

## T-Mobile USA Reports Fourth Quarter 2012 Operating Results

*Stage Set to Deliver the 'Un-carrier' Promise: Giving Customers New Choices and Challenging the Wireless Industry in 2013*

### Summary of Q4 Results:

- Net customer additions were 61,000 for the fourth quarter, an improvement of 587,000 over the fourth quarter of 2011 and 203,000 for full year 2012, an improvement of 752,000 over full year 2011.
- Branded prepaid customers grew for the sixth consecutive quarter, with 166,000 customer additions in the fourth quarter and more than 1 million customer additions for the year
- Fourth quarter branded contract churn reduced to 2.5%, an improvement of 50 basis points year-on-year
- Growth in Monthly4G plans drove branded prepaid ARPU to \$27.69, up 11.2% year-on-year
- Branded contract data ARPU of \$20.07 increased sequentially by 3.2% and by 10.7% year-on-year
- Total revenues were \$4.9 billion, marking the second consecutive quarter of sequential growth and a decrease of 5.2% from fourth quarter of 2011
- Adjusted OIBDA of \$1.0 billion decreased 15% sequentially and 25% year-on-year largely due to higher planned quarterly advertising expenses, promotional programs and retention efforts

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**BELLEVUE, Wash. – February 28, 2013** – As T-Mobile USA, Inc. (“T-Mobile”) closed out its fourth quarter, the Company continued to generate business momentum by executing its Challenger strategy, while laying the groundwork for its unique ‘Un-carrier’ initiatives aimed at changing the rules of wireless. Evidence of this continued momentum is clearly demonstrated by fourth quarter results, which include an increase in net customers, a year-on-year reduction in branded contract churn, an agreement with Apple to bring products to market together in 2013, a transition to more customer-focused Value plans and an accelerated network modernization program.

John Legere, President and CEO of T-Mobile USA, explains, “T-Mobile finished 2012 on a strong note, providing a foundation for executing even bigger game-changing moves in 2013. As the ‘Un-carrier’, our promise is simple. You will see us put customers at the center of everything we do going forward, and that means giving them fair and simple wireless experiences in a way that other carriers never have before.”

T-Mobile continues to make significant progress executing the five elements of its Challenger Strategy, the Company’s playbook for challenging the industry status quo with a disruptive approach.

### Amazing 4G Services

As part of the Company’s ongoing commitment to provide customers with a game-changing network experience, T-Mobile has completed technology enhancements to improve its network voice and data coverage in 49 metropolitan areas, enhancing the already powerful 4G experience that it currently delivers. Today, T-Mobile announced that it has completed upgrades in several new metro areas, including Orlando, FL, Ann Arbor, MI, and Richmond, VA. The Company’s HSPA+ network currently serves 225 million people nationwide, with 142 million people covered by 4G on 1900 MHz spectrum. T-Mobile is also accelerating the launch of its Long Term

Evolution (LTE) service and will now reach 100 million people with LTE by mid-2013 and more than 200 million people with LTE by the end of the year. LTE networks have been completed in Las Vegas, NV and Kansas City, MO and are ready for customers as LTE devices launch in 2013.

### **Value Leader**

Value plans continue to grow rapidly in popularity, with 1.3 million customers choosing the plans during the fourth quarter. T-Mobile now has more than six million customers on its Value plans – or 30% of its branded contract base, up from 23% at the end of the third quarter. T-Mobile’s “bring your own device” (BYOD) program continues to gain momentum as customers seek better network service at more affordable prices. Approximately 100,000 iPhone customers every month are making the switch to T-Mobile under the BYOD plans, bringing the total number of iPhone users currently on the T-Mobile network to more than 2 million. Taken together, these initiatives are aimed at enhancing the Company’s overall competitive position and initiating a return to positive growth in the branded contract customer segment. In the fourth quarter, branded contract revenues declined sequentially by 4.3% to \$3.4 billion and 13.9% year-on-year, reflecting the increased sales of Value plans and the loss of branded contract customers. The popularity of Value plans also resulted in branded contract ARPU of \$55.47, a decline of 2.0% sequentially and 4.7% on a year-on-year basis. However, these declines were partially offset by higher equipment revenues, resulting in a sequential increase in total revenues.

T-Mobile continues to offer a wide selection of popular Samsung smartphones, including the Samsung Galaxy S<sup>®</sup> III, Samsung Galaxy S<sup>®</sup> II and the Samsung Galaxy Note<sup>®</sup> II. The Company’s product lineup will be further enhanced when it begins offering Apple products this year.

### **Trusted Brand**

At Deutsche Telekom’s Capital Markets Day in December 2012, T-Mobile announced its bold ‘Un-carrier’ strategy featuring an aggressive move to Value plans with a straightforward rate structure that provides customers with unmatched value for their device, and fair, simple and transparent pricing for voice and data service.

Importantly, T-Mobile is on track to close the merger with MetroPCS in the first half of 2013, a combination that will create the premier challenger in the U.S. wireless market. “We are looking forward to the merger of T-Mobile USA and MetroPCS. This combination will substantially benefit the shareholders and customers of both companies by creating the leading wireless value carrier with expanded scale, spectrum and financial resources to compete across the entire U.S. market,” said René Obermann, CEO of Deutsche Telekom.

### **Multi-Segment Player**

The Company increased the number of customers served through its Mobile Virtual Network Operator (MVNO) partnerships by 275,000 during the quarter, an almost five-fold increase from the same period in 2011. The B2B segment continued to demonstrate momentum against the growth plans put in place in mid-2012. The

B2B channel grew during the fourth quarter, particularly among small and mid-market businesses such as Alternatives Unlimited Inc. and Creative Mobile Technology. Other notable wins during the quarter included SAP and Nokia Siemens Networks (NSN). Overall, the number of B2B customers (Corporate, Government and Individual Liabile subscribers) grew by 7% year-on-year to 6.4 million, compared to the 5% growth rate in the third quarter of 2012.

### **Challenger Business Model**

The Company exceeded its previously stated goal of \$900 million in annual gross cost savings for 2012, which enabled investment in its Challenger strategy initiatives. T-Mobile will continue to look for opportunities to reduce overhead and other operational costs without adversely impacting its customer experience and network operations. This includes re-evaluating the Company's cost structure and eliminating initiatives that do not fit the 'Un-carrier' value proposition and business model. These cost savings, which will be largely reinvested into the Company, are an essential part of laying the foundation for successfully executing the 'Un-carrier' value proposition in the market.

"These milestones, combined with our plans to bring products to market with Apple and the 'Un-carrier' value proposition that we are prepared to launch in 2013, promise to bring a new, fiercely competitive T-Mobile to market," continued Legere. "With our expanded scale, spectrum and financial resources, the new T-Mobile will be the value leader in the US, challenging the legacy, utility-like providers, and bringing new choices to customers, as well as a unique growth opportunity for investors."

### **Quarterly Financial Results:**

For more detailed summary of T-Mobile's fourth quarter 2012 financial results including selected data tables and definitions of terms, please see the separate financial results release.

## Forward-Looking Statements

This news release includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The statements in this news release regarding the business outlook, expected performance and forward-looking guidance, as well as other statements that are not historical facts, are forward looking statements. The words “estimate”, “project”, “forecast”, “intend”, “expect”, “believe”, “target”, “providing guidance” and similar expressions are intended to identify forward looking statements.

Forward-looking statements are estimates and projections reflecting management’s judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, customer and network usage, customer growth and retention, pricing, operating costs, the timing of various events and the economic and regulatory environment.

### About T-Mobile USA

Based in Bellevue, Wash., T-Mobile USA, Inc. is the U.S. wireless operation of Deutsche Telekom AG (OTCQX: DTEGY). By the end of the fourth quarter of 2012, approximately 132.3 million mobile customers were served by the mobile communication segments of the Deutsche Telekom group — 33.4 million by T-Mobile USA — all via a common technology platform based on GSM and UMTS and additionally HSPA+ 21/HSPA+ 42. T-Mobile USA’s innovative wireless products and services help empower people to connect to those who matter most. Multiple independent research studies continue to rank T-Mobile USA among the highest in numerous regions throughout the U.S. in wireless customer care and call quality.

In order to provide comparability with the results of other US wireless carriers, all financial amounts are in US dollars and are based on accounting principles generally accepted in the United States (“GAAP”). T-Mobile USA results are included in the consolidated results of Deutsche Telekom, but differ from the information contained herein as, among other things, Deutsche Telekom reports financial results in Euros and in accordance with International Financial Reporting Standards (IFRS).

For more information, please visit <http://www.T-Mobile.com>. T-Mobile is a federally registered trademark of Deutsche Telekom AG. For further information on Deutsche Telekom, please visit [www.telekom.de/investor-relations](http://www.telekom.de/investor-relations).

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