T-Mobile USA Investor Day

René Obermann, CEO, Deutsche Telekom

January 20, 2011

Life is for sharing.

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Agenda

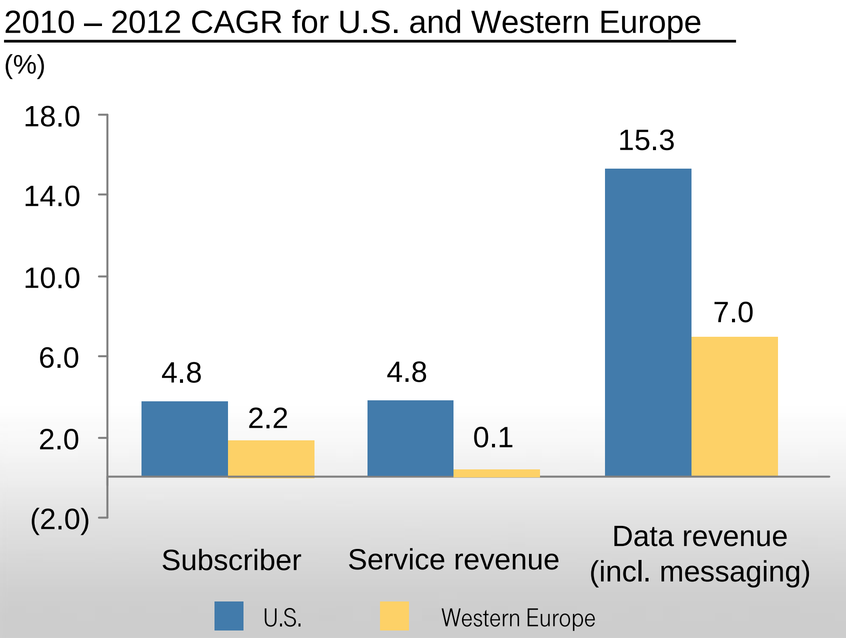
10:00 am – 10:20 am	René Obermann	Introduction
10:20 am – 11:15 am	Philipp Humm Philipp Humm Neville Ray	1. State of the business 2. Challenger strategy: - Overview - 4G network leader
11:15 am – 11:30 am		Coffee break
11:30 am – 12:30 pm	 Cole Brodman Philipp Humm Philipp Humm	2. Challenger strategy: - Affordable smartphone/My trusted brand - Multi-segment/Challenger business model 3. Wrap
12:30 pm – 1:00 pm		Lunch break in breakout rooms
1:00 pm – 2:30 pm		Break-out sessions for analysts and investors in breakout rooms (SoHi, Hudson Square, Kastel)

The U.S. mobile market is attractive

Healthy U.S. Business Economics

	United States	Western Europe
Higher ARPU	▪ $50 ARPU per month	▪ $31 ARPU per month
Higher and Growing Consumer Usage	▪ 800 MOU per month ▪ $17 data ARPU per month	▪ 170 MOU per month ▪ $9 data ARPU per month
Opportunity for Differentiation	▪ Four national carriers for population of 310 million	▪ Multiple brands / MVNOs per country with similar networks

U.S. Growth to Outpace Europe



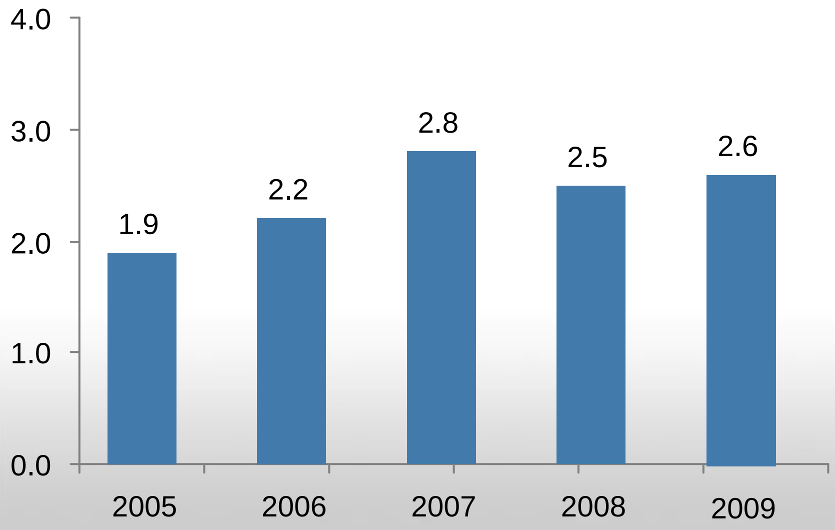
Source: Ovum (May 2010) and BofAML (January 2011)

T-Mobile is an attractive asset

TM-US generates significant cash flows

Operating Free Cash Flow (oFCF) [(1)]

($Bn)



Subscriber base of 34 million

9M revenue of US$16 billion

9M EBITDA of US$4.5 billion

54 MHz of spectrum

Strong and future proven technology platform: GSM/UMTS/HSPA+

49,000 cell sites of which 23,000 with fiber backhaul

Operational progress being made – but still some way to go

- Ongoing improvement in data ARPU ✓
- Increased the number of smartphones to 39% of contract customer base ✓
- 3G Network roll-out accomplished, fastest network in the US with HSPA+ ✓
- Distribution strengthened: Number of national retail stores increased to 8,000 ✓
- Contract customer growth and churn ✗
- Revenue growth ✗

Revitalize the business: Operational priorities for 2011

Capitalizing on 4G Advantage

- HSPA+ equivalent to LTE
- Best 4G network
- Enough spectrum for medium-term
- Largest 4G handset portfolio

Operational Turnaround

- Tackle churn
- Transformation program
  - Reinvent
  - Grow
- Restructured organization

Flawless Execution of Challenger Strategy

- 4G network leader
- Affordable smartphones
- My trusted brand
- Multi-segment approach
- Challenger business model

Strategic objectives for the US-business

Challenge

- Long-term spectrum position
- Reduce scale disadvantages long-term

Our approach

- Exploring shareholder value enhancing strategic alternatives
- Establish a self-funding platform for T-Mobile USA
- Multiple sources of external capital available for T-Mobile USA
- Potential sale of non-core assets, including U.S. tower portfolio considered

Our objectives

- Improve return on capital employed
- Generate value for Deutsche Telekom shareholders

T-Mobile USA Investor Day

Philipp Humm, President and CEO – Neville Ray, CTO – Cole Brodman, CMO

January 20, 2011

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Executive Summary

Capitalizing on 4G advantage

- HSPA+ equivalent to LTE
- Best 4G network
- Enough spectrum for medium-term
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Operational turnaround

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    - Reinvent
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Flawless execution of challenger strategy

- 4G network leader
- Affordable smartphones
- My trusted brand
- Multi-segment approach
- Challenger business model

Outline

1. State of business - Philipp Humm
- **US market**
- Status of T-Mobile USA

2. Challenger strategy
- Overview – Philipp Humm
- 4G network leader– Neville Ray
- Affordable smartphones/My trusted brand – Cole Brodman
- Multi-segment/challenger business model – Philipp Humm

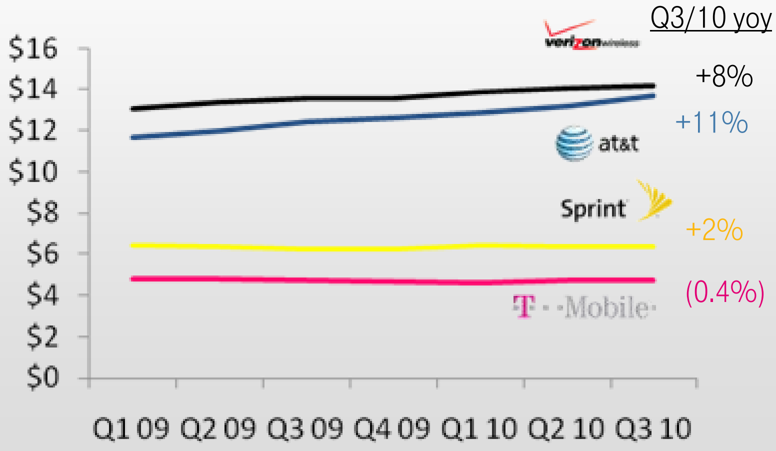
3. Wrap

Big 2 competitors getting stronger. T-Mobile achieves superior EBITDA for its scale

Revenue and profitability development in U.S. mobile market 2009-10

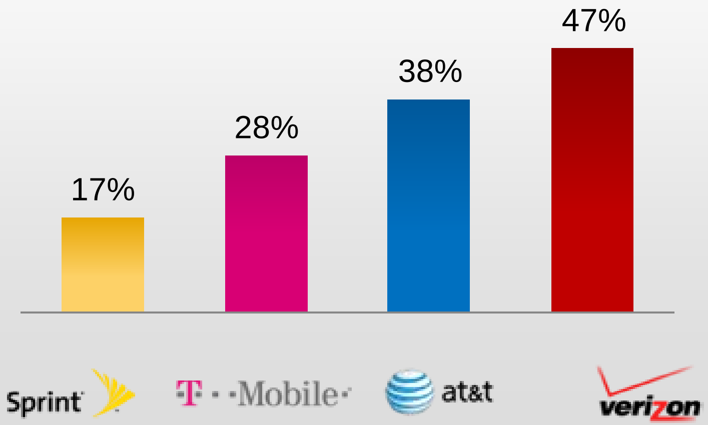
Service revenues[1]

Billions of $US



EBITDA margins[1]

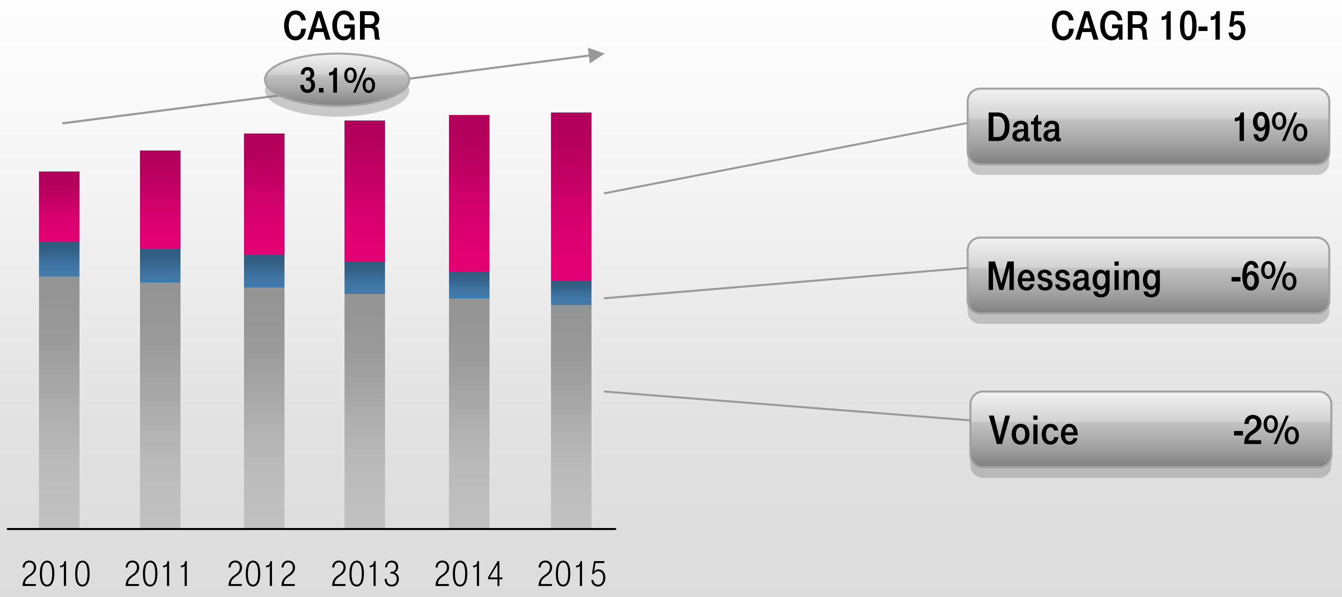
% Service revenue, Q3 2010



1 For T-Mobile USA OIBDA margin in % of service revenues (US GAAP) for better comparability with the other US carriers.

US market continues to grow, driven by data

Service revenue US market (2010-2015)*



*DT estimates based on integrating several industry forecasts

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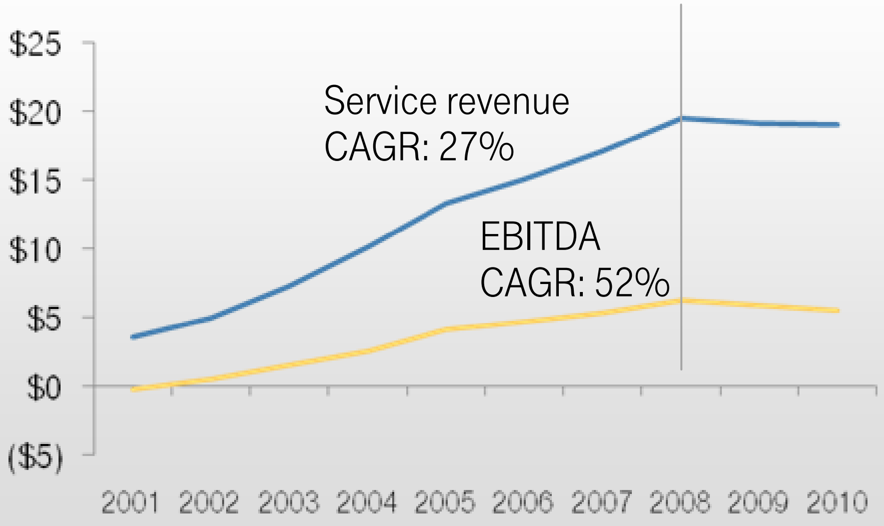
3. Wrap

T-Mobile revenues stalled in 2008 after 7 years of rapid growth

2001-2010 TMUS Service revenues and EBITDA

billions of $



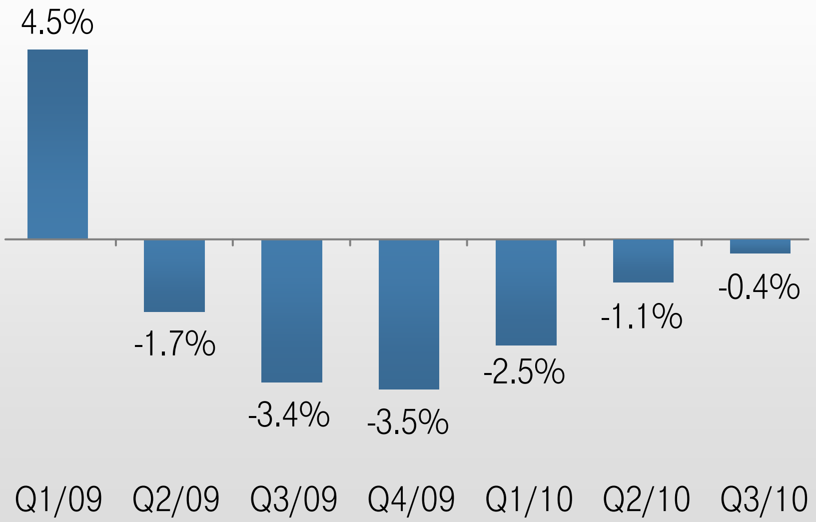
- Network/device perception (late to 3G)
- "Stuck in middle"
- Branded distribution gap
- Economy slowed

*2008+ includes uplift from SunCom acquisition of $0.8B revenues

T-Mobile top-line trends improving, driven by data

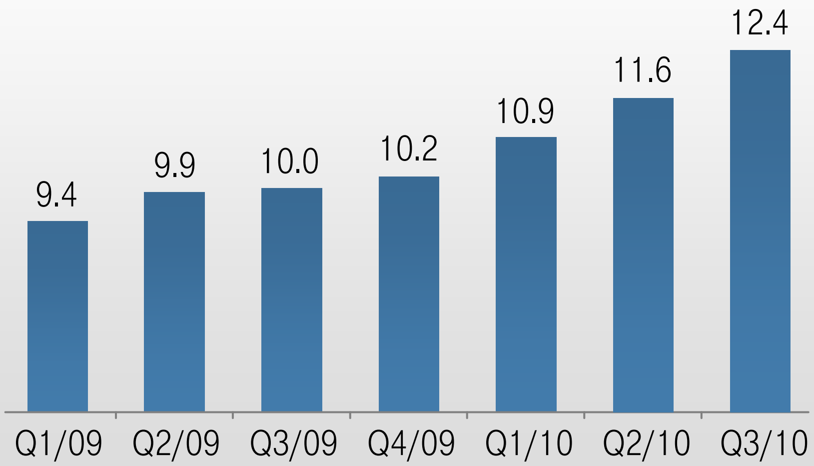
Growing the top line 2009-10

Year-over-year service revenue growth[1]



Data growth accelerating

Blended data ARPU, $US[2]

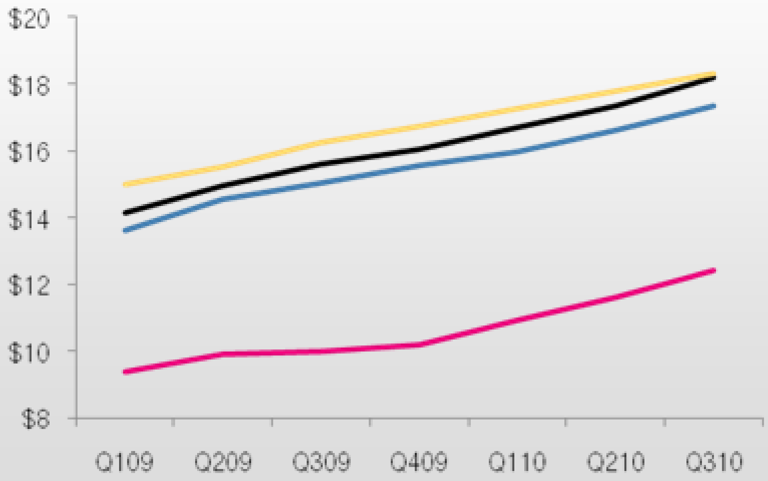


(1) IFRS, $US, (2) US GAAP.

T-Mobile data ARPU trajectory inflecting upwards with competition

Changing data ARPU trajectory

Blended data ARPU*



Q3/10 yoy growth

Sprint Postpay only*	13%
verizon wireless	15%
at&t	17%
T-Mobile	24%

* Source: Company reported financial results; for Sprint, used Morgan Stanley analyst estimate when company information not available

T-Mobile is ready to capture data market share

Strengthened competitiveness

4G network

- 200m pop at 21mbs
- Americas' fastest network (Nielsen[1])
- 42Mbps in 2011

Strong smartphone portfolio

- Biggest Android line-up
- >25 4G devices 2011
- 39% smartphone in contract customer base[2]
- +50% of sales

Value leader

- Best price unlimited
- No 4G Toll
- $10 Data entry
- <$100 smartphones

Competitive branded distribution

- ~2,050 company retail stores
  - Verizon: ~2,000
  - AT&T: ~2,300
  - Sprint: ~1,100
- Walmart co-brand

(1) Nielsen, 2010, (2) Smartphones include all 2G, 3G and 4G smartphones in contract customer base.

T-Mobile implemented major changes in last 75 days

First days of a challenger	
Loudly told 4G network story	▪ Attack network perception head-on
Deployed new organization & skillsets	▪ Implemented nimble business-line organization ▪ Leveraging best practices from DT in CRM, channel management
Launched transformational programs	▪ Utilizing program structure and expertise from DT, by launching: ▪ Next wave of Save-for-Service: Additional +$1B reinvent program ▪ $3B growth program
Re-launched churn initiative	▪ New leadership, new organization, new approach
Developed challenger strategy	▪ Making the latest wireless mobile Internet services affordable and easy to use for everyone

TM Save for Service will deliver $ 1.8B savings by 2013

$1.8B

TMUS Save-for-Service

2010 Program

$0.8B

Reinvent 2011-2013

$1B

Ambition, gross savings p.a.

- $460M[1] in 2010
- $700M[1] by 2012

- $500M in 2010
- $800M by 2012

- +$0.3B in 2011
- +$1B by 2013

- Leverage DT expertise
- 2011 targets locked
- 2013 measures defined

Reinvest into the business to grow top line and sustain margins

1 Equivalent to EUR300 million and EUR500 million under the original EUR4.2 billion Save for Service Deutsche Telekom group program.

Reinvent will lead to $1B in cost savings through process reinvention

	Ambition 2013: Cost savings[1]	Examples 2010 - 2013
Zero waste	$200M	▪ 30% call reduction in first 60 days from activations ▪ 50% of postpaid customers on eBill ▪ 30% reduction in handset return rate
Self service/ automation	$300M	▪ Reduce payment exit rate in IVR ▪ 500bp improvement in IVR handle rate ▪ Use web/handset to reduce 3M calls for account information
Simplify products	$200M	▪ Reduce handset remorse rate by 100bp ▪ Decrease discounting 700bp across handset lifecycle
Network	$300M	▪ 100% of cumulative sites transitioned to All-IP ▪ 1,000 sites for roaming overbuild

1 Approximate values

T-Mobile Grow program: ambition to deliver $3B additional revenue by 2014

Grow

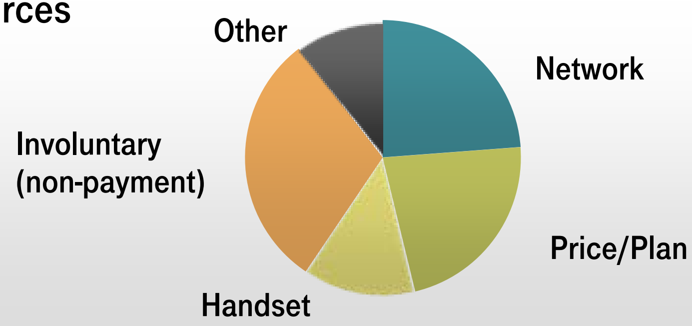
$3B

	Key projects
1	4G leadership
2	MVNO and partner brands
3	Attack B2B
4	Churn
5	CRM
6	Sales effectiveness
7	Local GTM

T-Mobile did not solve churn in 2010

Launched programs in early 2010 to attack 65% of the issues

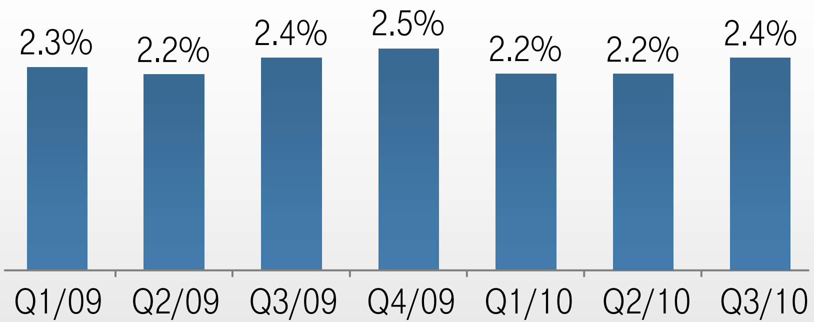
Sources



Solutions

Upgrade reinvention 12%	Credit Management 9%	Handset insurance 14%
Local coverage 5%	Save queue 16%	Outbound programs 9%

Contract churn did not improve



- Some implemented measures delivered benefit
- Off-contract, fraud, and credit issues worsened
- Increased competitive impact
- Mobile broadband issues

Completely redesigned churn organization and the approach

New organization	New approach

▪ Changed leadership
▪ Consolidated responsibilities, investments and decisions into single organization
	▪ Compensation tied to churn
	▪ Leverage DT Europe best practices and talent
	▪ Deep analytical diagnostics
	  ▪ Predictive modeling
	  ▪ CRM
	▪ Frequent executive steering and review

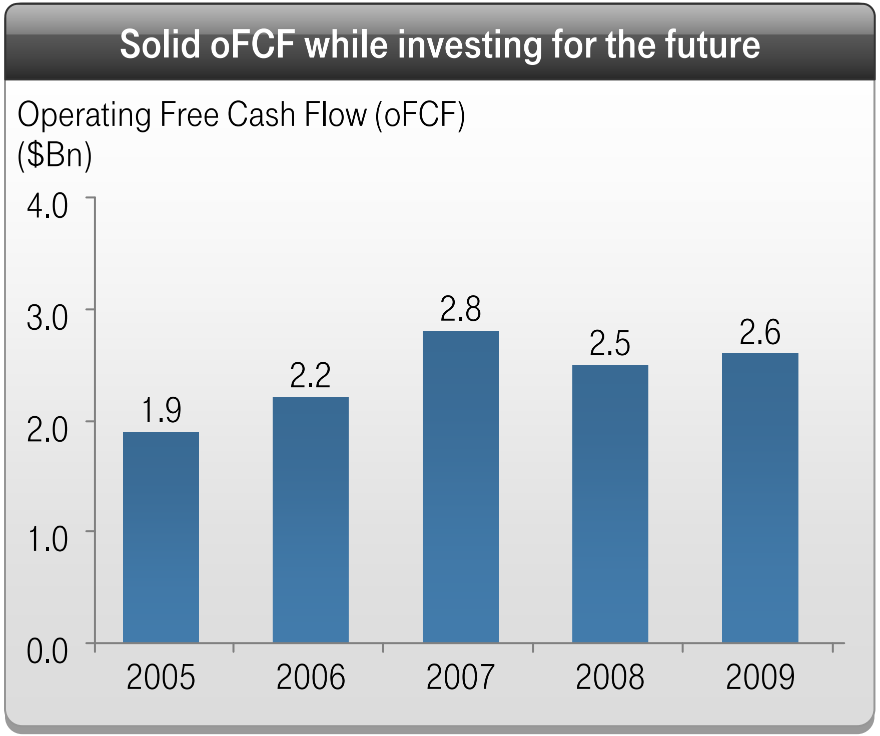
Implementation underway for 2011 with new measures to reduce churn

Churn program change

Issues	Measures
iPhone	Go Big with Android
Network	25% in-home coverage improvement p.a.; WiFi; 4G messaging and communication
Competitive offers	Same-as-new program
First payment default	Risk-adjusted product eligibility
Fraud	Improved risk management
Early churn	ETF enforcement, cancel queue, right-size
Mobile broadband	Onboarding (sales/coverage), prepaid options
Customer management	New CRM approach and systems
Communication	Network + devices + value

Toward 2% in 2011
<1.8% in 2012

T-Mobile generates significant cash flow



- TMUS delivers healthy cash flow
- Cash flow has been stable, even with significant investments in network and distribution

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3. Wrap

Path for moving from challenged to challenger

T-Mobile USA challenger strategy

Mission:

T-Mobile makes the latest wireless mobile internet services affordable and easy to use for everyone

- 4G network leader
- Affordable smartphones
- My trusted brand
- Multi-segment player
- Challenger business model

With challenger strategy we go beyond our 2010 "value-conscious family" strategy

	2010	2011+
Growth strategy	Value-conscious family segment	Affordable data services
Segment	Consumer	Consumer + business
Brand message	Independent value campaigns	One consistent quality and value campaign
Cost structure	Cost savings	Business process redesign
Skills, scale	Some skill gaps compared to EU	Gaps closed with DT support
Structure	Centralized, national model	Shared, empowered model

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Challenger Strategy

4G network leader

Affordable smartphones

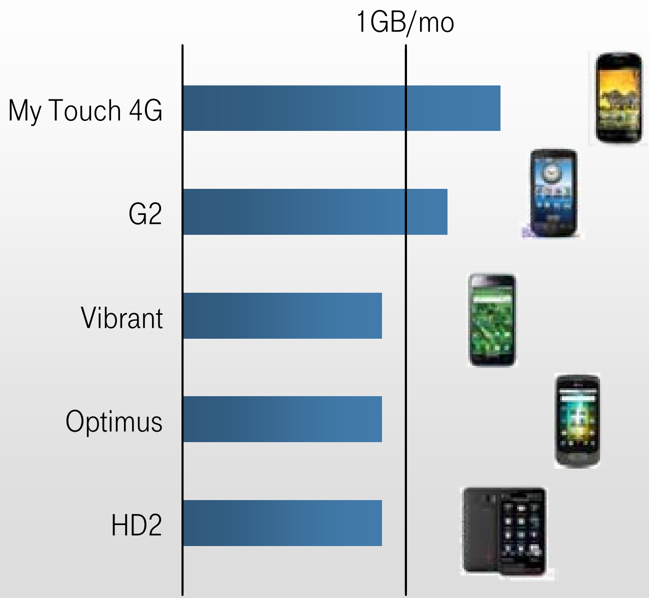
My trusted brand

Multi-segment player

Challenger business model

Great news: customers love and use the 4G network

Latest devices breaking 1GB threshold



Strong reviews . . .

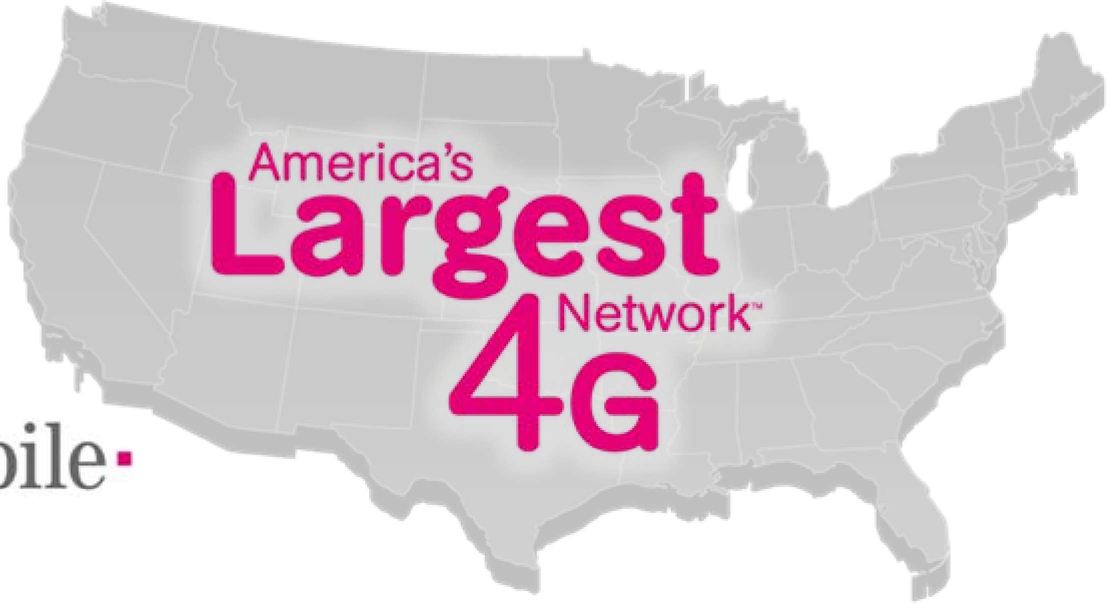
4G has arrived in the shape of T-Mobile's blazingly fast HSPA+ network.

FT FINANCIAL TIMES

In all the tests, the T-Mobile HSPA+ network beat the competition in download speeds.

THE WALL STREET JOURNAL.

T-Mobile now providing 4G coverage to 200M pops



T-Mobile

200M POPs

verizon

110M POPs
of LTE

Sprint

WiMAX
for 110M POPs

at&t

HSPA+
approx. 100M POPs[1]

(1) TMUS estimate based on recent AT&T statements that HSPA+ with high speed backhaul will be provided to two thirds of their network by end of 2011

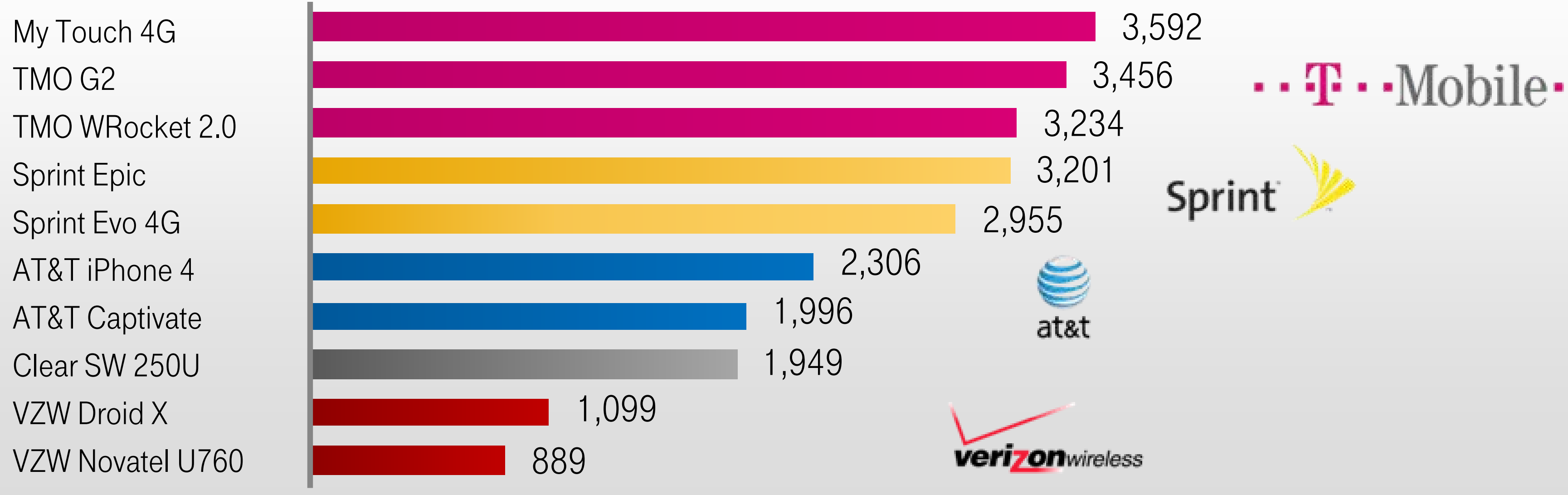
America's largest 4G network and now fastest in the Top 100 markets[1]

(1) Source: The Nielsen Company estimation based on an independent benchmark. Nielsen's benchmark tests included the following networks: AT&T-HSPA, Verizon-EVDO-RevA, Sprint-EVDO-RevA, and T-Mobile-HSPA+. The tests were conducted in between May 28th, 2010 and November 30th, 2010. Results do not reflect all commercially available services in the market, including AT&T's HSPA+, Clearwire's WIMAX and Verizon's LTE networks. Copyright (2010) The Nielsen Company.

HSPA+ provides best speeds today

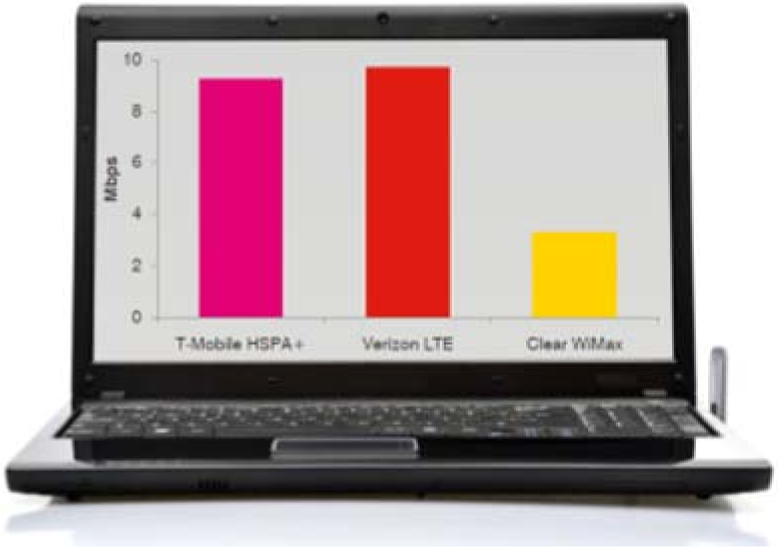
HSPA+ providing the best speeds today. . .

Average throughput[1], kbps



(1) Testing performed by Metrico in September/October 2010 across 29 markets, Sprint speeds measured in combined WiMax & CDMA areas.

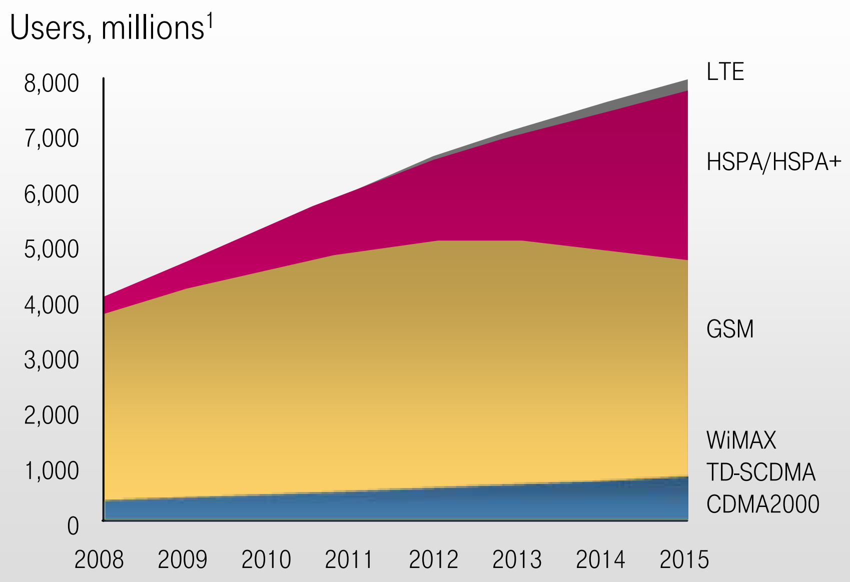
Fastest and getting faster



- 21 Mbps today
- Getting faster in 2011: 42 Mbps
  - Las Vegas mobility test: comparable to Verizon LTE
  - Roll-out started
  - 140M POPs in 2011
  - 42 data sticks in H1, smartphones in H2
- In contrast to LTE/WiMAX, ongoing benefit delivery to existing 3G devices

HSPA+ dominates global scale for next five years!

HSPA+ global scale



HSPA+

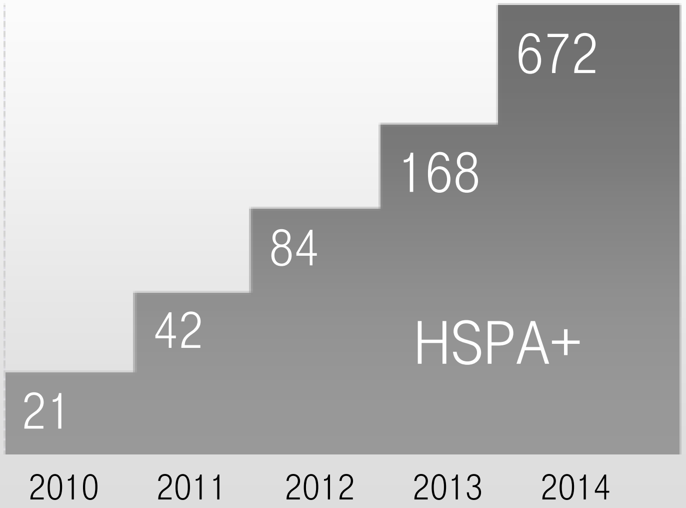
- 105 live global networks on HSPA+ today across 54 countries
  - 62 more planned
  - Major operators include:
    - DT, AT&T, Telefonica, Vodafone
- Superior handset line-up from large ecosystem
- Lower costs with single technology
- Less spectrum fragmentation drives global roaming strength

(1) Ericsson

HSPA+ is competitive to LTE 4G technology, and is superior over the next years due to handset ecosystem

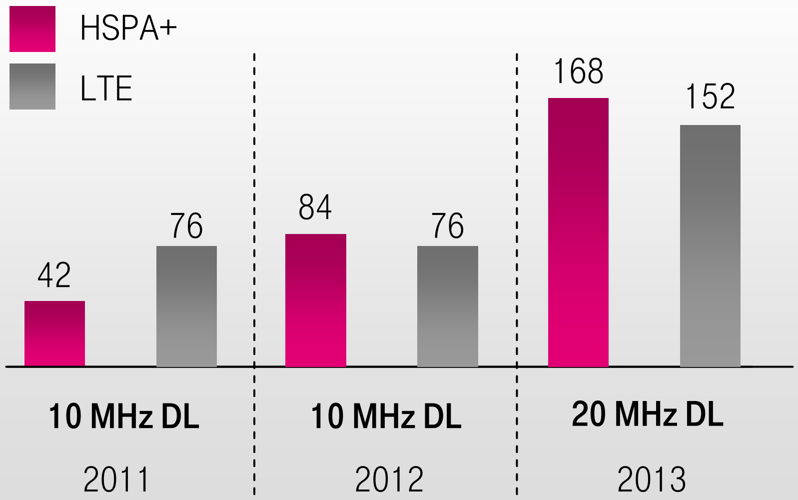
HSPA+ robust evolutionary path

Peak downlink throughput, Mbps



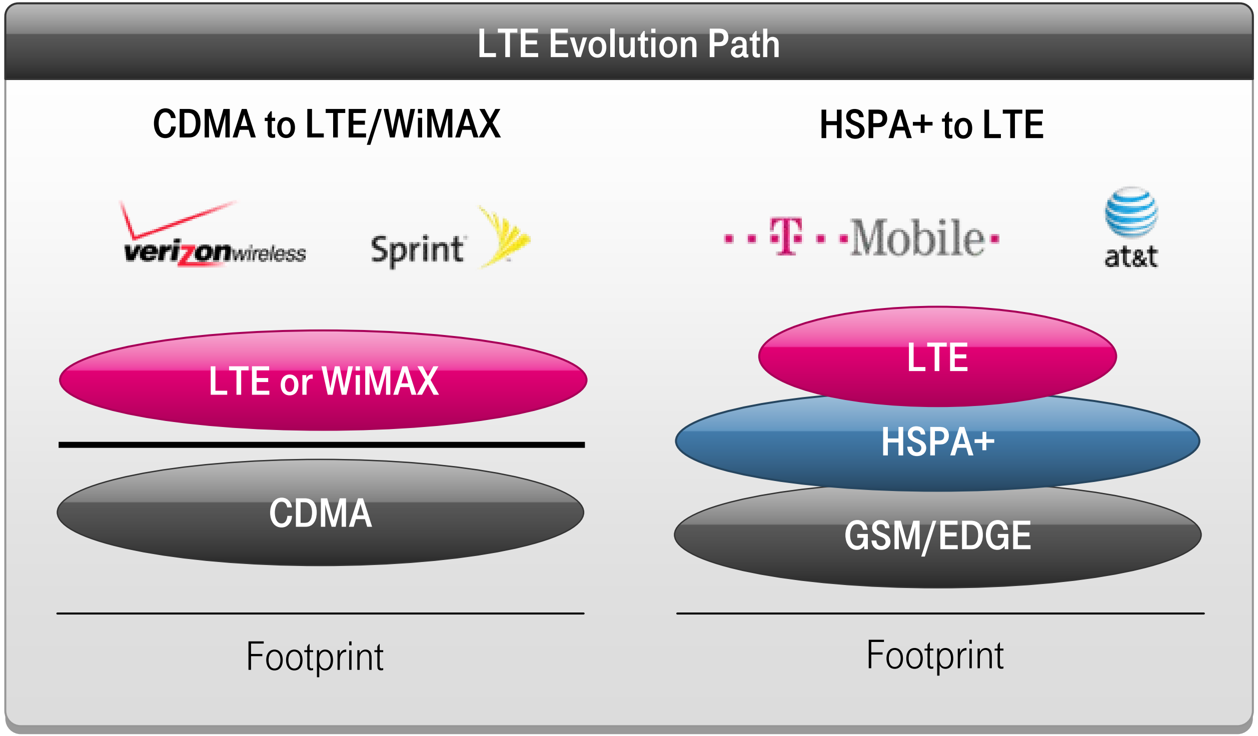
Competitive with LTE

Peak downlink throughput, Mbps



HSPA7: HSPA+: 10 codes, 16 QAM (5 MHz DL), HSPA+21:HSPA+: 15 codes, 64 QAM (5 MHz DL); HSPA+42: HSPA+: Dual Carrier (10 MHz DL); HSPA+84: MIMO (10 MHz DL); HSPA+168: HSPA+: Multi-carrier combinations (20 MHz DL); HSPA+672: HSPA+ Advanced1 (40 MHz DL)

HSPA+ platform provides cost effective and technically flexible path to LTE

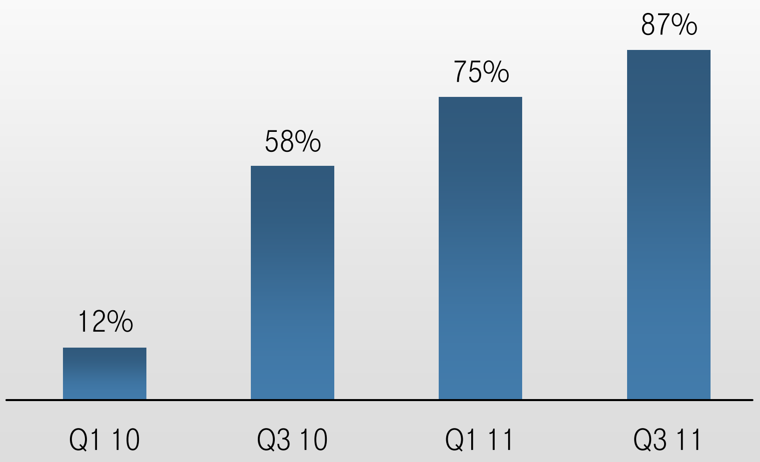


- T-Mobile's technology upgrade to LTE costs $1-2B
- Capacity driven deployment of LTE – not speed or coverage
- Seamless communication and handoff between network and device

High-speed backhaul enabling 4G speeds is a major competitive advantage for T-Mobile

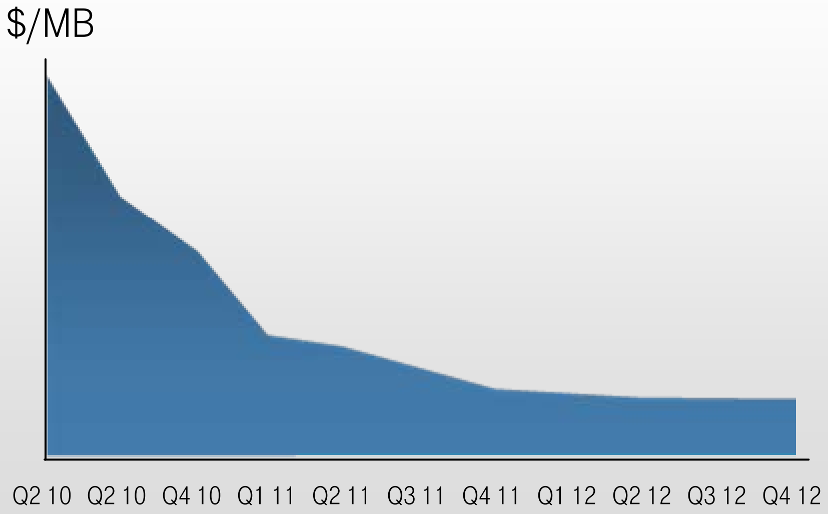
Ever faster speeds

High-speed fiber deployment: % of UMTS sites



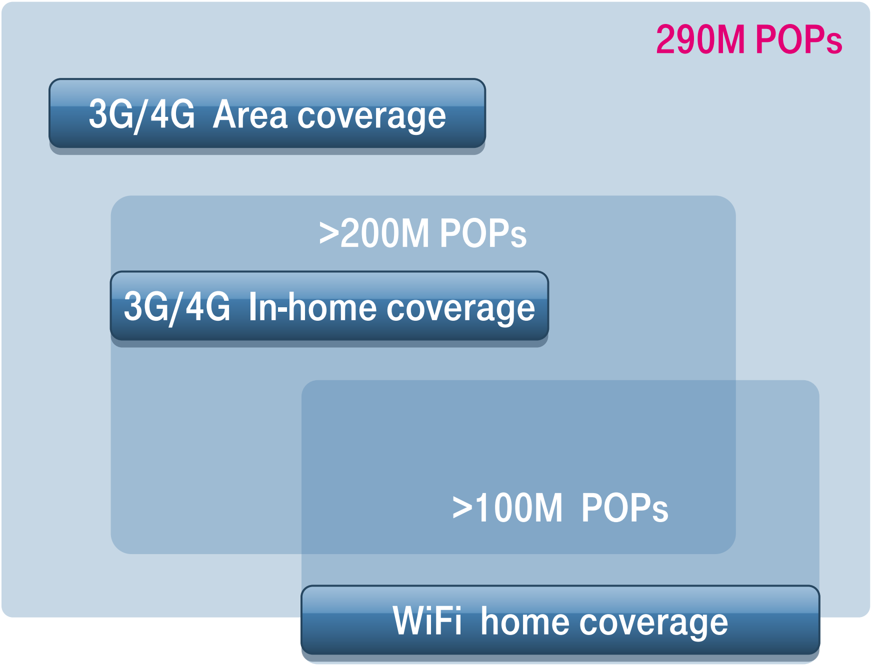
Breaking the cost curve

Long-term backhaul costs, marginal cost per MB



Source: TMUS Engineering

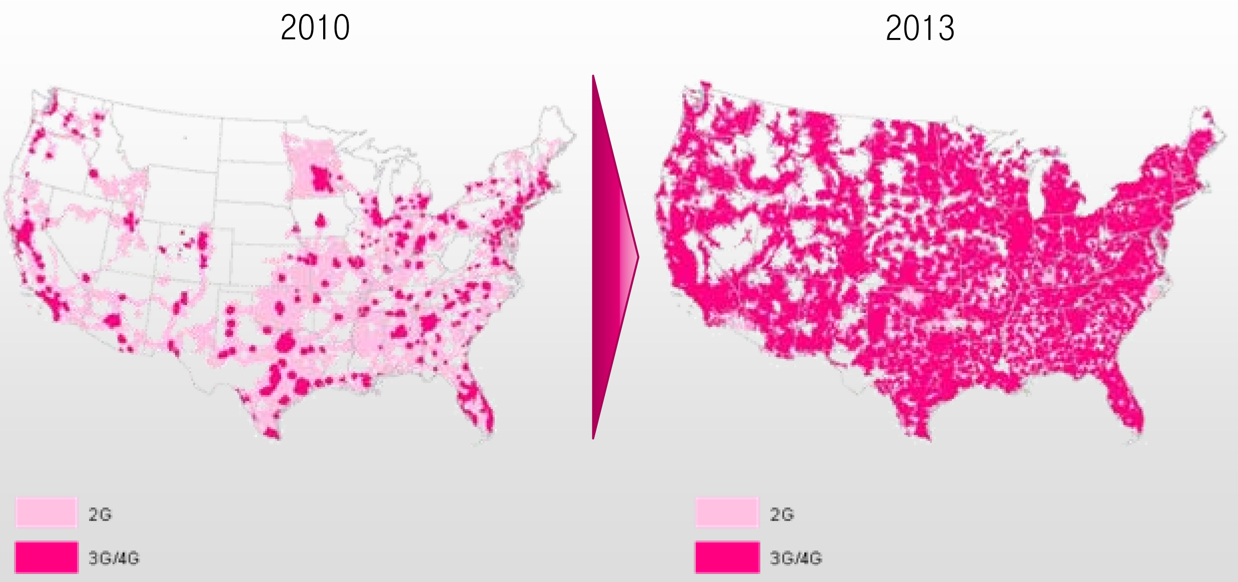
Three-pronged approach to coverage next three years



- Increase owned 3G/4G coverage with reduced roaming
- Robust in-home coverage to provide voice quality and rich broadband experiences
- WiFi coverage to bolster in-home coverage and broadband

Increase owned 3G/4G coverage – reduced roaming costs

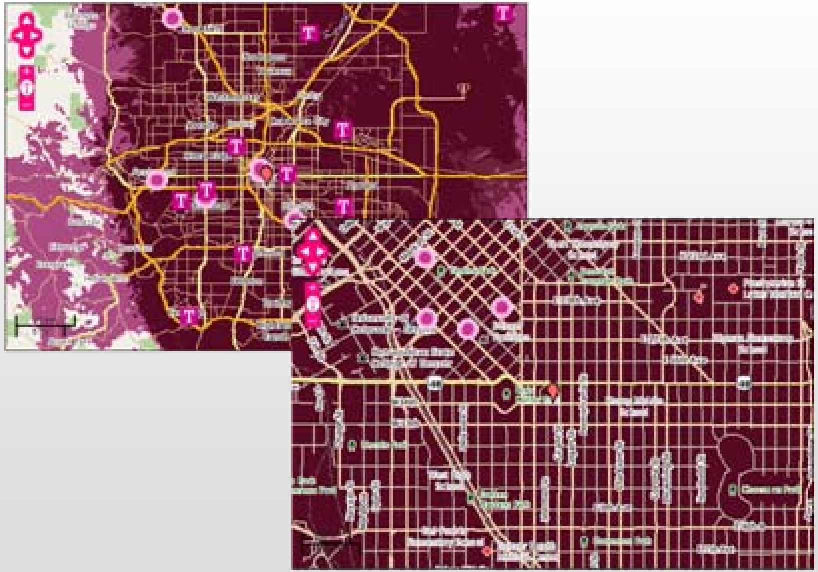
T-Mobile owned 3G/4G coverage (2010-2013)



- Enhanced data coverage at reduced costs
- Reduced roaming costs balancing build vs. roam
- Leverage partners where viable
- Exploit benefits of new radio infrastructure
- $400M of capex over 3-year period

Continuing to improve macro coverage in core areas

Improved home coverage



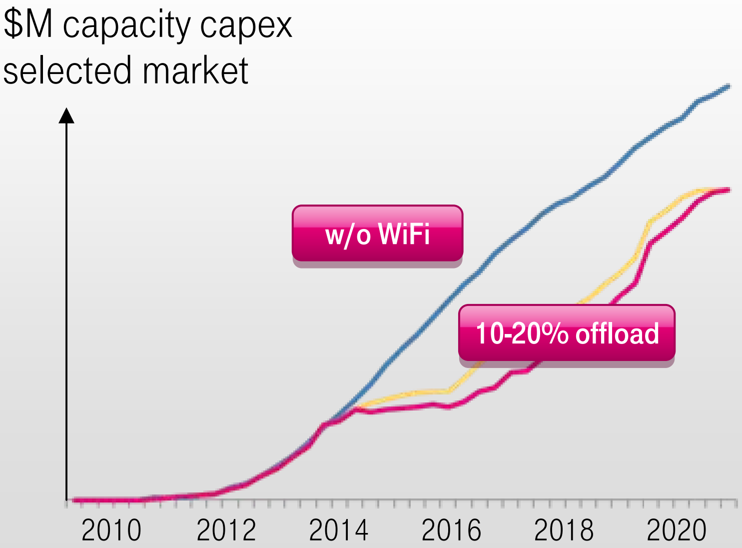
- 25% improvement each year, next three years
- Leveraging new base station products
- Deployment of new antenna technologies
- Improved site densities where necessary
- DAS and in-building system deployments

WiFi provides improved coverage and offloads capacity

Improved home coverage

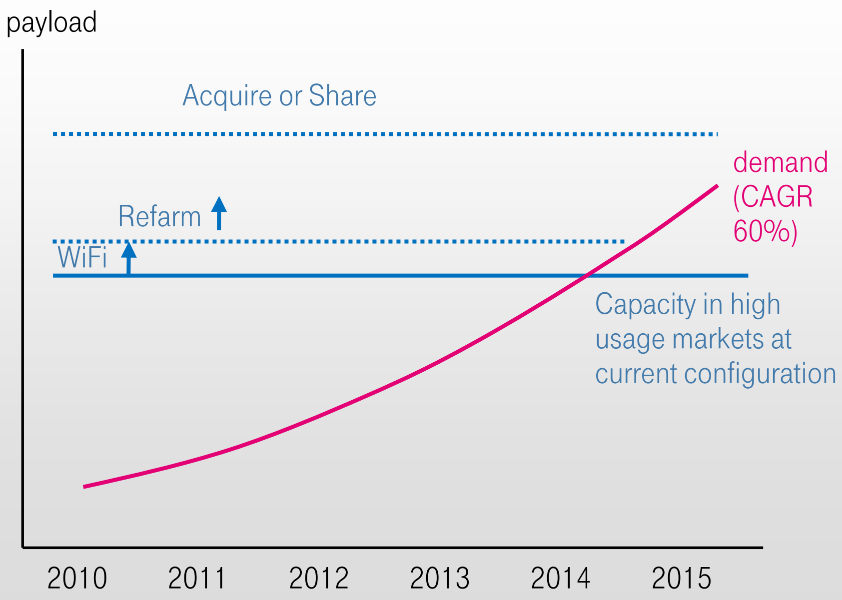
Efficiently managing capacity

Capacity capex to meet rising demand



Sufficient spectrum in short to medium term: exploring longer term and technology independent options

Spectrum capacity development



Sources of spectrum

Refarm
- PCS for HSPA+/LTE Options
- Availability in 2012
- No more 2G only devices

Acquire
- Auction (700MHz, AWS)
- Secondary market

Share
- Potential partners

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3. Wrap

Challenger Strategy

4G network leader

Affordable smartphones

My trusted brand

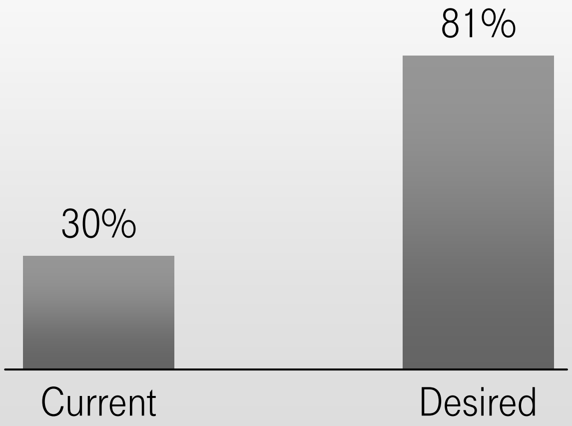
Multi-segment player

Challenger business model

150M more US consumers want a smartphone!
But, barriers still exist...

Customers desire smartphones . . .

Smartphone penetration*



How T-Mobile will capture this potential

We make the latest mobile internet services affordable and easy to use for everyone

- America's largest and fastest 4G network**
- Leading smartphone portfolio
- Worry-free plans
- My content, from anywhere on any device
- Improved service ensures customers are on the right plan and device

*Source: Q4 Nielsen Mobile Insights for current pentration, Morgan Stanley, alphawise for Desired penetration; **Nielsen 2011

Over 25 leading 4G devices in 2011…iconic and entry level!

Leader in 4G

Exclusive superphones

4G

myTouch 4G
FIRST: HD Video

4G

Google G Series
Latest with Google innovation

New

4G

Galaxy S 4G
Fastest smartphone

New

4G

Sidekick
Returns soon!

New

4G smartphone below $100 in summer!

Exclusive tablets & mobile broadband devices

4G

Dell Streak 7
T-Mobile's first 4G tablet

4G

G-Slate
Video tablet, full suite of Google services

New

4G+

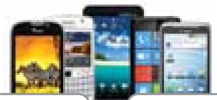
42 MB Data sticks & mobile routers

Driving plan value to the next level of accessibility

Strategic elements

- Unlimited Talk, Text & Web
- Worry-free
- Entry-level data plans - $10
- Free value-added services
- Best value broadband plans

T-Mobile taking the lead in affordable data services

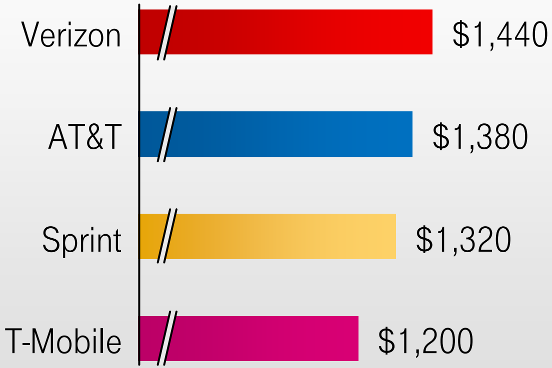
	T-Mobile	Verizon Wireless	AT&T	Sprint
 4G Data Starting at $10 / No 4G Toll	+$10 - 200MB +$30 Unlimited (no overage – speed slow down at 5GB)	$15 - 150 MB +$30 Unlimited	$15 - 200 MB +$25 for 2GB +$10/GB overage	No entry +~$30 4G Unlimited
	$25 – 200MB $40 – Unlimited** (no overage – speed slow down at 5GB)	$50 – 5GB $80 – 10GB +$10/GB overage	$35 – 200MB +$0.10/MB overage $60 – 5GB +$0.05/MB overage	$40 – 500MB (netbook only) $60 – 4G unlimited, 3G: 5GB +$0.05MB overage

*Source: Carrier websites, January 13, 2011 (Sprint's smartphone data pricing is TMUS estimate based on their current bundled pricing); **With qualifying voice plan

T-Mobile is the value leader

T-Mobile USA savings (per year)

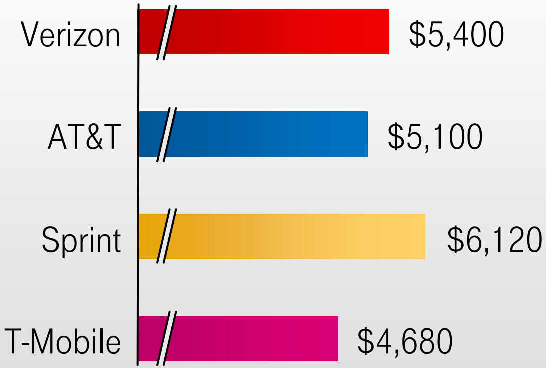
Smartphone Unlimited Talk, Text & Web – Single Line



AT&T does not offer unlimited data

More than $100 in savings

Smartphone Unlimited Talk, Text & Web – Family of 5



AT&T does not offer unlimited data

More than $400 in savings

Source: Tariff pricing from carrier websites. Sprint: 4G smartphones such as EVO require $10 4G toll per line per month (included in comparison above). For AT&T presumes 2GB limit, no overage. Excludes usage, taxes, fees, etc.

Smartphones are the ideal entry point for rich and compelling services

Content discovery

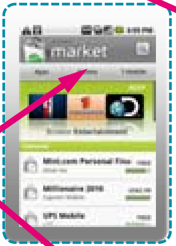
- Google Search with Voice
- App Pack widget

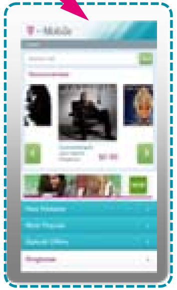
Partner merchandising

- T-Mobile channel in Android market
- T-Mobile Mall Storefront

Personalized offers & recommendations

- App Pack v4 and featured apps
- Merchandising promotional bundles





Included free apps

- TBT Navigation
- T-Mobile TV
- Slacker Radio

Cross/up - sell

- Data plan up-sell on-device
- Content and apps promotion in web2go

And of course communication

- T-Mobile Video Chat powered by QIK
- International Talk and Text
- Caller Name service

WiFi calling – customers love it, analysts applaud it

WiFi on handsets

"WiFi calling needs to be in every phone forever and always. Yesterday."

engadget mobile

"WiFi calling app means T-Mobile Android phones are best choice for travel"

GADLING

T-Mobile is the WiFi calling carrier!

- Broad portfolio across all Android & Blackberry smartphones
- Differentiated by integrated voice/text/data into smartphones
- Enhanced coverage and speed
- Superior WiFi experience will be offered for free

Challenger strategy

4G network leader

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T-Mobile continues service leadership, yet aspires for more!

T-Mobile is the service leader...

T-Mobile USA rank among US wireless carriers	
Customer care	Ranked **1st** in **10 of last 12** biannual surveys
Retail sales satisfaction	Ranked **1st** in **9 of last 12** biannual surveys

...in an industry with poor service

- 83 Express delivery
- 83 Internet retail
- 75 Department and discount stores
- 73 Hospitals
- 72 **Wireless service providers**
- 66 Airlines

T-Mobile aspires to overcome bill shock

Issue

- Bill/overage issues comprise 10% of customer calls
- 28% of customers with national, international overage

National solution

- Unlimited data plan: speed step-down avoids overage
- Reduce overages
- $40 caps on data
- SMS warnings
- Customer tools (family allowances, overage meters)

International solution

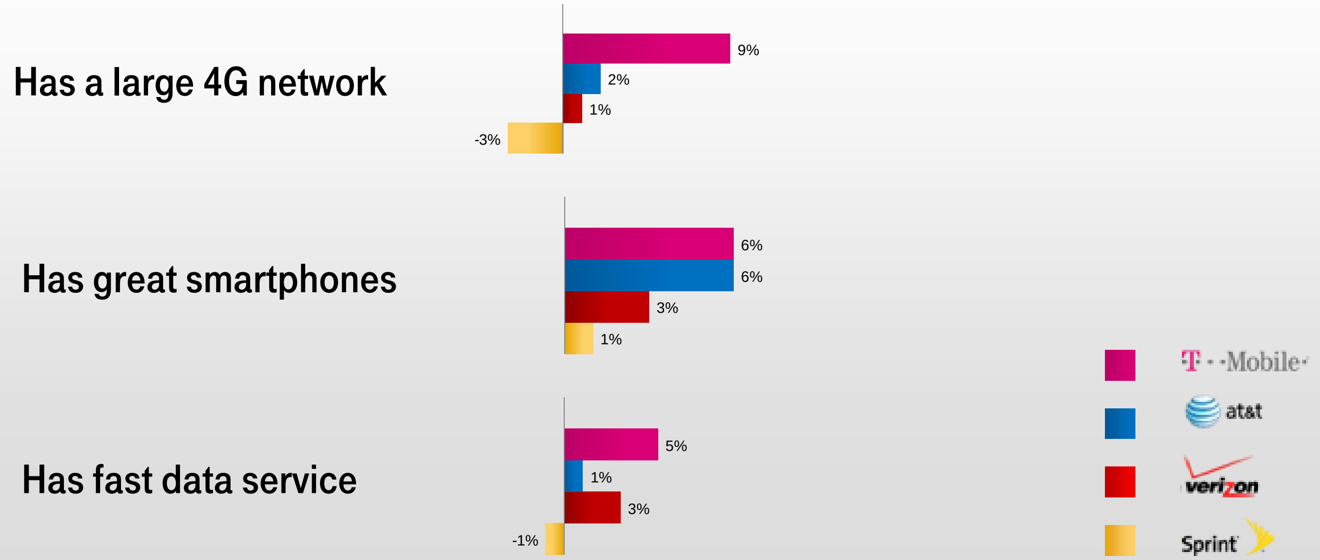
- Flat rate ILD plans for voice/text
- SMS warnings
- Soft caps with opt-in requirements

Placeholder – advertisements

Challenger advertising driving brand perception

Brand perception changing

Brand perception change*



* Nielsen November 1, 2010 – January 2, 2011; Change in Benchmark (11/1-11/7) to post launch (11/8-1/2)

Outline

1. State of business - Philipp Humm
   - US market
   - Status of T-Mobile USA

2. Challenger strategy
   - Overview – Philipp Humm
   - 4G network leader– Neville Ray
   - Affordable smartphones/My trusted brand – Cole Brodman
   - **Multi-segment/challenger business model – Philipp Humm**

3. Wrap

Challenger Strategy

4G network leader

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Pursuing multi-segments with multiple brands to leverage 3G/4G network

	Value proposition	Business model	Example
T-Mobile Postpaid	Affordable smartphones	T-Mobile	
T-Mobile Prepaid	Unlimited voice & data	T-Mobile	
Niches	Tailored solutions	Add-ons to T-Mobile or MVNO	Demographic brands
PayGo	Pay-as-you-go voice and data	2^{nd} brand or MVNO	 Tracfone
Distribution partners	Distribution unique opportunities	Co-brand or MVNO	Walmart Family Mobile T-Mobile; SIMPLE Mobile

Walmart & Simple provide two new successes to multi-segment strategy

Partner brands

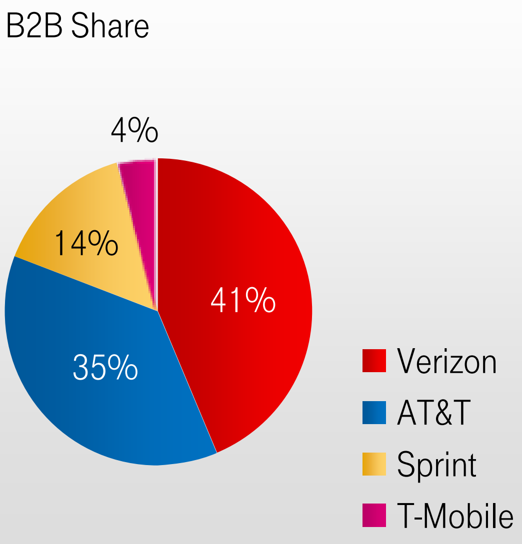
- Launched in approx. 2,500 stores
- Access to customers seeking affordable solutions
- Realizing attractive customer financials

MVNO

- GSM product in CDMA distribution
- Rich monthly unlimited offer
- Low maintenance customer

Relaunching B2B as another target segment

Historical results reflect lack of focus; new approach



Target market share

SMB: exceed

Corporate: increase

Restoring relevance

- Historically under-funded
- Applying focus and fixing the fundamentals

Bringing strong value proposition

- 4G & WiFi connectivity leadership

For SMB

- Leverage branded assets
- Increased resources

For corporate

- IT partners for billing
- Cooperate with DT

Challenger Strategy

4G network leader

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Overcoming relative scale position with a partner and segmented approach

Examples to overcome relative scale

Regional go-to-market	▪ **ROI-based** regional investment and spend ▪ **Localize** media budgets
Scale partnerships	▪ Network sharing ▪ Leverage DT
Lower handset subsidy	▪ **Lower** average **handset cost** ▪ Increase **branded distribution**
Operational & financial excellence	▪ **Reinvent** ▪ **Financial rigor**

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3. Wrap

T-Mobile – short-term targets 2011/12 and long-term ambition

Drivers	Key measures	Q1-Q3 2010	2011	2012
Revenue	Revenue	Slight decline	Slight increase	Increasing
	Contract data ARPU	$13	~$15	$18
	Smartphone penetration[1]	39%	>45%	>50%
Churn	Contract churn	2.3%	Toward 2%	<1.8%
Financial	EBITDA margin (in % of service revenues)	29%	Stable	Low 30s
	oFCF (excl. spectrum)	Stable	Slight increase	Increasing

Ambition 2015: mid 30s EBITDA margin, #3 player in revenues

1 Smartphones include all 2G, 3G and 4G smartphones in contract customer base