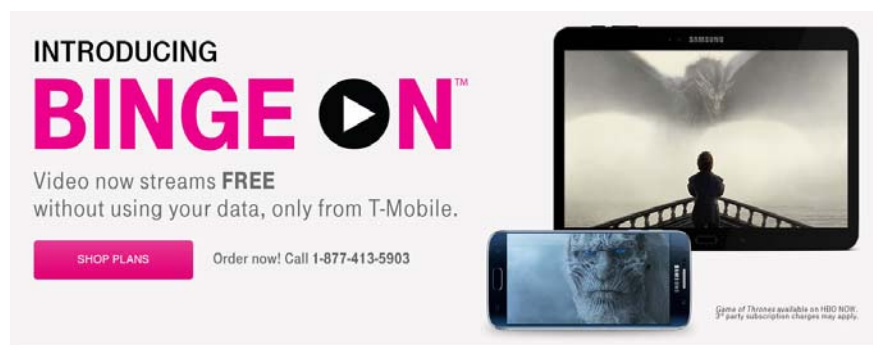


## TFI – Wireless Industry Panel

**T-Mobile**  
**Steve Yergeau**  
**Jan 21, 2016**

## T-Mobile's Binge On



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Game of Thrones available on HBO NOW.  
3rd party subscription charges may apply.

The graphic features a tablet and a smartphone. The tablet screen shows a scene from Game of Thrones with a dragon breathing fire. The smartphone screen shows a close-up of a character's face. The background is a light gray gradient.

**Verizon Earnings Call:  
The Drinking Game**

Verizon is dry, but you don't have to be.  
So grab your beverage of choice (you pick) and play along!

**Take a drink every time...**




Verizon says "millennials" or "the young people"	Verizon completes a jargon-free sentence (spoiler: it's never gonna)	Verizon references year-old network tests (without a hint of shame)
		
Verizon talks about "monetizing" something or someone (usually their poor customers)	Verizon is compared to SugarString or FedEx Instant	Verizon references "leadership" without describing the substance of leadership (also just following T-Mobile's lead)
		
Verizon advertises it will copy Music Freedom, Bing On ... Mobile Without Borders within the next year.	Verizon admits the network advantage is gone and it's grasping at straws	Verizon admits the "millennials" strategy is just the result of a middle crisis and that it's also trying to be small... eventually.
		

From your drinking buddies at  
**Verizon Mobile**

**Verizon Earnings Call:  
The Drinking Game**

Verizon is dry, but you don't have to be.  
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## Take two drinks if...

Verizon talks about  
**“monetizing”**  
something or someone  
(usually their poor customers)



Go90  
is compared to  
**SugarString or Redbox  
Instant**



Verizon references  
**“leadership”**  
(while describing the opposite of leaders  
aka just following T-Mobile's lead)



## Things they'll never admit, but if they do... Finish your drink if...

Verizon admits it will  
**copy**  
Music Freedom, Binge On  
and/or  
Mobile Without Borders  
within the next year.



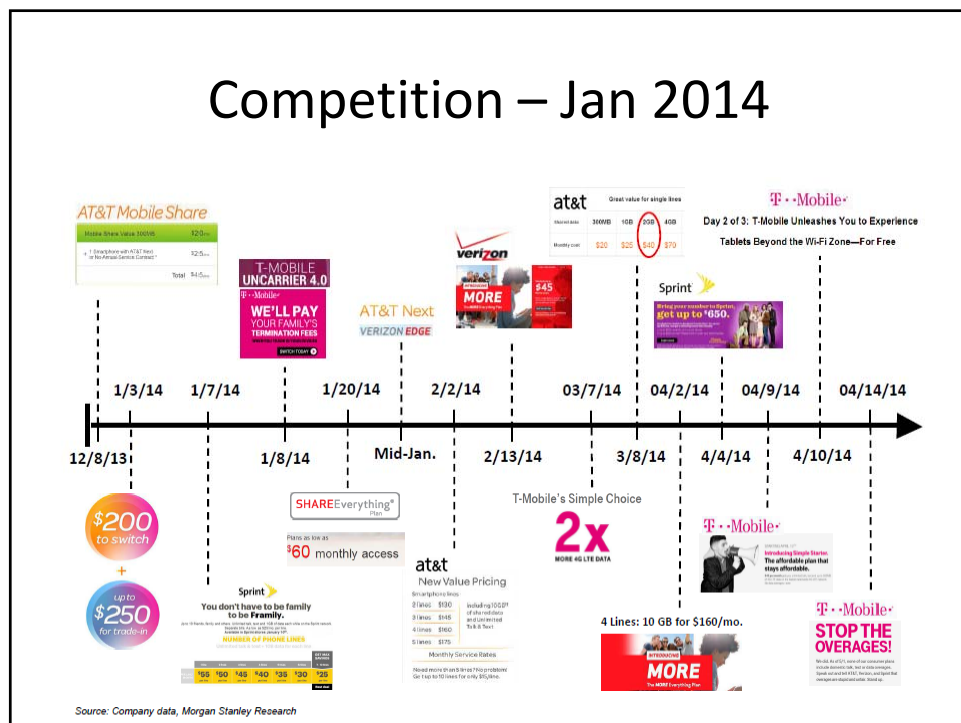
Verizon admits its  
**network advantage  
is gone**  
and it's grasping at straws



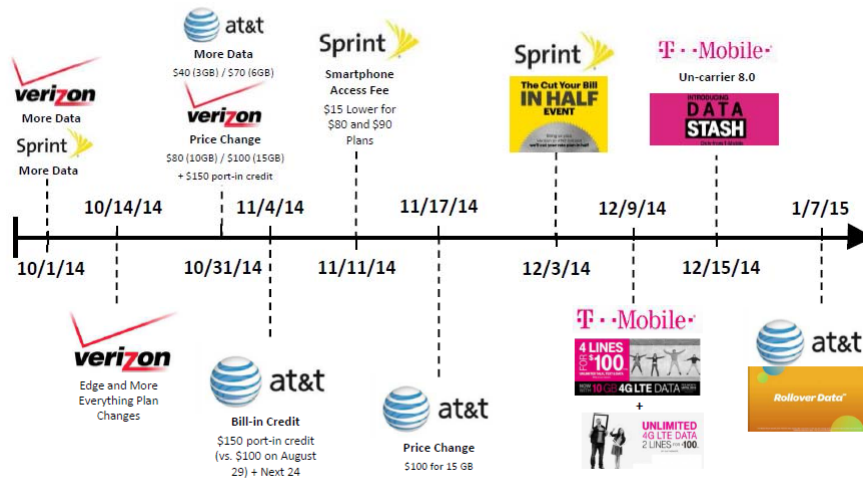
Verizon admits its  
**“millennials”  
strategy**  
is just the result of a midlife crisis  
and that it'll stop trying to be cool...  
eventually.



## Competition – Jan 2014



## Competition – Jan 2015



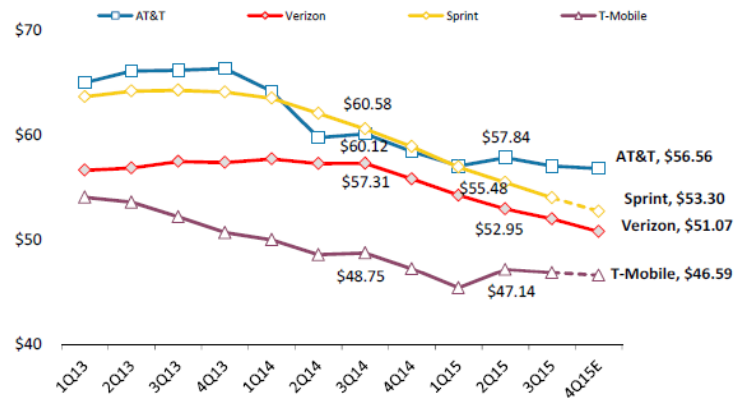
Source: Company data, Morgan Stanley Research

## Wireless Industry Remains Competitive – Jan 2016



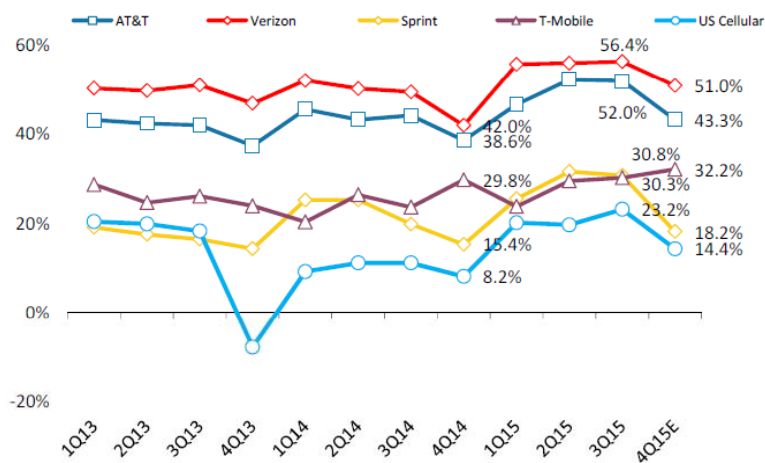
Source: Company Data, Morgan Stanley Research.

## Competition: How low can you go?



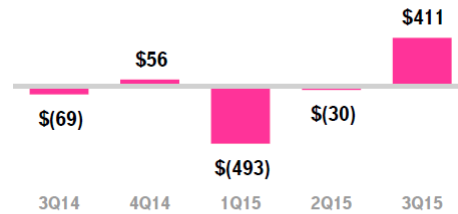
Source: Bloomberg, Company Data, Morgan Stanley Research.

## EBITDA Margins (as a % of Service Revenues)

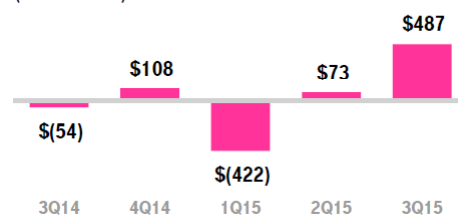


Source: Company Data, Morgan Stanley Research.

### Free Cash Flow (\$ in millions)



### Adjusted Free Cash Flow (\$ in millions)

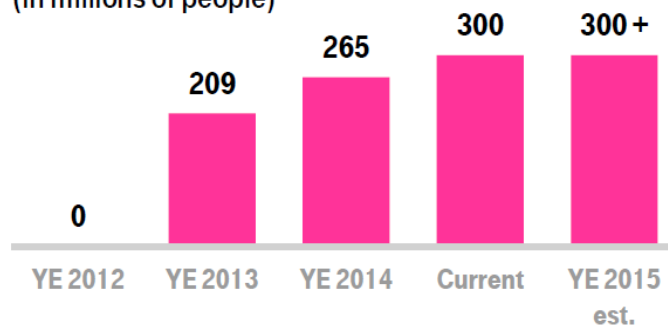


Adj FCF – backing out one-time Metro PCS network Decom. Costs.

T-Mobile 3Q15 Investor Factbook

## T-Mobile 4G LTE Covered Pops

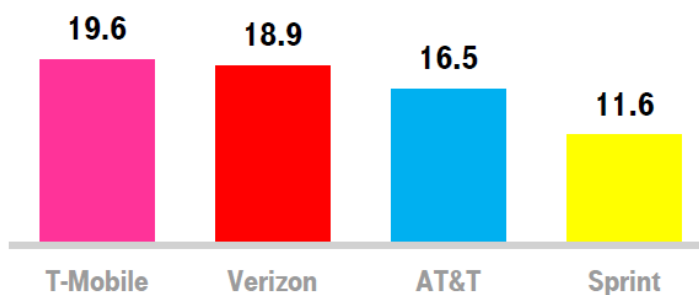
(in millions of people)



T-Mobile 3Q15 Investor Fact book

## Average 4G LTE Speeds – 3Q15

(in Mbps)



Based on T-Mobile's analysis of crowd-sourced 4G LTE download speeds.

## T-Mobile Preliminary Customer Results

(in thousands)	Three Months Ended			% Change		Year Ended		% Change
	December 31, 2015 <sup>(1)</sup>	September 30, 2015	December 31, 2014	Qtr/Qtr	Year/Year	2015 <sup>(1)</sup>	2014	2015 vs 2014
<b>Net customer additions</b>								
Branded postpaid phone customers	917	843	1,037	8.8 %	(11.6)%	3,511	4,047	(13.2)%
Branded postpaid mobile broadband customers	375	242	239	55.0 %	56.9 %	999	839	19.1 %
Total branded postpaid customers	1,292	1,085	1,276	19.1 %	1.3 %	4,510	4,886	(7.7)%
Branded prepaid customers	469	595	266	(21.2)%	76.3 %	1,315	1,244	5.7 %
Total branded customers	1,761	1,680	1,542	4.8 %	14.2 %	5,825	6,130	(5.0)%
Wholesale customers	301	632	586	(52.4)%	(48.6)%	2,439	2,204	10.7 %
Total net customer additions	2,062	2,312	2,128	(10.8)%	(3.1)%	8,264	8,334	(0.8)%

## Preliminary Customer Results Cont.

(in thousands)	As of			% Change	
	December 31, 2015 <sup>(a)</sup>	September 30, 2015	December 31, 2014	Qtr/Qtr	Year/Year
<b>Customers, end of period</b>					
Branded postpaid phone customers	29,355	28,438	25,844	3.2%	13.6%
Branded postpaid mobile broadband customers	2,340	1,965	1,341	19.1%	74.5%
Total branded postpaid customers	31,695	30,403	27,185	4.2%	16.6%
Branded prepaid customers	17,631	17,162	16,316	2.7%	8.1%
Total branded customers	49,326	47,565	43,501	3.7%	13.4%
Wholesale customers	13,956	13,655	11,517	2.2%	21.2%
Total customers, end of period	63,282	61,220	55,018	3.4%	15.0%

## 600MHz Spectrum Auction

### Reverse Auction

Auction application filing window deadline	1/12/2016
Bidding and post-auction process tutorial	2/29/2016
Initial commitment deadline	3/29/2016
Initial clearing target and band plan announced	3-4 weeks after initial commitment deadline

### Forward Auction

Auction application filing window opens	1/26/2016
Auction application filing window deadline	2/9/2016
Bidding and post-auction process tutorial	2/29/2016
Initial clearing target and band plan announced	3-4 weeks after initial commitment deadline
Upfront payments	TBD

Source: FCC



## T-Mobile's Auction Plans

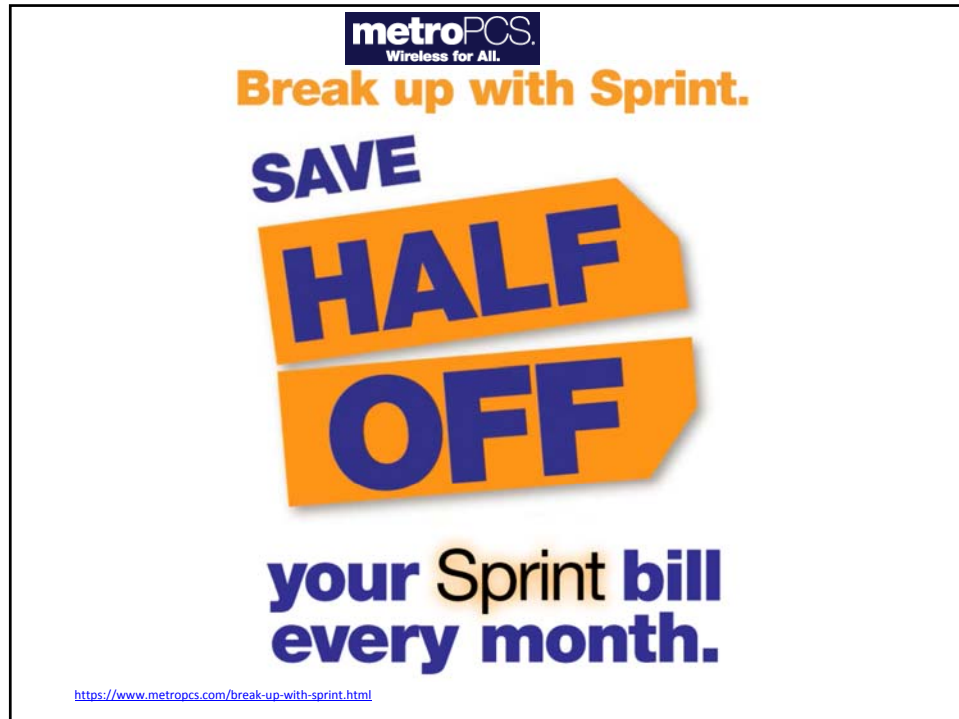
- 4B in Debt Raised – Cash Ready
- 2B more issued before Auction
- 6B in Cash going into Auction
- 10B Commitment in Auction
- Up to 1 full turn on Debt ratio
- Rating Agency Safe
- Fund with Debt / No Equity

## Sprint – Brutal Competition

Sprint's \$1.5 billion of 7 percent bonds due 2020 plunged 12 cents on the dollar to 61 cents at 4:24 p.m., in New York, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority. **That's the lowest since August 2012. The company's \$2 billion of 6 percent notes due in December dropped 2.6 cents to 95.1 cents.**

Moody's Investors Service lowered Sprint's credit rating in September to B3 from B1, or **six levels below investment grade, citing "brutal competition"** in the U.S. wireless industry that will pressure even the strongest operators.

Bloomberg.com 1-20-2016



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Thank You

Questions?