

**T-Mobile**

**January 20, 2011  
10:00 AM ET**

Rene Obermann:

A very good morning to all of you here in New York. I think we should get started. We have a long agenda. I think the agenda should be up now. I can also do it myself. There it is. We have a long agenda. We should get started in order to have enough time to go through the presentations and also to have enough time for you to digest all the details with which we are going to hopefully convince you today that T-Mobile US is in a good way. So, good morning, again, to New York. Good morning to all of you watching us via webcast in Europe. And still some people come in. I'll wait another ten, 20 seconds. Okay.

Alright. Before getting the unavoidable question on any news on the full year financial for 2010, ladies and gentlemen, let me reiterate that this is an investor day on T-Mobile USA and that you should not expect to get an update on the financials for 2010. but before you start wondering whether this might be bad news, let me also reiterate that we are--it shouldn't be unexpected--confident to have met our group targets for the year 2010 and we're also confident to reach the objectives for the coming years which we have outlined in our investor day last year.

The reasons why we invited you to join us here in New York are three-fold. First of all, we would like to introduce our new Chief Executive Officer for T-Mobile USA and we would like to introduce to you some members, very senior members of our management team in the US. The second reason is that Philipp and his team want to share their view of the industry and their view of our business with you and explain to you what needs to be done and what they will do in order to improve our position in the United States. And lastly I would like to convey to you how we as Deutsche Telekom see our long-term position in the US and what we will do to develop a future proof and value generating position in the United States.

Before going into the presentation let me shed some light on Philipp and how happy I am that he has decided to take on the challenge to head our business in the US because he obviously can't say that about himself. He has joined DT in 2005. He began as Chief Executive of T-Mobile Deutschland Germany. He was responsible for the turnaround at T-Mobile Deutschland. Not only was he able to regain and extend market leadership versus our main competitor but also at the same time he was executing the Save-for-Service program at T-Mobile Germany--sorry. Safer growth program at T-Mobile Germany back in '05 it still was called which has helped us to improve margins in the German mobile business to levels beyond 40%. So, market leadership, extent market share, very marketing orientated and at the same time managed our efficiency program very successfully. He was also involved in finding some solutions for the European

market particularly in the UK with Hutchison, the first network joint venture in the UK with Hutchison and later on he was involved in setting up the joint venture Everything Everywhere which you are all familiar with.

But before I get too carried away let me stop it here by saying we believe he has gathered as part of his track record at DT precisely the skills we need to successfully turn around our business in the United States. Having said all that, I think that you now a lot have had the opportunity to have taken a look at the schedule of today and have taken note especially of the coffee and lunch breaks. Now I would like to share with you my observations on the US market and our US business.

So, the market in the US is one of the most attractive markets worldwide. That is, despite economic crisis, despite a high level of competition that is still the case. There are three reasons for that. Number one, there is already a huge value in the market as of today. Typical US mobile consumers are spending around \$50 per month on their mobile device. They're generating average data RPU of \$17 per month and imagine where this came from, how fast it improved over the last couple years, and the average voice usage is at 800 minutes per month. All of these metrics are beating the European comparisons by a huge margin. So, it is a very attractive wireless industry, very attractive wireless market. Looking at the forecast for the market and basically all forecasts agree on that point, it is to be expected that the European markets cannot catch up with that volume of usage and also with the RPUs but that the US mobile market will continue to outpace the growth rates of Western Europe, especially in mobile internet. There is a huge opportunity to generate additional revenues.

The third point is that compared to the overall European mobile market, the US market has a relatively benign pricing environment although usage is much higher so you could argue price per minute or price per megabyte or so are significantly lower but the overall willingness of customers to spend higher RPUs per month is here in the US is higher and the packages which are being sold and the price points which are being sold are quite favorable in comparison to most European markets. That does create, if you look at the evidence in Germany and Italy and some other markets, it does create scope for successful challenging strategies and it's also worthwhile noticing that different to Europe we are speaking about a market that is mostly free from price regulation. So it is still an attractive market and it will be an attractive market.

We are convinced that T-Mobile is a very good asset. We have a 34 million customer base and in the first nine months of 2010 we generated revenues of over \$16 billion and over \$4.5 billion of EBITDA. And we are generating a positive operating free cash flow of between \$2.5 billion and \$3 billion per annum. So, that is only--that's one reason for saying this is a very attractive asset. Our network architecture is global standard now--is global standard with GSM, with UMTS, and also now with HSPA plus. We currently own 54 megahertz of spectrum in our major markets which for the next few years put us into a position which is actually better than most of our competitors are in. We have made huge upgrades to our network in a very short time thanks to the great efforts from the technology teams, made huge upgrades to our networks and we are now counting about 49,000 cell sites of which almost 50% are already connected with fiber backhaul. So, the performance is truly outstanding.

Independent field surveys show that real life data transmission speeds on our network are superior to most competitors and they are at least equivalent to LTE. There are a couple of reasons why things turned worse two years ago. There obviously was an impact from the economy turning into negative territory, particularly in the consumer space. But also

the lack of a 3G network--please remember we came late with spectrum only end of '06. We acquired spectrum and then we are able to build a network. So, we were late with 3G. No question. We also lack competitive smart phones and we had a branded distribution gap in comparison to our competitors and all of that made us suffer. It resulted in revenue stalling and valuable contract customers leaving us.

The recipe for improving things was built around this analysis. We understood a huge effort in improving network quality and handset offerings. We readjusted our pricing propositions and we increased the branded distribution. And we have seen at least some success already. The data RPU continues to grow with accelerating pace. We now have the fastest nationwide 4G network in the US and the handset portfolio has vastly improved, as demonstrated by the rising number of smart phones in our base and as we show here. And we have also seen improving revenue trends. Philipp is going into more details.

However, we are not satisfied with a couple of other areas and we have still some work ahead of ourselves. Certainly contract customer growth and churn rates are still dissatisfactory and we have not yet returned to revenue growth. Philipp and his team's highest priority will be to revitalize the business in 2011. His strategy which will be explained in much more detail is consisting of three basic elements. A, we are going to capitalize on our 4G advantage, B, we are going for an operational turnaround and we will execute a challenger strategy. We currently do have and I think I said it before--I want to repeat that because it takes a long time to change people's minds. We have the best 4G network in the US. And we have a sufficient spectrum position medium-term. And we have a variety of attractive smart phones on our shelves, including the largest lineup of Android smart phones.

We will continue to work on our network by improving particularly in-house coverage and by reducing the needs for roaming which at the same time will also help us to bring down our costs. We will use Wi-Fi to enrich in-house broadband coverage and reduce network load where feasible. At the same time we will continue to improve our 3G, 4G network coverage and increase the transmission speed of our network which will increase from peak rates of 21 megabit today to 42 megabit in 2011, a significant improvement of the performance. And we expect to have this speed of 42 megabits available to 140 million POPs.

Operational turnaround means in the first place of course to tackle the churn issue. With 1.9 million contract gross adds per quarter, accumulative was about 5.4 or so for the first nine months gross adds of contracts. We have to find a way to make sure that these huge additions lead to a growing customer base again. The net growth has to improve. Next to that we're speaking about a radical reorganization of the business with some very ambitious initiatives. Reinvent the cost cutting program should result in an additional \$1 billion of annual gross savings by 2013. We need these resources. We need these efficiency gains to restructure the business into a sustainable future proof business as we are not willing to sacrifice the margin further.

Grow, that's the second element of the programs, shall deliver a \$3 billion of additional revenues until 2014 from key projects like 4G leadership, churn prevention where we have gained a lot of experience in Europe, growing into the business segment, and by other initiatives. Philipp, again, will elaborate on this in much more detail later. Finally, the challenger strategy. We think we radically have to change the way we go to market. We will spend our marketing dollars more locally. We will pursue marketing strategies aligned to the characteristics of the local markets rather than following a one size fits all

strategy. The local markets vary quite a bit with regards to their competitive dynamics. Which also means that we will be open minded to a multi brand strategy. We will also expand into the business customer segment based on our strong data proposition rather than just focusing on the so-called value segment. That is a change how to approach the market to the past.

Being operationally successful is the pre-requisite for improving the value of T-Mobile USA and that is top priority for Philipp and his team in 2011. But there is also a top priority for myself and my very severe and strict CFO, Mr. Tim Hottges, and the entire Deutsche Telekom Board. This is the longer-term outlook for the business and there is the issue of the long-term spectrum position. We have to face reality. Long-term spectrum position of not only T-Mobile USA but for the entire industry. Short to midterm we have enough spectrum to satisfy our demand and our growth as Neville and the team will explain later on. So, we are not desperately looking for new spectrum at any cost but longer-term the question exists and we have to get prepared. The second issue is about scale. Between us and our two bigger competitors is a huge gap when it comes to subscribers, when it comes to revenues, when it comes to margins, and to free cash flow. While we're not disadvantaged when it comes to procurement because we can leverage in many respects--for instance, infrastructure on devices are so the groups scale because of the volumes of our entire group. We feel it in our share of voice where we have to compete with much bigger pockets of our competitors.

So, we have to find a solution for both of these challenges and this will be done under the following criteria. The US business--that's the first point--has to develop into a self-funding platform that is able to fund its future itself. Bear in mind the ongoing CapEx, the regular CapEx between \$2.5 billion to \$3 billion, that is already being funded and after that the US still generates operating free cash flow of between \$2.5 billion and \$3 billion but for things over and above potentially for instance for getting new spectrum, we have to do that out of a self-funding platform. This means that we will explore shareholder value generating strategic alternatives for this business. This might range from partnerships, corporations, to network sharing opportunities, spectrum leads, whatever. There are various options for us which we are currently analyzing. Let me repeat on this occasion that we are currently not pursuing large scale cash acquisitions as Deutsche Telekom group.

There are multiple sources of external capital that might be available for T-Mobile USA. We are among other options for example ready to consider a potential sale of non-core strategic--non-strategic core assets, for example the US tower portfolio. The objective for us is to find a future proof solution for our US business which generates value for our Deutsche Telekom shareholders as well as improves our path forward regarding cost of capital. This again has utmost priority for the entire Deutsche Telekom management board.

With that, I would like to hand over to Philipp to talk to you about the US and what I consider a very compelling and clear and well thought through operational strategy. Philipp, please come on stage. Thank you.

Philipp Humm:

Yes. Thank you, Rene. Ladies and gentlemen, welcome to New York. I'm very excited to be here and to share with you the T-Mobile USA story. When I arrived six months ago I encountered significant operational challenges for T-Mobile US. Therefore, we use the opportunity in the last months to really review and renew the operational strategy for T-Mobile US going forward with the main cornerstones to be seen on this slide. We are

capitalizing on our 4G advantage. We are working on our operation turnaround and we are going after flawless execution of our challenger strategy.

Let me start--let me just get the right slide here. Yes. Let's first quickly look at the US market overall. And if we look at the overall US market we see that scale matters as can be seen in the relative performance of the big two. Drivers are investment in advertising, network, and in the iPhone. That being said, T-Mobile outperforms the number three by 11% on EBITDA margin despite \$7 billion lower revenue. So on the EBITDA performance we're doing quite a strong job here in the US. As Rene mentioned earlier, the US market is a growing market. This growth is being driven by data which is still expected to sustain a growth rate of close to 20% over the next five years. So, this is a big opportunity for T-Mobile to really grab additional market share.

Let's talk about the current status of T-Mobile USA. T-Mobile USA was uniquely positioned with get more and the GSM network and as a result grew revenues and CAGR of 27% through 2008 and EBITDA grew even at a CAGR of 52%. This growth really stalled in 2008 due to four factors. The first one is we were late to 3G as our AW aspect firm only got acquired in 2006 and also got freed up late. So we could not really fully participate in the first data game. Second, our brand was kind of stuck in the middle with unlimited becoming industry standard on one side and T-Mobile being attacked from below by the no frills players in the market. Third is that our branded distribution was gapped compared to the top three players. And last but not least the market went from a double digit growth rate to a single digit growth rate which obviously also had some effect on our overall performance.

Now the good news is that if you look at the performance year over year in the last quarters, year over year revenue hit bottom at the end of 2009 and is now trending in the right direction driven mainly by data revenues as more customers adopt smart phones. And if you look at the chart on the right side, you can see that our blended data RPU is advancing at a rate of \$2.40 year over year or 24% over the last four quarters. Now compared to competition, T-Mobile has a \$4 to \$6 gap in data RPU. T-Mobile was however able to start closing the gap to some extent having grown faster than anybody else in the data RPU. And going forward this is a huge opportunity for us. We see a lot of revenue potential for T-Mobile to simply close that gap.

T-Mobile has the right assets to close the data RPU gap going forward. T-Mobile built the largest and fastest 4G network in the country with 200 million POP coverage and with data speed of 21 megabits and we're currently rolling out 42 megabits in the country. Second, T-Mobile has a superior 4G handset lineup, smart phone lineup with 25 4G devices planned for the year 2011 and 50% of our sales today are already smart phones and 39% of our base is in smart phones. That's quite a lot of potential on the smart phone side. Third, value leader. T-Mobile sharpened its value proposition with the best price for unlimited propositions. We have no 4G toll. We have a new \$10 data entry promotion plan which is the strongest one in the industry and we have more and more smart phones under \$100 retail. Lastly, T-Mobile built out an owned retail store network which is the equivalent to one of the big two and on the same level as the big two and definitely superior to Sprint. And finally we build a great relationship with Wal-Mart, the world's largest retailer, and launched a core brand called Family Mobile which is growing very nicely.

In my first 75 days the leadership team and I have moved very quickly to implement major changes. First, we started to competitively communicate that we have the best 4G network. I'm sure many of you have seen the ad. We will show you the ad a little bit later

as a reminder. Second, we rolled out a major reorganization for the group which has a certain number of elements. The first one is we delegated responsibility and accountability. We created segment manager, product manager, and channel manager, and regional manager and made them really responsible for the revenues and EBITDA end to end. And third we got resources from DT in areas where we lacked expertise like in channel management and in customer retention management.

We also launched two transformational programs, Reinvent with the target of additional growth savings of \$1 billion per annum and Grow was the target to increase our revenue by \$3 billion per annum. Churn had not really improved. So, we redesigned the program and changed leadership. We'll come to more detail in a second. And lastly and the thing I'm most excited about along with senior leadership of T-Mobile is that we develop a challenger strategy to take advantage of market growth and to bring back T-Mobile to its voice stream and early T-Mobile days.

Let me now focus very briefly on Reinvent, on Grow, and on churn. So, reinvent. We're hugely expanding our T-Mobile Save-for-Service program. The 2010 Save-for-Service program delivered more than planned. We saved \$500 million in 2010 and now expect out of that program to have a run rate in 2012 of \$800 million savings. The 2011 Save-for-Service program which really started in 2010 but is now being rolled out and implemented in 2011 called Reinvent, focus on business process redesign, leveraging similar DT programs run in Europe. We will realize at least \$300 million of savings in 2011 and \$1 billion in 2013 and this is on top of the 2010 savings which we have already realized. These savings are partially being reinvested into the business to grow the business while sustaining our margins.

So, a few details for the reinvent program. Reinvent will drive \$1 billion in annual savings by 2013. \$200 million come from what we call zero waste which is especially as we reduce calls to care and reduce handset returns. Second, \$300 million come with self service and automation, especially on the web on the handset and through the IVR. \$200 million come from simplifying our product range, particularly our rate plans, retiring also rate plans, and reducing handset remorse and unnecessary discounting we had in the marketplace. And lastly, the last \$300 million come with our network as we drive all IP and continue our roaming overbill program which obviously will reduce our costs.

Next is our Grow program. The Grow program teams helped align management, generate an additional \$300 billion worth of revenue uplift, up to 2014 annual uplift and the key subprograms are first obviously monetizing our 4G leadership. Second is strengthening existing partner brands like Wal-Mart and new MV renewals. Third is reactivating B2B, a segment where T-Mobile has not really played a major role in the last years. Fourth, lowering churn significantly--I will come more detail to churn in a second. Fifth, building SIM capabilities. Here, really strongly was the support of DT, Europe went already in 2005 in a market which cooled off and declined so we're able to bring in a lot of skills from Europe on this topic. Sixth, improving channel performance, in particular the return on dollar spend on SUC and SOC, spending the money more around returns on investment and last but not least moving from a national to a national regional go-to-market model along with the rollout of our new regional organization which is being implemented just as we talk.

Churn continues to be a challenge for us. The program we deployed and announced early 2010 did not bring the necessary results. And churn is for me a top operational priority and I'm determined to break the trend this year. Now what did we do? First we changed leadership, bringing an experienced leader from T-Mobile in Europe and we also

consolidated and that's very, very important responsibilities for SUC, SOC, COM, and churn into a single organization called channel management and this is important as a structure before it had split responsibilities which cannot really work if you try to lower churn.

Next we tied short-term bonus compensation for the whole Company to churn. Then we brought in people on a project basis from DT to leverage best practices. We changed the analytics and made the topic a true top management priority. The teams worked to very, very detailed measures and we target to get towards 2% in 2011. And let me just give you three examples instead of making you go through each invest element of the slide and three of the bigger churn reason. Number one is iPhone continues to be around 10% of all churn and we're countering the 3G iPhone with 4G Android devices and are looking forward to take the iPad on with the coming Honeycomb 4G laptop in March and April. So, we're really developing our propositions where Android and 4G will be shown as being clearly superior to iPad and 3G or iPhone and 3G.

Second big raise is in our network coverage, about 20% of all churn. This is why we are aggressively advertising our 4G network to improve already the perception of the customers. We will increase in-home coverage by 25% per annum year for year over the next years. We're moving or we've moved already to 100% Wi-Fi on smart phones and really try to educate customers to constantly use it and make it worry free in usage. And we changed our data network coverage by making sure it is now included as a clear element of the customer on boarding process to make sure customers get the right service for the right network situation they are facing at home or on the go. Thirdly, and that's a third example, we have many, many other operational challenges and reasons why we lost customers and existing customers receiving a lesser offer than new customers and we had many rate plans and promotions for new customers which existing customers also wanted and that created obviously churn. So, we changed that. Existing customers now received same or better offers and we stopped doing a rate plan promotion and we'll only do promotions through devices or through add-ons.

Let me sum up by saying we are able overall to generate a very high level of cash float for our shareholders despite the decline in revenue and despite large investments in 4G network and in distribution. This is definitely attributable to an improved cost and CapEx efficiency overall. But now it's really time to resell the growth engine. And this is what I'm going to talk of now and onwards and my colleagues as well over the next period, what is really the challenger strategy, the challenger strategy which will fuel all growth going forward. T-Mobile, that's our mission, will make the latest wireless mobile internet services affordable and easy to use for everybody. We have five levers.

The first one is we will not let our network competitive advantage go and we will therefore monetize our 4G network. This will strengthen the quality perception of the T-Mobile brand overall. Second, we will focus on making the purchase and the use of smart phones affordable to all Americans. We estimate that about 150 million Americans want smart phones but do not have smart phones today. We work very, very hard to make sure that the smart phones become affordable for them. This is why we launched a \$10 data rate plan and this is why we're looking at bringing in smart phones below \$100 retail. So we're going really backwards to the roots of the T-Mobile brand to the early T-Mobile days and the Voice Stream days. Third, while we are the number one service Company in our industry having won more than ten times the J. D. Powers award which is really great, we aspire for more. We want to be one of America's most trusted brands. It's not enough to be the number one in the wireless industry. It's overall the wireless industry from its perception as strong enough. We need to move out of the wireless industry and

really develop a true trust relationship with our customers. So, we work very, very hard on eliminating in particular topics like bill shock in this year.

Part four and five of the strategy really focus on overcoming scale either on the revenue side which is a multi segment player or on the cost side which is challenger business model. As multi segment player, we will attack not only in consumer but also in B2B. We will strengthen our core brand but also continue to leverage partnerships there with companies like Wal-Mart and try to add additional partnerships as this would bring us additional revenue and the equation is always easy. We have experienced when we add additional brands, maximum have a 10% cannibalization. So, 90% comes from the market, from competitors. So, we have more to win--significantly more to win than to lose with every brand we add to our portfolio. On the cost side we will evolve our business model to fit the needs of a challenger and work very hard on getting the right costs and the right business model in place.

Now this strategy goes beyond our value conscious family strategy which we presented to you last year and I just want to highlight as we are now departing from the strategy so you understand the differences. The first one is instead of focusing really on segment we will target data for all segments and leverage our competitive advantage. Second, instead of only looking at consumer we are looking at consumer and business. Third, instead of airing a series of independent value campaigns, we move to one consistent campaign now which is combining a quality message network with a value message, \$10 rate plans or very strong smart phone offerings into one.

First, on the cost structure side, instead of doing cost savings programs we are really now in the process of doing business process redesign which is more fundamental of the way we operate. For us, on the skills and scale sides we are aggressively closing skill gaps by leveraging best practices from DT and utilizing DT's global scale much more going forward. And lastly on the structure side but very important as well, we changed the organization model and really delegating responsibility to the organization, built profit centers, and moved to a national and regional go-to-market model which is much better suited for a challenger brand.

So, let me now hand over to Neville Ray who will talk about the first key strategic lever which is our superior 4G network. Thank you.

Neville Ray:

Good morning, everybody. Thank you, Philipp and thank you all again for joining us here this morning. It's my pleasure to introduce the first and foundational element to our exciting new challenger strategy. Where are we with our 4G network? Where are we heading with that 4G network? And what does the future look like for our wireless customers here at T-Mobile?

There are really three pieces to my presentation today. The first piece will be looking at where we are with HSPA+ and where we head through 2011 and we're actually going to have a little bit of fun with you today and demonstrate the capabilities of the technology here in the room. We'll then move to a discussion on broader coverage and you've heard through the remarks of Philipp and Rene where we're heading with our coverage strategy for building, et cetera, and I'll reinforce and give you more depth and detail on many of those points. And then last but not least, I will round out the discussion talking about spectrum, the T-Mobile position today and where we are heading over the coming months and years.

Let me start with what's really great and exciting news around our 4G network and we are seeing large numbers of customers buy into the 4G network from T-Mobile. The chart on your left illustrates the usage we're seeing and I'd highlight the usage on two of our new compelling 4G smart phone products--the MyTouch 4G and the G2. And you can see usage on those devices on an average base per month is now exceeding a gigabyte, it's in the kind of 1.2 gigabytes per month range.

So, what does that mean? If you go back to smart phones, maybe the Blackberry base three to four years ago, the numbers on those devices would've probably been in the 10 to 20 megabyte per month range and here we are two to three years later with a gigabyte plus. So, to reinforce some of Rene's statements at the beginning of our presentations here today, we are seeing an explosion of mobile internet adoption in the USA market. So, it's a very, very exciting time to be in this space and to really leverage a 4G network position that T-Mobile has now established a leadership position. I think many things are happening. It's obviously not just about the network.

But a fast network is foundational to the types of media and services the customers are now digesting on these smart phones and other products. The mobile internet is here finally and customers are engaging with the mobile internet in very different ways from how they would engage with the fixed internet. The mobility of the product, the way they interact with social media, entertainment, location services, there's a whole gamut of new services and capabilities which are very, very exciting to the US consumer and they are embracing those services in a very powerful and meaningful way and it's clear to see from the usage that's upon these devices now we have finally, I believe, reached the era of mobile internet. So, that's a great, great story and it's a great time for us to be in a 4G position.

Rave reviews and very solid reviews on what we've done with our network. Big year for us in 2010 and I will talk now around the position that we've moved to with our largest 4G network. So, this is the culmination of many years of work. This is not something that happened over a 12 month period. But let me explain why. 4G services are about multiple things but I'd highlight maybe two or three. Everybody is very focused on the radio interface, how you move the packets and the bits and the bytes from a smart phone to the base station and absolutely you have to have a strong 4G radio interface. HSPA+ provides that for T-Mobile in the US.

The secondary piece is that you have to move all of that information content from the base station and connect it with the rest of the world. That requires high speed backhaul capability. In the wireless industry in the US for decades has been entrenched in copper backhaul, low throughput, high cost copper backhaul. It's imperative if you want to offer a 4G experience that you migrate from that copper experience to new IP based backhaul, primarily in the T-Mobile case, Ethernet over fiber. Now that does not happen over night. That's why we can stand up here and talk about a differentiation or a position of differentiation here in the US. We have been working aggressively for three years to upgrade our backhaul to an IP demand. And what you see on this chart and our largest position is the culmination of all of that work at the end of 2010.

Now the third element I mentioned on 4G experience is the packet core. And you have to make sure you have a very scalable core architecture that can handle and migrate and communicate with other parts of the telecom system and the IP world. That is pretty much a given today. Most carriers are migrating rapidly to an IP core. But if I look at the competitive set here in the US and you can see 200 million POPs from T-Mobile and you can see the competitive positions from our three major competitors in the US

marketplace. Verizon with their footprint, approximately 110 million covered POPs, the last reports I see from Sprint and obviously that's a clear wide network that Sprint is utilizing for their 4G services but approximately 110 million covered POPs from clear and from WiMAX and then for AT&T, this is our estimate that's provided on the chart here. We believe it's a similar number for AT&T and our foundation for that belief is the information that we've heard from them at CES. AT&T announced in one of their releases that approximately two-thirds of their mobile broadband traffic will be carried on expanded backhaul--i.e. IP based backhaul by the end of 2011. So, two-thirds of their network by the end of '11. We believe they're in the 100 to 110 million range but that's our estimate. I can't give you any stronger or greater detail than that.

But here we are. We were late to the dance in 3G because of the spectrum challenges in cleaning that spectrum up so we could launch our services. But one of the great benefits of that was that we came out and we delivered and launched a very modern 3G network which was very upgradable to 4G capability and so we were able to rapidly capture and move ahead of our competition in this mobile data space.

So, the other great news piece is that as we move from largest, we are now in a position following the most recent release of the Nielsen data in a fastest network position. So, this testing, I think many of you are familiar and know the Nielsen business. It's one of the most reputable independent benchmarks for the wireless industry and Nielsen's testing was conducted in a period from kind of the end of May through pretty much the end of November and through that testing, as our network was still--we were still filling out our fiber backhaul in that network so progress continuing on through that testing period for us but across the top 100 markets in the US, Nielsen has announced we have the fastest network. So, great to be in the largest position and if you look at breadth of coverage and that speed, T-Mobile has a winning proposition today.

Let me give you some more dimensions to speed and performance that we've been measuring ourselves on the network through the work of a Company called Metrico. This is a more limited set of testing across 30 major markets in the US conducted a little later in 2010 primarily in the months of October and November. And what you can see here is we went out and tested the range of smart phones that were available in the US marketplace at that point in time. The MyTouch 4G and the G2 that I've already referenced from T-Mobile and the rocket is our data stick and then you can see the performance, these are average speeds across these markets from the Sprint Epic and Evo which are WiMAX products and then into the AT&T products and then at the bottom of the pile here you see the performance from the Verizon CDMA smart phones.

So, compelling data when you look at this position and you see the leadership position we have in smart phone performance. Very exciting to see this. And as we went out and tested, we learned a lot about the WiMAX networks, the performance and capability of the devices on that network and we were very, very pleased with our superior performance against what's been announced and proclaimed as a 4G network and 4G position for many months here in the US.

Okay. So the next piece we're going to do a demo and to avoid my Steve Jobs moment I will invite Brian Olsen (ph) to the stage. He's one of our smarter and brighter engineers and far more capable at running demonstrations than I am. We will ask Brian to get things set up here. While Brian's doing that, let me talk about our migration path from 21 to 42 megabit per second peak speeds. Rene and Philipp both mentioned this. We're very, very excited to be in a position where we can rapidly expand the performance and capability of the network. Much of this is possible in HSPA+ because these upgrades are

primarily software and some hardware but very easy to upgrade our base stations to 42 capability, requires us utilizing more spectrum and effectively bonding two carriers of wireless spectrum together to result in double throughputs. This year, we will be rolling out 42 to approximately two-thirds of that 200 million footprint that I talked to earlier in the presentation.

So, the little--I apologize--this is a little tough to read. Philipp mentioned we've been rolling out 42 and we're starting that program aggressively in 2011 and we were at CES recently and prior to CES we had actually rolled out 42 across a number of sites and what we did is we conducted mobility testing using beta ZTE data stick at 42, a Verizon LT stick and a Clearwire WiMAX stick. And you can see on this chart, these are the average speeds that we secured in comparing 42 performance against the new Verizon LTE network performance. And you can see that there is very, very little difference here. We're in the eight to nine megabit per second range across both technologies. You can see the WiMAX position is somewhat different and the other piece that I would like to talk through here is in HSPA+ our network is loaded so we have many customers on that now. So, when we're testing in Vegas we have a lot of customers who are riding on the network and we were still securing these kind of peak speeds. If I look at the Verizon position, that network in Vegas is very, very new and very unloaded. So, devices, data sticks only recently being sold from Verizon in Vegas and the position that we see today is really no phones and no smart phones from Verizon on that LTE network for some time to come.

So, great to see that performance and here is where we talk about that comparative performance between HSPA+ and LTE. So, what we'd like to do now is quickly show you the capabilities of a 42 network. We're running here live in New York on our macro network. There's no base stations in the room here or anything else. I'm going to ask Brian to demonstrate whatever he's doing on that laptop over there and let you all participate in that. If we could flick over to the screen for the laptop.

Brian Olsen: I have over here--I'm really excited about our 4G network so I thought I'd take the opportunity here to test out the network for you. Whoa. What I'm doing here is I'm playing an online game with a bunch of people from around the world, probably around the US and what we're able to do because of the latency of our network, we're actually able to provide really seamless connectivity. People can play games just like you would online at your home. It's really like a home broadband connection with our 4G network.

Neville Ray: Excellent. I'm going to crash you down here.

Brian Olsen: I'll try.

Neville Ray: You're actually a much better driver than me.

Brian Olsen: I've been practicing.

Neville Ray: Thank you. If we could flip back to the slide then?

Brian Olsen: Alright. Why don't we end that?

Neville Ray: So, the purpose in showing you that game, that's one of the most aggressive ways to stress the wireless network. That's an online game. It's critical that you have very low latency and very high throughputs on the network. There's no stage. Online game. And Brian was there against multiple players in different parts of the globe.

So, the second piece we want to show you is really some of the raw throughput capability and this is nowhere near as sexy and fun as looking at a racing game. But Brian's going to flip over to a screen in a second here and we'll show you the kind of throughputs that we're pulling down on the network live here in New York both in terms of peak and average throughputs.

Now, while Brian's setting up I'll talk briefly to our position on HSPA+ 42 devices. So, Philipp mentioned data sticks in the first half of 2010, 2011, I'm sorry. We will have smart phone capability in the second half of 2011. So, Brian, do you want to flick--can we flick again over to the screen there?

Okay. So here we are. Brian, do you want to explain this thing real quick?

Brian Olsen: Absolutely. We have a live site here in New York that we've actually enabled with 42 megabits per second. What we actually seeing here is streaming to this ZTE preproduction data stick. We're actually seeing 20 to 30 megabits per second on average in this room and a max of 33.

Neville Ray: Excellent. Sorry for the eye test folks. If we could flip back to the chart? What we wanted to do was make sure you understood the capabilities and opportunity that's out there with HSPA+. And I think there's been a lot of discussion about the true throughput and performance capabilities of the technology. This is real. This is live. This technology has great legs and has a great opportunity for us going forward in the future. Thank you, Brian.

So, one last point on this slide. 42 delivers benefits to all of our 4G customers and 3G customers. Let me explain why. There's a lot of discussion about cell age performance in the wireless world. One of the beautiful things that 42 delivers, if you're a 3G user today with a 7.2 capable device for example--7.2 megabit per second such as an iPhone or many of the other 3G devices that are out there today and you're in an environment where your throughput is maybe a megabit per second on cell age. 42 will double that. It will always double that speed until you max out on the phone capability, the modem capability in the phone is 7.2, 14.4, 21--whatever it may be. So, there's a beautiful backward legacy benefit--backward compatibility benefit from HSPA+ to our existing 3G device holders as well as our 4G 21 holders and those that want to have that 42 experience will look to buy into a new 42 capable device. So, all of these ships raised on a 42 type which is a great story. That's in stark contrast to what happens in the LTE and WiMAX world where there's no benefit from an LTE network to an existing CDMA customer. Until they buy a brand new device which has the LTE capability. Obviously that's the same position in WiMAX.

So, let's talk briefly about the ongoing benefits of HSPA+. This is a global scale illustration and this is from one of the--the major radio vendor across the globe who sells a lot of all of this equipment excluding WiMAX. And the message on this slide is if you look at growth across the globe in wireless HSPA+ will be the dominant technology over the coming years. You will see on the top of this chart there is a thin line of LTE. So, LTE is starting to grow. But to give you a couple of other factoids right off this chart, 105 global operators today. I didn't check the last couple of days. That number's been moving every day that I look at it. 105 operators across the globe operating on HSPA+ today. Another 60 operators ready to move and planning to move to HSPA+. And you look at the names up there--obviously Deutsche Telekom, AT&T here in the US, Telefonica, Vodafone. Major wireless operators across the globe are upgrading their networks to

HSPA+. So, LTE is coming but it is going to take time for the technology to both mature from a technology perspective, for the bugs to be worked through that technology. It's also going to take time for the handset ecosystem to develop. Both Philipp and Rene mentioned this. Much richer ecosystem now growing in the HSPA+ world which we will fully leverage at T-Mobile USA.

The other piece on LTE that I would mention just briefly, one of the challenges in the LTE space today is spectrum fragmentation. What do I mean by that? There's a lot of different spectrum bands being looked at for LTE deployment. That number is approaching 30 spectrum bands today. Approximately 20 in kind of a time division space and about another eight or nine bands--I'm sorry. In the FDE space. And about another eight or nine bands in the TDE space. So, what does that mean? If you look at the beauty of DSM, four or five billion users across the globe. It's grown because, one, it's a very powerful ecosystem, but secondly, the roaming benefits and capability. Now, in the LTE world, we've massive spectrum fragmentation. That will be a challenge. What's underlying this chart is if you look at global roaming in the high speed data space it's going to be in HSPA+. That's the lion's share of where you will see that type of activity. So, in a domestic environment with LTE you may be in good shape but if you want to travel, even if you move to another part of the world where LTE is in place, the odds of you having spectrum banding in your device that will support that LTE network are going to be limited. So, those things will be worked through. Multibanding in devices is coming on a greater level than it's available today but that many of the underlying nd foundational reasons why LTE adoption will take some time.

Okay. A little bit more about HSPA+ and its evolution capabilities. 21 I've talked to. 42 I've talked to. The next step is 84. You can get to 84 several ways. You can use MIMO which is multiple antennas--two antennas in this case, both in the handset and the base station on the tower. You can aggregate more carriers. There are interim steps between 42 and 84, three carrier aggregation can give you 63 without MIMO. There are whole hosts of very attractive and exciting combinations available in HSPA+ as we continue to evolve and develop this network. But it does not stop there. 168 is now standardized. 672 is in the standard dialogue and discussion and activity as of December. The last 3G PP plenary. Many of the features necessary to support 672 and the potential advance of HSPA+ to IMT advance status which some of you in the room will know that's a gigabit per second technology in a fixed domain. That work is now underway and it's not just underway by T-Mobile. Many of the global operators I mentioned as well as the major vendors across the globe, the likes of Ericson, Nokia-Siemens networks, Wow way, QUALCOMM--all very engaged and committed on this development path on a go forward basis.

On the right-hand side of the chart is a brief outline of technical peak speeds--peak theoretical speeds that we see evolving over the next two to three years. You can see HSPA+ up against LTE in '11, '12, and '13. And you can see this is a very much neck and neck race. So, the superiority claims from an LTE perspective, if you look at the last really 12 to 18 months, HSPA+ has caught up in a very, very meaningful way. There are a number of reasons as to why that's happened. I think if you look at investment in the wireless industry, it became critical for all operators to ensure that they really sweated the asset base that they have, that they do everything they could to upgrade the HSPA networks to deliver 4G capable experiences and not necessarily have to move to LTE very rapidly. I think some of the spectrum activity or lack of spectrum activity in other parts of the world has also driven investment into HSPA+. But overall a great story and a great position for us to be in looking at a very rich evolutionary path going forward with HSPA+.

So, if we now look--sorry. Did I go too fast there? Okay. So, a little bit more on LTE and the contrast between our LTE path at the right point in time for T-Mobile USA in its future as contrasted to our competition. We are on the GSM 3G path and we migrate from that to HSPA+ to LTE. It's seamless. That's how this technology path was built. Now, the non-GSM family of competitors moving from CDMA to LTE or WiMAX face a very different challenge. If you want to deliver a high-speed service and you are a CDMA operator today you have to upgrade your whole network to LTE. There's no way to move forward with upgrades to that CDMA network. So you have to overlay the whole of the network. And so when you see LTE investment numbers coming in from some of our competition or WiMAX numbers, it's because they're plowing LTE across their entire footprint.

Now T-Mobile USA and I could argue AT&T has the same opportunity. We'll deliver 4G services with a broad HSPA+ footprint. At the right point in time when it's needed for us we can roll out LTE more as a capacity overlay because there are awesome benefits and the capacity delivery of LTE in the right spectrum configurations that will drive better economics and better performance for our customers. But when we do that, we don't have to go and touch the lion's share of our cell sites at all. So, you can see our expectation on investment levels around the LTE rollout for T-Mobile USA are more in the \$1 billion to \$2 billion range for that radio infrastructure upgrade depending on how far we go and how deep we go. So, a typical example, right in the middle of Southern Manhattan here, this is an area where you would deploy LTE. A lot of usage. A lot of capacity potentially coming at you and at the right point in time it makes sense to move to LTE. But that's in outer years and it's a limited deployment for us based on the strength of our HSPA+ product.

Okay. I kind of started my presentation talking about backhaul. Let's just come back to that quickly. You can see our path to upgrade backhaul as we move forward through 2011. 23,000 sites today. That number will close on 30,000 roughly by the end of this year. The other great benefit that I wanted to talk to and it was critical for us why we spent so much time planning and delivering and rapidly delivering on our IP backhaul is it significantly and radically changes the cost structure. So, we have a very, very scalable IP backhaul environment which we can grow data services on very, very cost effectively. The incremental cost for us to deliver IP backhaul has been limited. Philipp mentioned we will be migrating more of our voice services off of copper where they are today on to IP backhaul over the coming 12 to 18 months. And that will drive even more cost reduction as you look at this is dollars per megabyte on the right-hand side of the chart here and you can see the progress that's being delivered through the IP backhaul transition. So, it doesn't just deliver a great 4G experience. It delivers game changing economics and that's key. So, when you look at the gigabyte per month on a smart phone and you can see the cost reductions that we're driving on backhaul delivery, then you understand what we're all about and our rationale here.

Okay. Let's talk then to coverage and really I'll accelerate a little here. Our three-pronged approach to coverage over the next two to three years. So, in the outer box here are 3G, 4G, mobility area coverage. And we'll be pushing that number North of 290 million POPs over the coming years. We're in the space today, just shy of 280. So, we'll be moving that number forward. Obviously POPs get very, very thing in rural America. That's a fair amount of work and I'll explain how we'll achieve that.

The inner box here talks to what we will do with really improving the in-home coverage experience, making sure we've got a richer and deeper radio layer and deeper radio

penetration into the home environment, pushing that North of 200 million. And then Philipp mentioned we will be leveraging Wi-Fi to make sure in the shaded area here where we have mobility coverage but not great in-home coverage, we'll make sure we can deliver Wi-Fi calling in that home environment so you have mobility from the macro network and great in-home coverage from our Wi-Fi services.

So, the first of those three is the broader rural and mobility coverage and I think on the left you can see our current footprint map with roaming in the light pink and magenta and then our plan through 2013 to really change that map. A whole host of activities there. We'll do some of this through partners but a lot of organic build leveraging really the benefits of both new base station technology, remote radio heads, new antenna technology, to really spread the breadth of our footprint. Not a hugely capital intensive program. We're trying to cover rural geography, not necessarily density of population by any means. Somewhere in the region of \$400 million over the next three years, well within our capital windows.

If I move to the next slide, talking about improving in-home coverage. A goal and mission of my team is to continuously improve that in-home experience, becoming more and more critical, not just for voice services but for data services. Again, we're looking to leverage new base station technology there as well as the antennas. We will be adding cell sites. We had--we're up to 49,000 plus cell sites today. That number will increase somewhere in the 8% to 10% range over the next three years. We're also looking to leverage distributed antenna systems and other in building system solutions for our business customers and our customers in sports fan use, metros, et cetera, et cetera. So, continual program. I've been working on our network here in one form or another for 15 years and we will continue to drive that mission to deliver a great in home and in building coverage experience.

The last slide here, Wi-Fi coverage in the home. I think many of you know we have a rich legacy of Wi-Fi calling based on UMA. All of our smart phones now have Wi-Fi capability which is great to offload data services. Our competition leverages that too. What a great opportunity to leverage offload of the macro network for Wi-Fi. The other differentiating piece we have at T-Mobile is Wi-Fi calling. So, we're looking to make it really very, very simple for customers to utilize Wi-Fi calling in the home environment, particularly and in other Wi-Fi environments. So, T-Mobile differentiating position here on Wi-Fi calling and one that we will drive hard forward on over the coming months and Cole will provide us more detail on that shortly.

You can see this is just an illustrative example. Wi-Fi offload can have a big impact on capacity offload on the network. I'll talk a little more on that when we get to the next slide on spectrum. So really that's the third of the three prongs on improving coverage both for voice and for data services.

Okay. The spectrum story. I would focus your energy on the head of the slide here. Sufficient spectrum in short to medium-term, exploring longer-term and technology independent solutions. Rene talked to this already. I want to explain the foundational pieces underneath that statement. Why is it that I can stand up here and say in the short to medium-term we're okay? Because I think there's been a belief that there's a spectrum shortage at T-Mobile. That is not the case in the near to medium-term. Let me explain why. If you look at spectrum--owned spectrum today across most of the major competitors and you look at megahertz of spectrum against served customer base, T-Mobile, about 54 megahertz of spectrum today, customer base, 34 million customers. So you can all do the math. That's a ratio of about 1.6. If you run that math for Verizon or

AT&T, even with a whole gamut of spectrum deployed that they've reserved much of today for LTE. So 700 assets, AWS assets in both cases, maximum case about 90 megahertz across about 90 million customers. That ratio is about one. That's when they've really deployed and moved into the LTE spectrum that they've held back from for a number of years from deploying in that space.

The current ratios are way less than one. Probably in the 0.6 to 0.8 range. So, if you look at your volume of spectrum that T-Mobile has today, our ability to grow in this wireless data space is much stronger than our competition. So, we're in a good spot. I'm growing our network into new spectrum. If you look at smart phone growth for AT&T or Verizon, they've been driving that growth into all of the existing taxed spectrum assets. I think you all know many of the competitive stories about network performance for one of our major competitors that has resulted from that. It's not been pretty. So, we're in an advantage position today where I'm leveraging new spectrum. That's where my growth is going into new spectrum. So, that's a great position for us in the near to medium-term.

Now, longer-term absolutely we need spectrum. I spend a lot of my life in DC talking to regulators and other entities about spectrum needs in the US. But we're not alone. You have an FCC that's looking to push 500 megahertz of new spectrum, almost doubling the offered spectrum in the US marketplace over the next decade. 300 megahertz of that they plan to bring to the marketplace in the next three to five years. So, that's very, very positive. The industry needs more spectrum. In Germany recently, great auction, 360 megahertz of spectrum was auctioned in Germany. That spectrum is now being grown into. So, in the US absolutely we need more spectrum but I'm not alone at any of those dialogues or discussion with the FCC or the NTIA who manages the government owned spectrum assets in the US.

So, for us, if I jump to the quiet piece in the middle, I've started there already, we're obviously very interested in what happens in those FCC auctions. I think everybody knows about the 700 megahertz D block. Processes become probably heavily politicized but it changes almost every day the discussion and dialogue. I read a bunch of news coming out of DC this morning on 700 D block. We're absolutely positive and optimistic about commercial option in D block. More AWS spectrum which is where we operate our 3G and 4G services today. That's on the block probably further out. D block will not happen in 2011. It's going to be a 2012 story. AWS, somewhat later. AWS, 50 megahertz plus coming in new AWS spectrum to be worked through.

So, they're all exciting opportunities. If I jump back up to reform on the top right of your chart, one of the things that we're working aggressively on as we've been migrating our customer base from 1900 where we live with our GSM services today, all of that growth that's occurring in HSPA+ in the AWS spectrum is freeing up head room for our customers and for our business in 1900. It's almost a third of our base that's moved across to AWS. So, that's freeing up 1900 spectrum in many markets which opens up this opportunity we call reform. That spectrum presents opportunities for us to deploy more HSPA+ or LTE and we're working through those option discussions right now. But there are many markets where already today we have a lot of 1900 spectrum we could repurpose. So, we're in a good position with reform.

One of the great things, mentioned it briefly on HSPA+ is something that's called multiband aggregation. That's the opportunity to bond spectrum from AWS with spectrum from 1900, adding those carriers together to deliver much higher throughputs and performance capabilities. Those types of opportunities are going to be there in the '12, '13 timeframe. So, there's many, many things happening from a technology

perspective, an environment from a regulatory perspective, much change happening in the industry to attack the spectrum need. So, longer-term, yes, we need spectrum. I will tell you this--there are more options developing around us today than there ever has been in my career in the US both from a regulatory perspective in terms of sharing options and in terms of secondary market. We all make the right choices to move forward with our plan for new spectrum at the right point in time and it will be technology independent as I mentioned earlier in the presentation.

Okay. That's the end of my comments. I thank you for your attention. I believe now we are heading to a coffee break for the next 15 minutes. Thank you.

Cole Brodman:

We're going to get started if you can make your way back to your tables and seats, I would appreciate it. We're already a little bit behind time. We want to make sure we have a chance for the rest of the presentation. Even Rene listened to me this time. Okay. We'll go ahead and get started. Welcome back. Once again good morning and thanks for attending this morning. We really appreciate all the travel and effort it took to get here. My name is Cole Brodman. I'm the chief marketing officer of T-Mobile USA and my job really in that role is to make sure I'm driving the brand, changing market perception about the brand, driving traffic and purchase intent for our great products and service portfolio that we're going to talk about here this morning and growing our revenue share over time, meeting those aspirational targets that Philipp set out in front of you today.

So, Philipp was showing you that T-Mobile is changing business strategy and reinvigorating our challenger heritage. I've been with the business 15 years. I remember what it was like when we were Voice Stream or the early part of T-Mobile USA to really fight and challenge the marketplace. That's the spirit we have now back in the business.

Neville has also shown you that our engineering team over the last three years has built a really compelling modern 3G and 4G network with modern backhaul scalable to well over 200 million of the US population today and ready for the next generation of mobile broadband services. This network, America's largest 4G network today really is ready to take on the coming wave of smart phones and mobile broadband products and services.

What I'm here to talk about today is the next piece of our challenge which is really the marketing piece of the puzzle; how we change brand perception, how we communicate our products and services better, and how we drive revenue share in the US marketplace.

So, while the smart phone revolution is absolutely already underway and started, the reality is that independent analysis suggests that still 150 million people in the US have yet to adopt a smart phone. We think that's a tremendous opportunity for T-Mobile to be positioned as that next brand to make smart phones affordable for the average US consumer.

What's it going to take? We've got a couple barriers we have to break down. First and foremost that next 150 million people that eventually will want a smart phone need to make sure that they can afford a smart phone. Today they're not sure they can. Either the price of the device or the price of the services put them off. Secondly, this is a very complicated category in its legacy. So, purchasing a new smart phone for a consumer today that has been using voice and technology services it's a little bit complicated, sometimes very complex and maybe a little bit intimidating. We want to be the Company that makes that very simple and easy to use.

So, our new brand position is making the latest mobile internet services affordable and easy to use for everyone. How are we going to do that? What are we going to have to do? At T-Mobile we're going to make sure our customers know they get more because we're going to work very hard every day to make sure five things come through very clearly.

We want to have America's largest and fastest 4G network. We want to make sure we communicate that to our potential customer base very, very clearly. We want to have the leading smart phone portfolio. We have a fantastic portfolio today in the marketplace but consumers aren't aware of it. We want to have worry free plans so that consumers don't have to worry about complicated bills and overages and charges. T-Mobile wants to be that trusted brand that consumers can lean into for their next data purchase solution.

We want to make sure that consumer's most important content can be access from anywhere on any device. The revolution is absolutely underway to move even beyond smart phones. You're seeing now, a lot of you in the room are using tablet computers. Absolutely changing the face of how consumers are going to consume content and use personal computing. We want to be the brand that brings that to life for them.

Last but not least we want to make sure our sales representatives and customer service representatives can always make sure the customer gets on the right plan and the right service regardless of budget or location for that customer. So, these are going to be the five key tenets of our new brand position as we move forward in the marketplace.

Let's talk a bout devices. The device is absolutely an important object of desire for consumers. It's the key part of their purchase decision today oftentimes when they chose a carrier. Get to this next slide. As Neville pointed out, we've got a great opportunity with HSPA+ to take advantage of the most scaled ecosystem for devices in the world. We think that puts us at a tremendous advantage as we start to drive smart phones in this next 150 million people in the US marketplace.

We're going to fight the smart phone battle on two fronts. First, and what largely is seen today in the marketplace are these iconic super phones, that next device that comes out with the latest processor, the latest screen, the latest operating system that kind of pushes performance to the next level. T-Mobile absolutely would be a leader in that marketplace today and we believe we are today, delivering great products like the myTouch 4G, today are really driving purchase behavior at the high end of the marketplace.

We think a huge opportunity exists in scaling smart phones down to every day America. For that we believe T-Mobile has a significant advantage, one that our CDMA competitors are now trying to knit together either a WiMAX technology or an LTE technology into a single smart phone cannot follow.

That big bet of making smart phones affordable for the consumer is really going to start with a bet on Android. We're the leaders in the Android development and evolution when we announced the first Android product in the world, the G1, back in 2008. We continue to lead and innovate with Android in making it both affordable and also pushing the performance boundaries for consumers. In 2011 as Philipp showed you, we're going to start to drive Android prices and smart phone prices down by introducing 4G smart phones by summer that will be well below the \$100 retail price point for consumers.

We've also got a fabulous portfolio of devices coming in the near-term that will push that high-end envelope of performance. One of the most exciting things I'm here to talk to you about today is the return of the Sidekick. The Sidekick was the first smart phone

minimum the world frankly in 2002 when we introduced it. It really started to change the way consumers thought about interacting with other people through text and internet services. Still today in the marketplace the Sidekick is one of the top five recognized phone brands in the US market. It has a lot of consumer equity already built into the marketplace. We're going to bring it out again fresh and new, a new 4G product built on the backs of Android to kind of reinvigorate that base that we know is out there looking for the best social communication services around. We're excited to be bringing the Sidekick back into the US market.

In addition, I really want to talk to you also about tablets this morning. I think the tablet category, as I mentioned earlier, is revolutionary in terms of how people will consumer content and access the internet. We believe that a 4G network powered also by Android on the operating system is a great opportunity to introduce tablets to every day America, start to look at a tablet as a smart phone companion so that when a consumer needs that larger screen or a little bit more processing power they can turn to T-Mobile as a place where they can get a great connection on our 4G network and a great choice of tablets made affordable by driving Android into the tablet ecosystem.

So, at CES, kind of reinforcing here today, we introduced two new tablet devices, the first 4G tablet in the US. The first is the Dell Streak 7 which we talked about at CES. It's a seven inch device from Dell. We believe it will start to break the price point barrier in the US in terms of tablet affordability. Also very exciting is the G slate which will come out in March as Philipp referenced earlier. This product really pushed the evolution of performance on the Android tablet ecosystem, driving a 4G product into the market with a very impressive hardware and software spec on Google's latest Honeycomb operating system.

T-Mobile's heritage back to the early days is really in making wireless affordable for everyday America. That's what we're going to do now by making wireless data services and internet services affordable for everyday America. When this legacy has worked well it has not been a discounting strategy. It's been one of providing more services for the consumer. Our average RPUs over the year have always been very stable and in the middle or at the top of the industry. And we believe that T-Mobile can continue that as we move into the wireless data evolution by allowing our customers to get more for what we think is a great price in terms of values but also sustainable in terms of driving great revenue share in the marketplace.

There's also a problem with trust in this category. I'm going to talk about this a little bit more later. But I want to touch on it here briefly. We think one of the opportunities is to make these next generation data services much more easy to understand and afford for the everyday consumer. So, we're going to make sure that starts with really eliminating overage on these data products. Today, overage is a big source of growing concern for the consumer that's starting to adopt wireless data. T-Mobile's data plans going forward are going to be worry free and we'll tell you a little bit more about that in the coming slides.

Finally, we think we have a huge opportunity to disrupt adjacent industries by including value-added services in our data plans that many competitors charge for or don't make available, services such as navigation and really looking at how consumers can start to use the wireless device as their primary turn by turn navigation device versus buying standalone devices from other folks in adjacent industries.

T-Mobile is absolutely taking the lead in leadership in the industry in making wireless data services affordable for the US consumer. The next 150 million people looking for smart phones and mobile data are going to be turning for affordability and ease of use before they make their purchase decisions, we believe. So, launched in November of last year we introduced America's most affordable smart phone plan at \$10. It's a great entry price but it comes on America's largest 4G network so you don't have to compromise that data quality.

Our plans also feature very friendly overage controls. As you can see from the chart, our \$30 plan for example has no overage. We use a speed step down which the vast majority of consumers on smart phones, well over 99% of consumers don't hit those caps. But for that small percent that actually do, we'll give them notifications and slow the speeds down instead of charging them expensive overage bills as our competitors do as well.

The low end plan, the \$10 plan has a very graceful price step up and it's capped at \$40 which is only \$10 above our highest end smart phone plan. So, again, trying to eliminate that bill shock for the average consumer that may have purchased a \$10 plan thinking it's all they're going to use. They get into their smart phone, find they use it a lot more than they want, we're not going to send them a first bill that's going to shock them through the roof. That's one of the key things we think to making wireless services more accessible.

In addition, we remain the value leader across our broad bundled plans as well. T-Mobile continues to lead in voice, text, and web bundled values. You can see from this chart, Philipp referenced this a little bit earlier. You can see that for the average single line user, T-Mobile saves hundreds of dollars a year in the 10% to 15% range for the average single line user by buying our limited voice, text, and web plans. Again, as I mentioned on the slide previously, our web plans don't include overage that may push these bills even higher and the savings even higher for the average consumer.

Family plans are even a better story. The average family in the US compared to our competition will save anywhere from 10% up to 30% by buying T-Mobile's unlimited talk, text, and web plan. So, again, making the latest wireless services affordable for the average consumer and ensuring that we back up our mission of being the leader in affordable data services and smart phone services for the wireless marketplace.

Smart phones and the screen time that is now increasing on these smart phones is a great entry point for digital merchandising and up sell and cross sell efforts. The average consumer spends over an hour a day looking at their smart phone, flicking through screen, accessing information. That's a huge opportunity for T-Mobile to take advantage of in terms of how we present new offers, new content, and communicate our partners' value to the average US consumer.

By integrating personalization on the backend and consumer profiling, we can make sure consumers see the latest offers targeted just for them. We think this is a huge source of new revenue for T-Mobile by providing personalized offers, by providing content, by providing up sell and cross sell recommendations, making our latest plans available to them right on their device, single click to access and try and buy, all posted to their T-Mobile bill very seamlessly, very easily. And we believe again this is great value, not only for T-Mobile and our products and plans but for our partners' products and plan as well. As I mentioned earlier, a great opportunity for us to feature our partners' products like navigation, like T-Mobile TV that offers a lot of value built into their data plans that other carriers may in fact charge extra for as well.

Neville hit on this point a little bit earlier but I wanted to reinforce it from a slightly different perspective. Wi-Fi. Wi-Fi calling is something that T-Mobile's had a heritage in for the last five years in the marketplace. Unfortunately, we haven't done a good job of communicating this to the average US consumer. We're the leader in driving seamless integration of voice, text, and data services in the Wi-Fi into the smart phones and broadband products we offer. Most consumers, it's de facto now. Most consumers have a Wi-Fi network if they have broadband. There's no question on the ubiquity of Wi-Fi as a coverage solution or a value tool for the average US consumer.

We believe we have a huge opportunity in going after this marketplace by ensuring all of our smart phones in fact have seamless integration of voice, text, and data services. As Philipp noted earlier, in 2011, all of our Android and Blackberry products will have a Wi-Fi calling client that will have seamless integration of voice, text, and data into a seamless package on the smart phone. Nothing else the consumer has to do other than recognize that Wi-Fi network, one click to sign up and log in. And after that it will always work for them right out of the box and every time they move back into that Wi-Fi environment.

By embracing Wi-Fi we have a unique opportunity to deliver value in three different ways. The first is that coverage for the US consumer is still a problem for many people. The suburban areas and neighborhoods that many people live in are some of the toughest places in the market to zone and build new cell towers. By allowing Wi-Fi to be used for voice, text, and data services in their household and by extending onto their personal network, T-Mobile can increase coverage satisfaction and reduce coverage churn in the household by offering the seamless service.

Secondly, starting this year, T-Mobile will be making their voice, text, and data services over Wi-Fi completely included in their plans. It won't count against their buckets, it won't count against their minutes, it won't count against their text messages. So, if you're using Wi-Fi, you're essentially going to get a great additional value as part of T-Mobile's plans because it will be free and included in your package.

And finally we get a great benefit on the network side. Neville talked about Wi-Fi offload as a key benefit of how we reduce spectrum load on our network by allowing the customer to use their Wi-Fi network very, very easily. It frees up capacity in the neighborhood areas wherever there's Wi-Fi available, thus allowing other customers who don't have that advantage to use our network and free up capacity and decreasing our operating costs on a going forward basis.

So, three key advantages. To date so far we've seen a lot of critical acclaim for our Wi-Fi calling client. My job again and my team's job is to make sure our position in the market, position in our stores that consumers are more aware of Wi-Fi as an integrated part of how we go to market and something that's unique to T-Mobile and very distinctive in the marketplace.

We're going to shift gears just a little bit and talk about becoming America's most trusted brand. As I noted earlier, the wireless industry is historically very low on consumer trust. As our new focus is built on leading customer service and trying to really build on that heritage that we've had so successfully over the years, we want to move that to the next step of being America's most trusted brand. We believe that will start to break down the barriers that consumers perceive in adopting some of these next generation services.

T-Mobile as I mentioned has a heritage in being a leader in customer service. We've won ten of the last 12 J. D. Powers award for customer service and nine of the last 12 on the retail side of customer service as well. Unfortunately for most consumers these customer service accolades and needs comes after the purchase decision has already been made. We get great credit from our consumers for what we do after the purchase decision is already made but the broad marketplace doesn't really recognize that customer service leadership as something that really motivates them to purchase a carrier.

What we need to do is move that to trust. We believe trust is a much more aspirational target for the Company and for our service representatives to build upon. As you can see on the slide, the wireless category, it's great to note, comes in ahead of the airline industry but we have a long way to go to really rise customer service up to the levels that we believe are needed to really move to be a trusted partner so that consumers can use T-Mobile as their next generation wireless access carrier for voice, text, and data services, and increasingly replace other forms of communication and use T-Mobile as their only place to get access to their most important and trust content around the world.

So, building trust leadership is going to be really, really key. How are we going to do this? We think the primary way in is to reduce bill shock. The issue today is we have over 25% of all our customers on a monthly basis have some type of either national or international overage situation that may come as a surprise for them. That drives about 10% of our customer care calls due to billing, billing on overages or some type of non-included plan service. What we've been doing over the years is making unlimited services affordable for consumers. Our voice, text, and data plans today already lead the marketplace in value and affordability. That's one simple way to ensure they don't have overages, get on to unlimited voice, text, and data plan.

We've also been an innovator in family controls and services that allow the average US consumer who are on pool plans to ensure that the family has a viable and always on way to manage services across all the lines in that family pool. We've been a leader in family control services historically. But we've got to go a lot further.

As we move into wireless data as contrasted with wireless voice, wireless voice is very, very predictable bill usually in most cases. You're going to spend--Philipp showed you earlier, 800 minutes is the average usage in the US marketplace. Maybe a consumer might spend a few hundred minutes a month more but on data just by accessing a certain piece of content or an application or a website, the data usage may be much higher than the average consumer might expect.

So, what are we going to do? We're going to ensure that we reduce overages through these worry-free plans, this notion of speed step downs versus complicated overages. We're going to have SMS warnings as they reach these speeds that step down thresholds and give them ways to step up to an additional plan if they need to. And we're going to continue to allow data services to evolve in these family control areas to ensure that customers that have been using family controls for voice and text can now use it for data services as well.

International is the next opportunity for us to really revolutionize how we manage data overages for the average consumer. International plans oftentimes have even higher bill shock because some of these applications hit the network so often that a bill using two or three applications can be tens or hundreds of dollars a day just to use them internationally. So, T-Mobile as an international leader is going to work with our partners and other portfolio companies to ensure that in 2011 we revolutionize by offering flat rate

data plans on an international basis, allowing consumers to pick from day, week, or monthly plans when they're traveling internationally and cap their data usage at affordable and fixed rates.

So, I want to close on what I think is one of the most exciting things that we've done in the last couple of months which is really change our advertising anchor in the marketplace. To be a challenger you have to have challenger advertising. We have to get the word through and it has to break through for the consumer. The latest ads I'm going to show you here this morning as we start to dramatize the benefits of 4G in the smart phone space and how T-Mobile makes 4G affordable without sacrificing quality. Let's roll this first ad which is called "Shirtless".

Unidentified Participant: Hi. I'm a T-Mobile myTouch 4G.

Unidentified Participant: And I'm an iPhone 4.

Unidentified Participant: So, iPhone, where's your shirt?

Unidentified Participant: Oh. Yeah. I had to give it to AT&T here for my data plan.

Unidentified Participant: Ouch. My nationwide 4G plan is only \$10 a month.

Unidentified Participant: Look. Sometimes you just got to pay more to be slower. Makes sense if you don't think about it.

Unidentified Participant: Now for just \$10 a month, T-Mobile gives you--

Cole Brodman: Cut off a little bit there. Don't know why. But for \$10 a month T-Mobile gives you more on 4G. There you go. I'll finish for you. The second ad we're going to show you is a rough cut. So, it's not a finished copy. It'll start running next week we believe and it really starts to dramatize what's happened recently with the event of the iPhone going to Verizon and how really it hasn't bought consumers anything from a performance perspective. We've really gone from a 3G network to a slower 3G network. So, we're going to show you the next ad which we call "Identity".

Unidentified Participant: Hi. I'm a T-Mobile myTouch 4G.

Unidentified Participant: And I'm an iPhone 4.

Unidentified Participant: Who are your buddies?

Unidentified Participant: That's AT&T and that's Verizon.

Unidentified Participant: Actually I'm Verizon.

Unidentified Participant: I'm AT&T.

Unidentified Participant: How do you tell them apart? Does one of them have nationwide 4G like me?

Unidentified Participant: Nope. I'm pretty much slow with either one.

Unidentified Participant: Wow. Tough choice.

Unidentified Participant: Hey, no choice is still a choice.

Unidentified Participant: Now for just \$10 a month T-Mobile gives you high-speed internet on the go on America's largest 4G network. T-Mobile. Step up to nationwide 4G.

Cole Brodman: I even saw a couple smiles in the audience on that. That's good. It's starting to break through. So, fun, fresh, and frankly going right after our competitors in an interesting way that we think will really motivate the market and make it memorable.

So, how do we know we're on the right track? I'm going to close with one last slide which really will tell you what we're doing in changing perception. One of the key things we have to do with the brand is to make our new brand positioning known with the consumers. Our job is to shift brand perception over time and start to ensure that people understand that we have three key things that they're looking for when they make that smart phone decision. We've got a leading and reliable network. We have a great smart phone portfolio. And we have leading value and affordable data plans.

So, this advertising which began November 3 is starting to really wear in. You can see from this chart here which was measured by Nielsen over the November to early January period that we're starting to see the message around our large 4G network is really breaking through. We've shifted perception around having a large 4G network 9% over this two month period which again we think will really start to drive consumers to consider T-Mobile as they're looking for their next smart phone choice. 4G really is shorthand for modern and faster. For us it's a great way to kind of break through the clutter and allow consumers to really understand that T-Mobile's got a great network to offer.

We're also starting to see that we're dimensionalizing additional attributes like has a great smart phone portfolio and has a fast data service. So, has a great smart phone portfolio but at the same period of time has popped 6% and has a fast data service has popped 5%. The good news here in almost all cases, we've made relative gains compared to competition from where we were. We're starting to actually break through. The last thing I want to close on is from a recall perspective, one of the things advertising used to do was be memorable. So, from a recall perspective over the second half of December, the ads that we ran previous to this campaign which were very similar featured the same kind of creative look and platform were recalled at a higher rate than any other ads in our industry including iPhone ads and ads from Verizon and AT&T. So, consumers played back the messages in the recall and attributed them to T-Mobile at a higher rate than other competitors' ads that they saw in the marketplace as well. So, we know we're starting to break through with this fresh approach.

So, thank you for your time. I look forward to meeting some of you a little bit later. I'm going to turn it back over now to Philipp. Thank you.

Philipp Humm: Let me just--yes. Let me move on. We now come to multi-segment strategy and to challenger business model. Multi-segment player, we are the 4G network leader. We have affordable smart phones and we're moving to become a truly trusted brand. Now the next two categories which is multi-segment player and challenger business model is all about overcoming scale either on the revenue or on the cost side.

If we look at multi-segment player, we see that Verizon and AT&T are each North of 1500 customers per tower which allows obviously a greater leverage of fixed costs. We

are just under 700 customers per tower. We have a lot of capacity available to us which we can leverage to make additional revenues.

We will continue to approach multiple segments, leveraging multiple brands. Our core brands will always target valuable post-paid and prepaid customers and we will explore further the opportunity to pursue tailored solutions for niches and we have had a lot of success with the Hispanic segment and we'll continue to explore other opportunities going forward.

For pay-as-you-go we will continue to leverage partners like TracFone to meet market demand and one highlight for the year is related to unique distribution partnerships. Let me talk further on that subject. Wal-Mart family mobile and Simple mobile have been two true successes for T-Mobile in 2010. Right now Wal-Mart family mobile is in 2500 Wal-Mart stores and gives family access to seeking affordable solutions. Customers get for \$45 unlimited voice and text and can add family members for \$25 or data for \$10. Another success product has been an NVAO called Simple mobile. Simple offers a rich unlimited offer similar to our prepaid products but offered through primary CDMA distribution channels and we will continue to explore further these but also additional and new relationships.

Another area that exemplifies our new approach is pursuing the B2B segment. We only have a market share of about 4% in B2B despite the fact that we have very, very strong assets. 4G leadership, global GSM and HSPA+ network, international proposition, international customer base. We have true assets here we can leverage being part of the bigger group Deutsche Telekom. Thirdly we had deprioritized this segment. This is now changing. We will leverage our assets like stores, partners, and call centers for small businesses where we want to gain a fair market share in the market overall. It's not 4% but a fair market share comparable to our overall market share.

For large enterprises we are outsourcing our billing system and will intensify the corporation with DT, outsourcing to get the complexity out of our billing system and move that out of the Company. And we want to significantly grow with large enterprise and worth but not achieve a rich market share but still significantly grow in that segment.

Let me close with the fifth lever with the challenger business model. We at T-Mobile work very hard to find ways to overcome scale disadvantages. I talked about the top line in the multi-segment section. Let me now come to ways to overcome scale in cost structures as well. First, as our regional markets defer based on network and distribution strengths, demographic but also on competitive landscape, we will shift media from national to national regional based on our spendings, meaning in areas where we are strong or where we have a strong network, where we have a strong distribution we will spend more and we believe we can win market share in areas where we have either a weak distribution or a weak network. And we will also tailor the message to the respective areas.

Second, we are open to pursue scaled partnerships, network sharing to achieve rural coverage, and reduce by doing that roaming expenses and we will intensively use DT's scale even more in IT development of new IT systems going forward where T-Mobile USA is playing an active role. Network, handset, purchasing, but also simply know-how because we have a lot of know-how in the group which we can leverage for ourselves.

Third, as a consequence on focusing on affordable smart phone we are lowering the average handset price. By doing that we are lowering the average subsidy. So, lowering the average handset cost, but at the same time also increasing handset distribution.

Last but not least working on operational efficiency and financial excellence. I talked earlier about the Reinvent program which is going to deliver another \$1 billion but Reinvent is more than a program. It's a transformation program which transforms the way the Company is going to operate year in, year out and we'll apply very, very strong financial rigor to all the things we're doing here in the Company.

So, let me come now to the guidance. This chart is somehow missing, my friends. You have the chart in your decks. Let me use it from here. So, let me wrap up. We are implementing a challenger strategy leveraging our 4G network, making smart phones affordable, moving from service to trust, reducing scale disadvantages by approaching multiple segments and significantly lowering our costs.

Can somebody maybe bring in the right chart? The strategy is about getting T-Mobile back on a growth path. Our financial ambition levers for the next two years are as follows. For 2011, as we turn around the operations we're aiming to return to revenue growth, a stable EBITDA margin and a slight increase in operating free cash flow. Most important for us is a significant reduction of churn at 2%. For 2012, we expect increasing revenues, a contract data RPU of \$18, a smart phone penetration of more than 50%, a contract churn below 1.8%, and EBITDA margin in the low 30% and an increasing operating free cash flow.

Let me be clear on one thing. We have not dropped our ambition to achieve a mid-30s margin. We feel that this is achievable by 2015. What is critical to me however is getting the business moving in the right direction again, something that I'm very confident we can do. But this means that our margin ambition needs to wait 30 long months. Longer-term, given the advantages that we have with our strategy and we have a competitive advantage and we have a clear USP in the market, I see no reason why we can't become the clear number three player in the market overall.

Thank you very much.

Rene Obermann:

Just a couple of organizational remarks. We'll be having a lunch break right now. It will be until one o'clock. We're starting our breakout session at one o'clock. That is for the analysts and investors only. In order to make the most efficient use of your time we have divided you guys within three groups. So, there will be a green group, a blue group, and a yellow group. You see which group you belong to with your badge. Your badges all have colors. And so, the green group is myself, the yellow group is Andres Pui (ph) who is here in the middle and the blue group is my colleague Niles Pearlman (ph).

So, we collect you to get you up or down wherever to your meeting rooms where we'll be having the breakout session and we'll also have lunch packages waiting for you. So, I go with the group with the green group. I'll collect my green group over here right next to the podium and I'll go up down to the 46<sup>th</sup> floor where we'll be having the meeting at the So High (ph) meeting room. Andres Pui here with the yellow group, he'll be meeting in the lobby and they'll be going down to the third floor to the Hudson Square room where they have--or where you guys have your meetings and Niles Pearlman with the blue group, Niles will be collecting you down there on the right-hand side of the room where the technology was. They're still looking for that last chart I suppose. They'll guide you down to the Castle (ph) room which is down in the lobby. So, have fun. Have a good

appetite and see you at the breakout session. You'll all see the management team. The management teams will be rotating. All of you will have the same time with each management team members. Thank you.