162
Stock-based compensation expense	60	52	56	112	111
Deferred income tax expense (benefit)	140	264	(2)	404	(52)
Bad debt expense	119	121	108	240	212
Losses from sales of receivables	46	52	48	98	113
Deferred rent expense	33	32	47	65	88
Gains on disposal of spectrum licenses	-	(636)	(23)	(636)	(23)
Changes in operating assets and liabilities					
Accounts receivable	(105)	(202)	62	(307)	(108)
Equipment installment plan receivables	343	109	(350)	452	(579)
Inventories	3	(801)	87	(798)	(58)
Deferred purchase price from sales of receivables	(204)	21	(17)	(183)	(12)
Other current and long-term assets	(56)	185	35	129	126
Accounts payable and accrued liabilities	(345)	(492)	(153)	(837)	(546)
Other current and long-term liabilities	(74)	288	(182)	214	(90)
Other, net	8	1	9	9	8
Net cash provided by operating activities	<u>1,768</u>	<u>1,025</u>	<u>1,161</u>	<u>2,793</u>	<u>1,650</u>
Investing activities					
Purchases of property and equipment	(1,349)	(1,335)	(1,191)	(2,684)	(2,173)
Purchases of spectrum licenses and other intangible assets, including deposits	(2,245)	(594)	(148)	(2,839)	(1,844)
Sales of short-term investments	2,923	75	-	2,998	-
Other, net	4	(6)	2	(2)	(12)
Net cash used in investing activities	<u>(667)</u>	<u>(1,860)</u>	<u>(1,337)</u>	<u>(2,527)</u>	<u>(4,029)</u>
Financing activities					
Proceeds from issuance of long-term debt	997	-	-	997	-
Repayments of capital lease obligations	(43)	(36)	(6)	(79)	(11)
Repayments of short-term debt for purchases of inventory, property and equipment, net	(150)	-	(185)	(150)	(248)
Repayments of long-term debt	(5)	(5)	-	(10)	-
Tax withholdings on share-based awards	(3)	(46)	(70)	(49)	(98)
Dividends on preferred stock	(14)	(14)	(14)	(28)	(28)
Other, net	8	1	61	9	91
Net cash provided by (used in) financing activities	<u>790</u>	<u>(100)</u>	<u>(214)</u>	<u>690</u>	<u>(294)</u>
Change in cash and cash equivalents	1,891	(935)	(390)	956	(2,673)
Cash and cash equivalents					
Beginning of period	3,647	4,582	3,032	4,582	5,315
End of period	<u>\$ 5,538</u>	<u>\$ 3,647</u>	<u>\$ 2,642</u>	<u>\$ 5,538</u>	<u>\$ 2,642</u>

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						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Net income (loss)	\$ (63)	\$ 361	\$ 138	\$ 297	\$ 479	\$ 225	\$ 298	\$ 704
Adjustments:								
Interest expense	261	257	262	305	339	368	518	707
Interest expense to affiliates	64	92	121	134	79	93	156	172
Interest income	(112)	(114)	(109)	(85)	(68)	(68)	(226)	(136)
Other expense (income), net	8	(1)	1	3	2	3	7	5
Income tax expense (benefit)	(41)	2	100	184	272	147	(39)	419
Operating income	117	597	513	838	1,103	768	714	1,871
Depreciation and amortization	1,087	1,075	1,157	1,369	1,552	1,575	2,162	3,127
Cost of MetroPCS business combination	128	34	193	21	36	59	162	95
Stock-based compensation ⁽¹⁾	56	71	43	52	53	61	127	114
Other, net	-	40	2	-	5	1	40	6
Adjusted EBITDA	<u>\$ 1,388</u>	<u>\$ 1,817</u>	<u>\$ 1,908</u>	<u>\$ 2,280</u>	<u>\$ 2,749</u>	<u>\$ 2,464</u>	<u>\$ 3,205</u>	<u>\$ 5,213</u>

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

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

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						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Calculation of Branded Postpaid Phone ARPU								
Branded postpaid service revenues	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 4,302	\$ 4,509	\$ 7,849	\$ 8,811
Less: Branded postpaid mobile broadband revenues	(109)	(135)	(165)	(179)	(182)	(193)	(244)	(375)
Branded postpaid phone service revenues	\$ 3,665	\$ 3,940	\$ 4,032	\$ 4,158	\$ 4,120	\$ 4,316	\$ 7,605	\$ 8,436
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	26,781	30,128
Branded postpaid phone ARPU	\$ 46.43	\$ 48.19	\$ 47.99	\$ 48.05	\$ 46.21	\$ 47.11	\$ 47.33	\$ 46.67
Calculation of Branded Postpaid ABPU								
Branded postpaid service revenues	\$ 3,774	\$ 4,075	\$ 4,197	\$ 4,337	\$ 4,302	\$ 4,509	\$ 7,849	\$ 8,811
EIP billings	1,292	1,393	1,409	1,400	1,324	1,344	2,685	2,668
Lease revenues	-	-	30	194	342	367	-	709
Total billings for branded postpaid customers	\$ 5,066	\$ 5,468	\$ 5,636	\$ 5,931	\$ 5,968	\$ 6,220	\$ 10,534	\$ 12,188
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	28,257	32,633
Branded postpaid ABPU	\$ 60.94	\$ 63.29	\$ 62.96	\$ 63.74	\$ 61.90	\$ 62.59	\$ 62.14	\$ 62.25
Calculation of Branded Prepaid ARPU								
Branded prepaid service revenues	\$ 1,842	\$ 1,861	\$ 1,894	\$ 1,956	\$ 2,025	\$ 2,119	\$ 3,703	\$ 4,144
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	16,317	18,312
Branded prepaid ARPU	\$ 37.81	\$ 37.83	\$ 37.46	\$ 37.63	\$ 37.58	\$ 37.86	\$ 37.82	\$ 37.72

Net debt (excluding Tower Obligations) to last twelve months adjusted EBITDA ratio 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
Short-term debt	\$ 467	\$ 386	\$ 114	\$ 182	\$ 365	\$ 258
Long-term debt to affiliates	5,600	5,600	5,600	5,600	5,600	5,600
Long-term debt ⁽¹⁾	16,248	16,373	16,430	20,461	20,505	21,574
Less: Cash and cash equivalents	(3,032)	(2,642)	(2,633)	(4,582)	(3,647)	(5,538)
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
Divided by: Last twelve months Adjusted EBITDA	\$ 5,936	\$ 6,302	\$ 6,864	\$ 7,393	\$ 8,754	\$ 9,401
Net Debt (excluding Tower Obligations) to Last Twelve Months Adjusted EBITDA Ratio	3.2	3.1	2.8	2.5	2.3	2.3

(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						Six Months Ended June 30,	
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2015	2016
Net cash provided by operating activities	\$ 489	\$ 1,161	\$ 1,531	\$ 2,233	\$ 1,025	\$ 1,768	\$ 1,650	\$ 2,793
Cash purchases of property and equipment	(982)	(1,191)	(1,120)	(1,431)	(1,335)	(1,349)	(2,173)	(2,684)
Free Cash Flow	(493)	(30)	411	802	(310)	419	(523)	109
MetroPCS CDMA network decommissioning payments	71	103	76	95	63	66	174	129
Adjusted Free Cash Flow	\$ (422)	\$ 73	\$ 487	\$ 897	\$ (247)	\$ 485	\$ (349)	\$ 238