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April 15, 2010

EX PARTE

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

**Re: Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25**

Dear Ms. Dortch:

Over the past several years, Sprint, T-Mobile and other proponents of government-mandated reductions in special access rates have sought to justify their demand for a return to monopoly-era rate-of-return regulation based on the purported dearth of alternatives to incumbent local exchange carrier ("ILEC") special access services and the inability of competitors to justify investment in competitive facilities and services. While AT&T and others have refuted these claims with extensive evidence of the ready availability of competitive alternatives, these parties have opposed Commission efforts to gather the data needed to evaluate their claims (*i.e.*, data concerning actual and potential competitive alternatives to ILEC special access services), calling instead for the Commission to focus on flawed proxies such as inherently arbitrary regulatory accounting rate-of-return data. Recent reports by special access customers and competing providers dramatically illustrate the critical need for the Commission to call these parties' bluff and collect comprehensive and verifiable data on the wide-spread availability of alternatives to ILEC special access services. These reports also refute Sprint's oft-repeated assertion (with no documentation or other support) that microwave wireless is not a suitable alternative for its 3G wireless backhaul requirements, notwithstanding other wireless carriers' extensive use of microwave for 3G backhaul and Sprint's own nearly exclusive reliance on microwave backhaul for its 4G wireless service.

***Recent Reports On The Availability Of Alternatives To ILEC Special Access.*** Just last month, T-Mobile released a report to investors touting the large and growing availability of competitive alternatives to ILEC special access services, and which, it projects, will result in a free-fall in backhaul costs to a small fraction of existing levels by this time next year. Specifically, T-Mobile reported that it:

- *already uses* "alternative backhaul providers" for more than *40 percent* of its 3G cell sites,
- plans to increase its use of alternative backhaul to more than *75 percent* by the first half of 2011, and

- expects its backhaul cost per megabit to fall by 90 percent during this period.<sup>1</sup>

Insofar as T-Mobile's network covers more than 95 percent of the U.S. population (about 293 million people),<sup>2</sup> T-Mobile's ability to use non-ILEC facilities for backhaul to 75 percent of its cell sites vividly illustrates that ILECs face intense competition throughout the U.S., in urban, suburban and rural areas. As T-Mobile explained at one of the Commission's National Broadband Plan Workshops, "competitive forces work in metro areas where there's a lot of fiber, be that from the utility company, from the cable company, from the existing, you know, telco provider" and "as you move to suburban fringe and rural areas . . . there are good microwave solutions, as Ed [Evans, Stelera Wireless] mentioned, and some carriers are totally deploying their back haul solutions on a microwave basis."<sup>3</sup>

Other wireless carriers, large and small, have likewise reported that they have ready access to alternatives to ILEC DSn-level special access services, even in very rural areas. For example, US Cellular Corp. has reported that it "makes very extensive use of . . . common carrier microwave facilities to link its base stations with each other and with USCC's switches;"<sup>4</sup> and, indeed, already has such backhaul facilities to at least 40 percent of its cell sites.<sup>5</sup> Similarly, both AT&T and Verizon have documented their own substantial use of microwave backhaul solutions.<sup>6</sup> And, Hilbert Communications, which "offers roaming network services throughout Wisconsin for about 30 carriers," recently reported that it will be "eliminating the 150 leased T1 lines that it uses to connect its cell sites" and that it will replace them with microwave wireless backhaul facilities.<sup>7</sup>

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<sup>1</sup> See Presentation by Robert Dotson (CEO and President, T-Mobile USA) & Brian Kirkpatrick (CFO, T-Mobile USA), *T-Mobile USA: Regaining U.S. Market Position*, Deutsche Telecom Investor Day, at 21, March 18, 2010 (attached hereto).

<sup>2</sup> See [http://www.t-mobile.com/Company/CompanyInfo.aspx?tp=Abt\\_Tab\\_CompanyOverview](http://www.t-mobile.com/Company/CompanyInfo.aspx?tp=Abt_Tab_CompanyOverview).

<sup>3</sup> See Neville Ray, *National Broadband Plan Workshop; Wireless Broadband Deployment – General Transcript*, at 45-46 (Aug. 12, 2009), available at [http://www.broadband.gov/docs/ws\\_03\\_deploy\\_wireless\\_transcript.pdf](http://www.broadband.gov/docs/ws_03_deploy_wireless_transcript.pdf).

<sup>4</sup> Comments of U.S. Cellular Corporation ("USCC"), *Request of Alcatel-Lucent, et al. For Interpretation of 47 C.F.R. § 101.141(a)(3) To Permit The Use Of Adaptive Modulation Systems*, WT Docket No. 09-106, at 1 (filed Jul. 27, 2009).

<sup>5</sup> In July 2009, USCC reported that it had 2,350 microwave backhaul connections, *id.*, out of about 6,400 total cell sites, available at [http://en.wikipedia.org/wiki/U.S.\\_Cellular](http://en.wikipedia.org/wiki/U.S._Cellular) (last checked April 14, 2010). USCC thus has microwave backhaul connections to approximately 40 percent of its cell sites.

<sup>6</sup> See, e.g., Supplemental Comments of AT&T Inc., *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, at 16-17 & attached Declaration of Parley Casto, ¶¶ 22, 25, 49-50 (filed Aug. 8, 2007); Comments of Verizon, *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, at 28 & attached Wells Decl., ¶¶ 6-7 (filed Aug. 8, 2007).

<sup>7</sup> Jessica Scarpati, *Rural Wireless Operator Ditches T1s For Microwave Backhaul Plan*, Telecom News, Feb. 25, 2010, available at [http://searchtelecom.techtarget.com/news/article/0,289142,sid103\\_gci1394530,00.html](http://searchtelecom.techtarget.com/news/article/0,289142,sid103_gci1394530,00.html).

Recent reports by and about cable companies and microwave wireless providers further confirm the wide-spread and rapidly expanding availability and adoption of intermodal alternatives to ILEC special access services. On March 8, 2010, for example, Time Warner Cable announced that it “tripled its backhaul revenue last year alone,”<sup>8</sup> and that “wireless backhaul, has become Time Warner Cable’s fastest-growing business.”<sup>9</sup> On February 26, 2010, Comcast was reported to have “contracts for more than 2,000 cell tower connections,”<sup>10</sup> and on March 3, 2010, Comcast reported that it is “consolidating some call centers [and] . . . warehouses” to free assets for “invest[ment] in business services,”<sup>11</sup> and that Comcast is going to expand its business unit by “hir[ing] 500 people this year.”<sup>12</sup> On February 26, 2010, it was reported that, for Cox Communications, “cell backhaul and other wholesale services now account for 10 percent to 11 percent of its total commercial revenue, and it expects cell backhaul to generate more than half of its wholesale revenue by 2011,” and that “[e]ven cash-strapped Charter Communications, Inc., which recently emerged from bankruptcy protection, has jumped onto the bandwagon and is serving more than 400 cell towers, with another 500 in the pipeline.”<sup>13</sup>

As for microwave wireless carriers, a March 24, 2010, article reports that Deloitte and Touche recently named FiberTower as “[a]mong [the] 500 fastest growing technology companies in the U.S.”<sup>14</sup> Further, industry analysts for Ovum recently explained that the “large deployments of microwave for backhaul . . . in North America” have catalyzed investment and innovation by microwave backhaul equipment vendors, which recently presented their wares at a CTIA conference.<sup>15</sup> For example, “Aviat Networks . . . announced an OEM agreement with E-Band Communications for its 70/80GHz E-Link 1000EXR GigE radio, Bridgewave Communications,

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<sup>8</sup> Chris Ziegler, *Time Warner Cable Offering Its Tubes To AT&T, Verizon*, Engadget, March 8, 2010, available at <http://www.engadget.com/2010/03/08/time-warner-cable-offering-its-tubes-to-atandt-verizon>.

<sup>9</sup> Kelly Riddell and Amy Thomson, *iPhone Network Jams Open Market for Time Warner Cable*, Bloomberg.com, March 8, 2010, available at <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=acJphbq1GYa8>.

<sup>10</sup> *Cellular Backhaul: Is There Gold in Them Thar Towers?*, Light Reading Cable, February 26, 2010, available at [http://www.lightreading.com/document.asp?doc\\_id=188451&site=lr\\_cable](http://www.lightreading.com/document.asp?doc_id=188451&site=lr_cable).

<sup>11</sup> Joseph N. Distefano, *Comcast ‘to hire 500’ for business sales*, March 3, 2010, available at [http://www.philly.com/philly/business/Comcast\\_hiring\\_500\\_for\\_business\\_sales.html](http://www.philly.com/philly/business/Comcast_hiring_500_for_business_sales.html).

<sup>12</sup> *Id.*

<sup>13</sup> *Cellular Backhaul: Is There Gold in Them Thar Towers?*, Light Reading Cable, February 26, 2010, available at [http://www.lightreading.com/document.asp?doc\\_id=188451&site=lr\\_cable](http://www.lightreading.com/document.asp?doc_id=188451&site=lr_cable).

<sup>14</sup> FiberTower Corporation Presentation, CTIA Investor Day Presentation, Slide 4 (March 24, 2010), available at <http://www.fibertower.com/corp/downloads/investors/FTWR%20Investor%20Deck%202010.pdf>.

<sup>15</sup> Ron Kline, *CTIA recap: infrastructure vendors battle for wireless growth*, Ovum, March 2010, available at <http://www.ovum.com/news/euronews.asp?id=8530>.

Ceragon, DragonWave, Exalt, Nera Networks, and Trango Systems showcased their latest packet microwave systems,” and Nokia Siemens “had its new FlexPacket microwave on display.”<sup>16</sup> According to Ovum, “[t]he bottom line is [that] the microwave systems vendors are responding to 4G opportunities and the threat of fiber-based backhaul by increasing system capacities and reducing footprint while providing an economical alternative.”<sup>17</sup>

These recent reports vividly illustrate the critical need for the Commission to collect the available data regarding competitive provision of alternative special access services and subject it to adversarial scrutiny. Contrary proposals to ignore intermodal competition from cable and wireless providers are lawless and unsustainable.

***These Reports Further Refute Sprint’s Claims That Microwave Backhaul Is Not A Viable Alternative.*** Notwithstanding the overwhelming record evidence of widespread use of microwave backhaul facilities by other wireless carriers, large and small, Sprint continues to assert that it somehow lacks alternatives to ILEC special access service for DSn-level mobile wireless backhaul services to support its 3G network. In its latest *ex parte* letter Sprint even asserts that it generally is not *feasible* to use microwave wireless services as an alternative to ILEC special access.<sup>18</sup>

Given the publicly available facts discussed above, these assertions are not remotely credible. The notion that Sprint lacks competitive alternatives today is flatly refuted by the facts that T-Mobile – another national wireless company – already uses alternative suppliers for 40 percent of its backhaul needs and expects to increase that to 70 percent later this year and to 75 in the first half of next year, and that other rural wireless suppliers are switching completely to alternative suppliers for all of their backhaul needs.

Sprint’s assertion that microwave backhaul services are not feasible alternatives to ILEC special access services is especially far-fetched. Sprint is betting its entire future on the availability and quality of microwave backhaul services. Its 4G service relies on Clearwire’s Wi-Max network, and Clearwire has stated that *90 percent* of its wireless network is served by microwave backhaul.<sup>19</sup> Sprint appears to be suggesting that wireless backhaul is somehow less appropriate for its legacy 3G backhaul requirements. But, as noted, T-Mobile, AT&T, Verizon, U.S. Cellular and others already are using wireless backhaul for their 3G networks. Moreover, Sprint has admitted elsewhere that microwave wireless backhaul facilities are *already available* for and used for its 3G towers: “In

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<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> See Letter from Charles W. McKee (Sprint) to Marlene H. Dortch (FCC Secretary), *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25 (filed April 6, 2010).

<sup>19</sup> Yankee Group 4G Network Backhaul Summit, *PowerPoint Presentation of John Saw, CTO Clearwire* (Sept. 15, 2009) (“90% of Clearwire cell sites use microwave backhaul; Largest wireless backhaul network in North America”; “Rapid rollout,” “Very low recurring costs,” “Tremendous scalability, 50 Mbps – 1 Gbps of backhaul per site”).

many locations, Clearwire is using Sprint towers for its WiMAX base stations and *is upgrading the backhaul infrastructure to support both its 4G network and Sprint's 3G traffic requirements.*"<sup>20</sup>

As these recent reports regarding the availability of alternative backhaul services make clear, it is time for the Commission finally to require Sprint and other proponents of special access re-regulation to submit verifiable data regarding their actual and potential competitive alternatives to ILEC special access services and to subject that data to scrutiny pursuant to the terms of an appropriate protective order. Only then can the Commission assess the true extent of such alternatives, and thus be in any position to evaluate whether any changes to the Commission's existing special access regulatory regime are necessary.

Sincerely,

/s/ Christopher M. Heimann

cc: Priya Aiyar  
John Giusti  
David Goldman  
Bruce Gottlieb  
Angela Kronenberg  
Christine Kurth  
Louis Peraertz  
Jennifer Schneider  
Christi Shewman  
Sharon Gillett  
Ruth Milkman  
Paul de Sa  
James Schlichting  
Nicholas Alexander  
Paul Murray  
Albert Lewis

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<sup>20</sup> Berge Ayvazian, *Sprint Path to 4G: Integrating CDMA/EV-DO and Mobile WiMAX*, 4G Trends, May 27, 2009, available at <http://4gtrends.com/?p=915=1>.

# Deutsche Telekom Investor Day. T-Mobile USA: Regaining U.S. Market Position.

March 18, 2010

Robert Dotson, CEO and President – Brian Kirkpatrick, CFO



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# Outline.

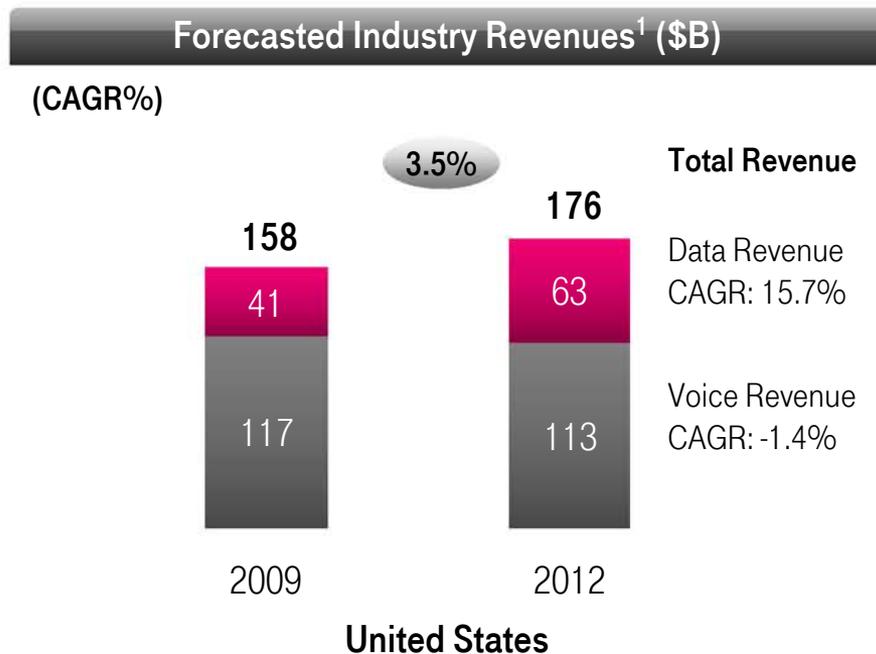
**1. Industry position**

2. Regaining momentum

3. Q&A



# US wireless market will continue to grow driven by data growth.



1) Revenues represent service revenues only. Data includes messaging. Source: UBS.

# Healthy US business economics.

## Consumer Attributes

### USA

### Western Europe

#### Higher ARPU

- \$50 = Wireless ARPU

- \$35

#### Greater propensity to spend in category<sup>1</sup>

- \$240 = Monthly comms & entertainment spend per household

- \$130

#### High and growing consumer usage

- 850 MOU = Voice usage per month
- 300MB = Smartphone usage per month

- 300 MOU
- 200 MB

#### Innovation Adoption

- Rapid Android adoption
- Device acceptance and proliferation – Kindle, iPhone, etc.

- Skype, SMS, Netbooks

#### Opportunity for Differentiation

- Four+ national carriers to serve 310M people

- Multiple brands, MVNOs per country w/ similar networks



# Headwinds impacted 2009 performance.

## Economic downturn

- High impact on T-Mobile customer dominated portfolio

## Customer behavior

- ARPU erosion, less roaming, downsized tariffs

## 3G Offerings

- 24 months late

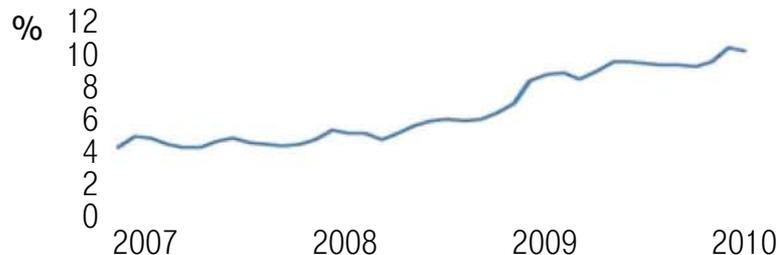
## iPhone

- Unprecedented demand for iconic devices

## Churn

- Value competition, mix shift away from high quality customers

## US Unemployment Rate – Consumers still struggling

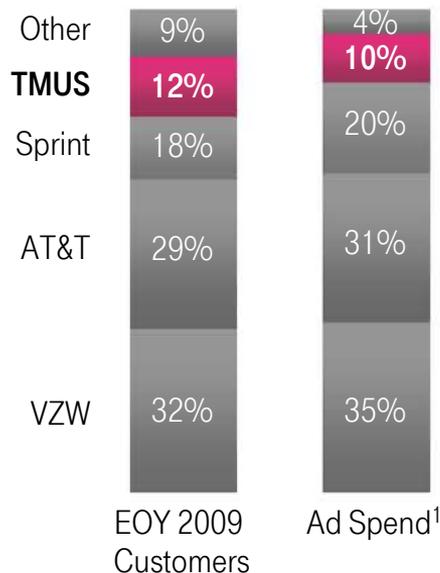


## T-Mobile USA Port Outs to AT&T



# Competing against bigger players nothing new for T-Mobile USA.

## Industry Share



## Competitor Positioning



- Largest network – acquisition of 15M Alltel customers
- New attack on low end – StraightTalk



- iPhone ≈ 60% of new adds



- Attacking low end with Boost & Virgin brands
- Leveraging Clear for 4G speed to market



- Network buildouts and market launches continue
- Battling product, MVNO, and sub-branded offerings from national players

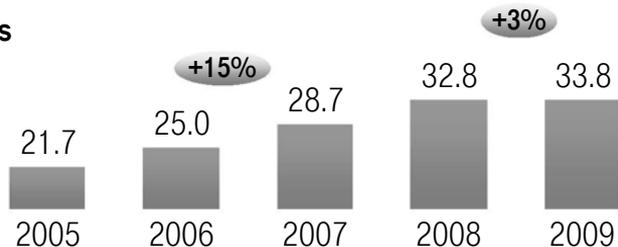


1) Trailing 12 months.

# Historically strong customer trends slowed in 2009.

## T-Mobile USA Customers (CAGR in %)

millions

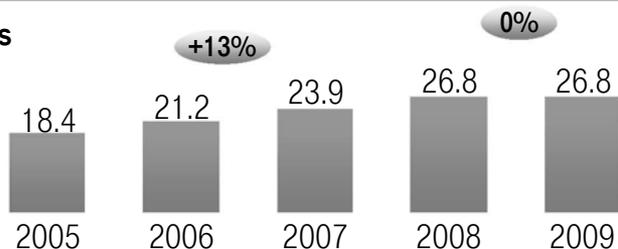


## Historical Subscriber growth

- Strong growth in consumer segments
- Focus on rate plan innovation, i.e. myFaves, FlexPay
- Voice and messaging value centric

## T-Mobile USA Contract Customers (CAGR in %)

millions



## 2009 Subscriber growth

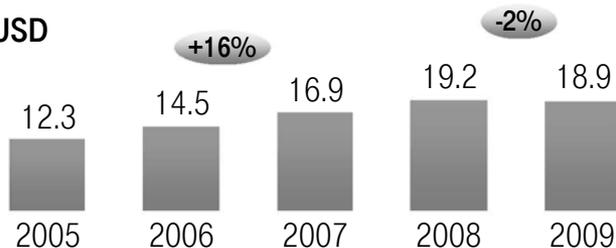
- Slower subscriber growth especially in contract segment
- Impacted by economy, iPhone, lack of nationwide 3G network, pricing
- 2008 supported by strong *FlexPay Contract* growth



# Historic revenue growth fueled by customer adds – faster growth than industry.

## T-Mobile USA Service Revenue (CAGR in %)

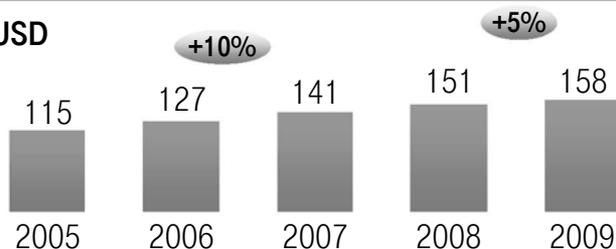
in bn. USD



- Pressure on ARPU resulted in 2009 Revenue decline

## Industry Revenue<sup>1</sup> (CAGR in %)

in bn. USD



- Industry revenue growth continued to slow in 2009, compounding TMUS headwinds

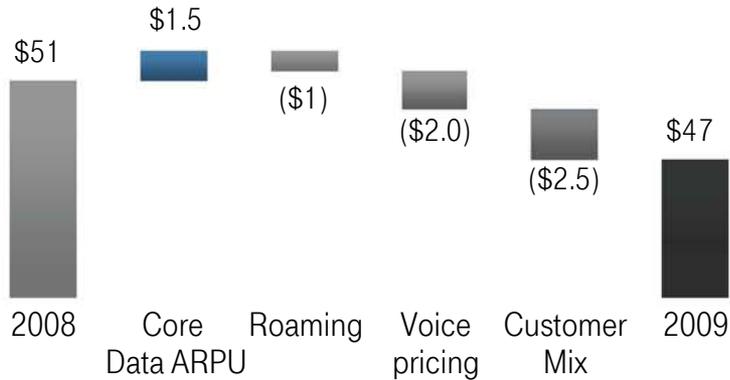


All financial measures per US GAAP.

1) Source: CTIA (2005-2008), UBS (2009).

# Data growth not sufficient to offset voice declines in 2009.

## Blended ARPU 2008 vs. 2009



- Roaming down significantly in 2009
- Price moves to retain value position
- Data revenues grow but competitive gap grows

## Data ARPU (\$) – Sprint post pay only



## 3G Covered POPs (M)<sup>1</sup>

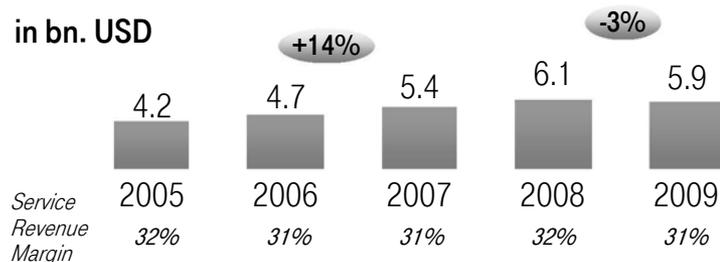


1) Company reports and TMUS estimates. All financial measures per US GAAP.

# Cost actions held margins in 2009.

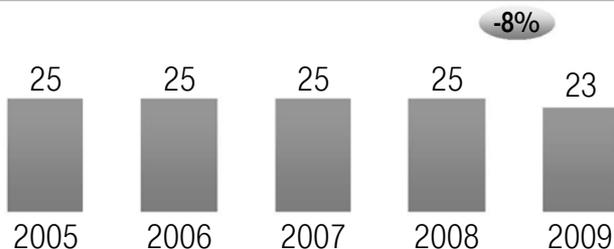
## T-Mobile USA OIBDA (CAGR in %)

in bn. USD



## T-Mobile USA Cash Cost Per User (CCPU)

in USD

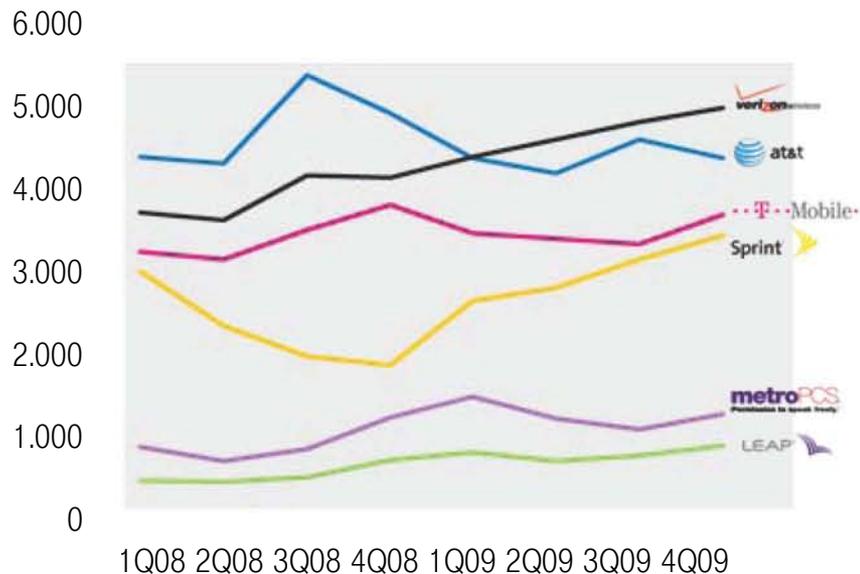


- Generated profitable growth in past while driving strong customer additions
- 2009 margin nearly flat despite revenue decline
- Evolved cost structure
  - Roaming overbuild
  - Alternative access (Backhaul)
  - Procurement
- Other cuts to offset revenue declines
  - G&A
- Net CCPU reduction of \$2



# Top line stability with lowest CPGA among national carriers.

## Retail Gross Adds<sup>1</sup> ('000s)



## Cost per Gross Add<sup>2</sup>

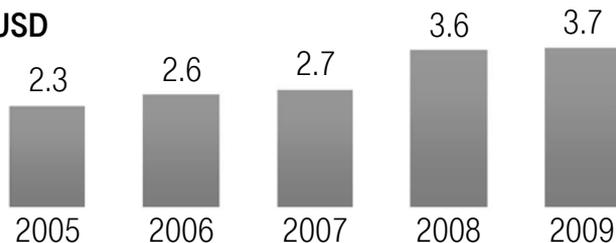


1) CSFB Q4 09 Wireless Trend Review.  
 2) J.P. Morgan, Telecom Trends: Dissecting 4Q09 Wireless Trends.

# Stable Operating FCF despite aggressive 3G buildout.

## T-Mobile USA Cash CAPEX (PP&E)

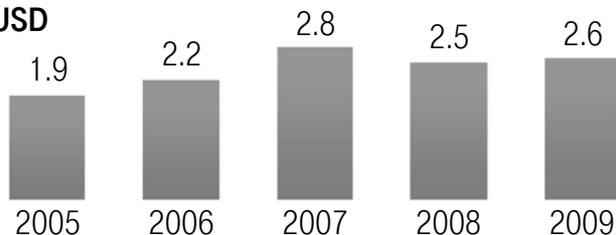
in bn. USD



- Deployed  $\approx$  70% of 2008-09 CAPEX against critical growth drivers
  - 3G buildout
  - Coverage enhancements
  - Distribution expansion

## T-Mobile USA Operating Free Cash Flow (OFCF)<sup>1</sup>

in bn. USD



- Expect lower CAPEX in 2010



<sup>1</sup>) OFCF is Adj. EBITDA minus cash CAPEX minus change in working capital.  
All financial measures per US GAAP.

# Outline.

1. Industry position

**2. Regaining momentum**

3. Q&A



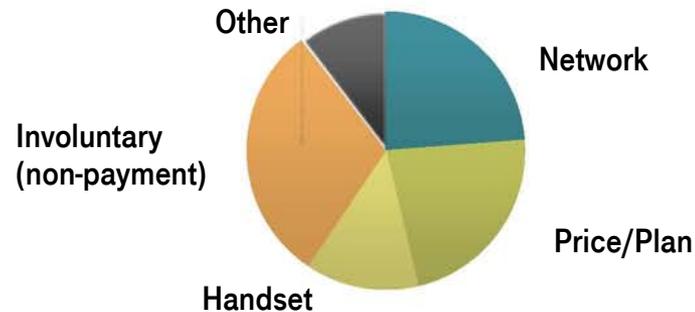
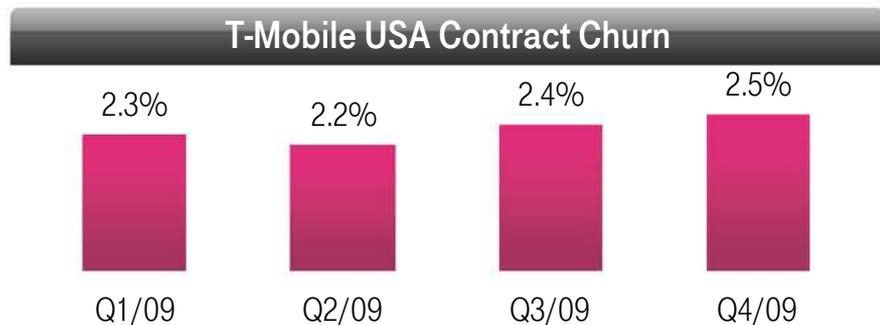
# Focused plan of attack to regain market position.

## **Stabilize fundamentals today and position for 2010-2011 growth**

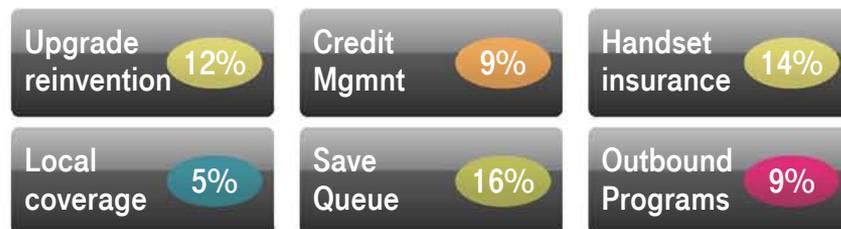
1. Attack top 6 churn reduction opportunities
2. Leverage expanded 3G network
3. Leverage Android OS and device portfolio
4. Aggressive value pricing for voice and data services
5. Driving to major distribution partnerships
6. HSPA+ deployment is America's biggest and fastest 3G+ network
7. Continue driving cost efficient operations



# Churn opportunity is single biggest economic driver.



- Activities aligned against top  $\approx 65\%$  of near term churn opportunity

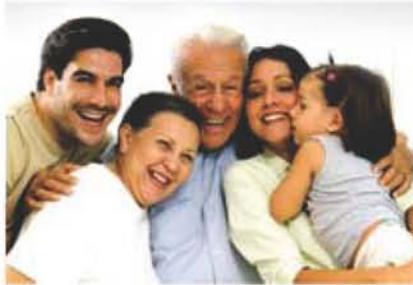


# Brand anchored in the consumer space.

## Primary Target: Value Conscious Families

### Win Segment: Hispanics

50M consumers  
50% of 10yr US pop growth  
TMUS index 183%



### 120M consumers



### Win Segment: Young and Social

40M consumers  
Rapid uptake of new mobile services  
TMUS index 125%



### Drafting Segments

Business customers  
Single lines  
Value indifferent customers in strength markets

### Wholesale opportunities

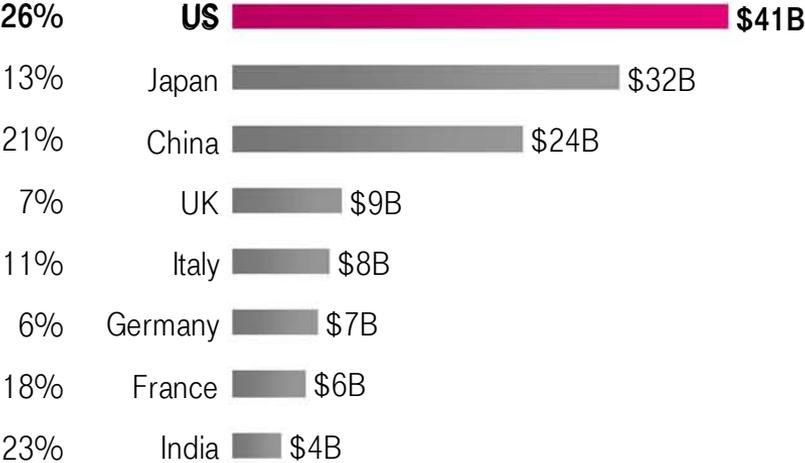
Credit challenged  
Ethnic micro segments  
Minimalists



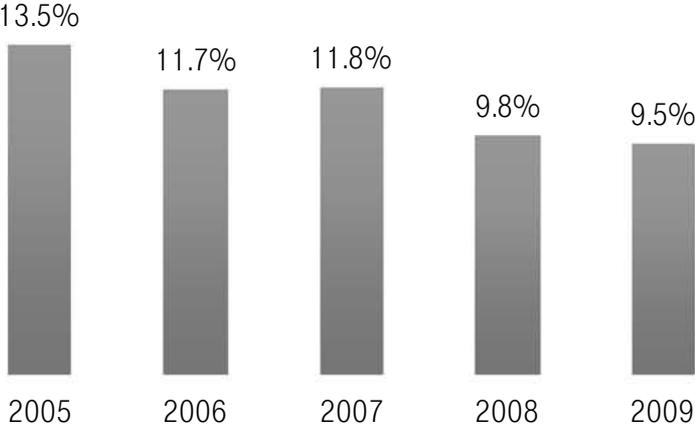
# US data market remains most attractive globally.

## 2009 Wireless Data Revenue

YoY Growth (%)



## T-Mobile USA Share of 'Big 4' Data Revenue



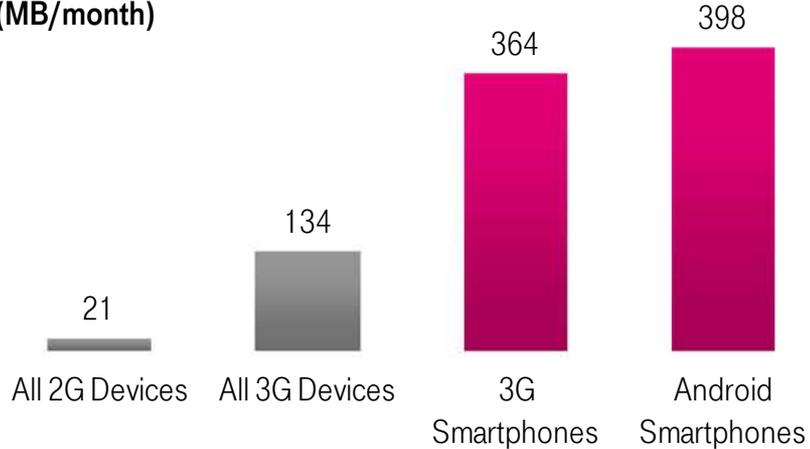
Huge opportunity to recapture lost share



# Data demand exploding.

## Data consumption by device type – TMUS 4Q2009

(MB/month)



**Network + devices = opportunity**

## U.S. Data Usage in TB/Day

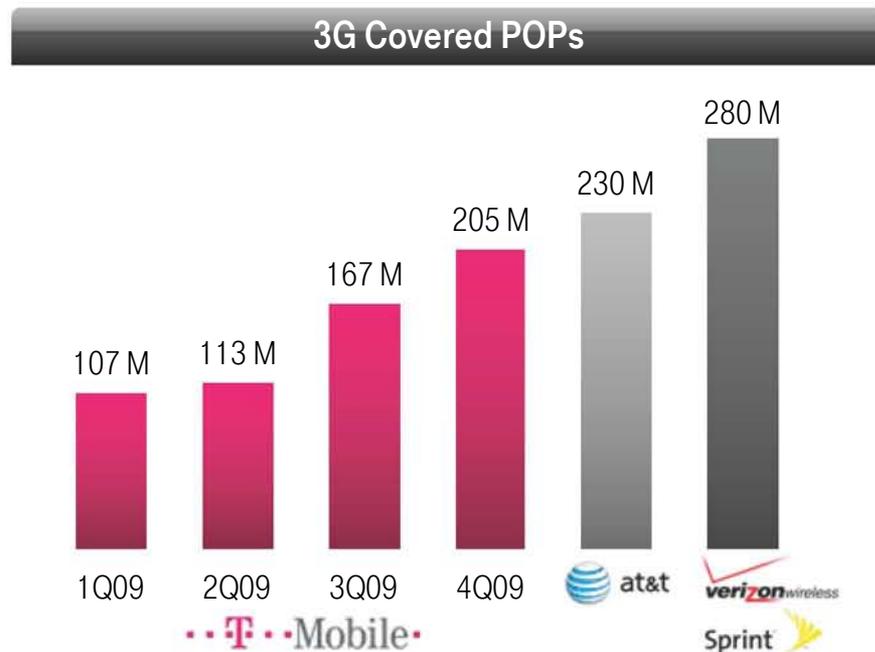


- Mobile Internet usage lagging fixed line usage forecasts by eight years
- Opportunity to monetize rampant growth in demand for foreseeable future



# Network buildout.

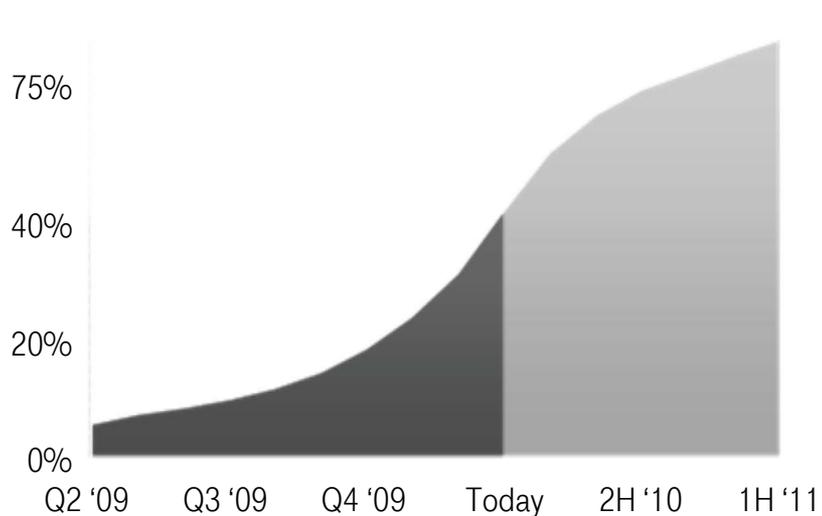
- Focusing on national scale
- Decreasing dependencies on roaming partners
  - Overbuilt 13% of roaming footprint by end of 2009
- Continuing to develop partnerships to deploy fiber for optimized backhaul capacity and cost
- Launched HSPA+ (21 Mbps) network build
  - HSPA+ upgrade  $\approx$  90% complete by EOY 2010



# Using alternate backhaul providers to reduce costs.

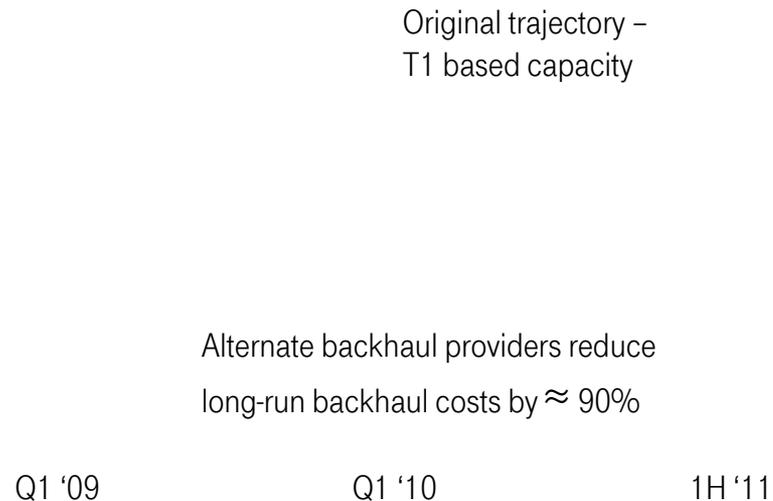
## Sites with alternate backhaul providers

% of 3G Cell Sites



## Alternate backhaul cost impact

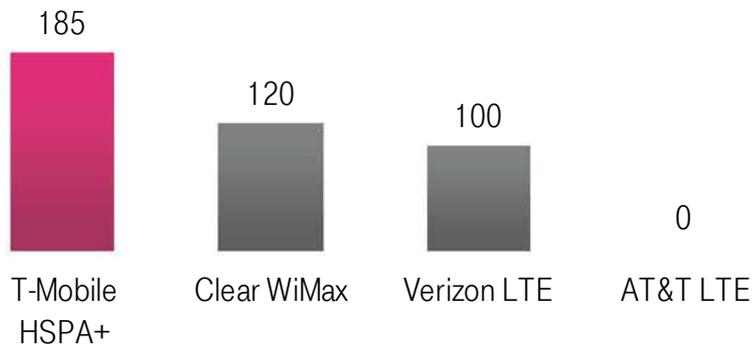
\$ per MB



# HSPA+ Yields Most Capable 3G+ National Network in 2010-2011.

## EOY 2010 Covered POPs

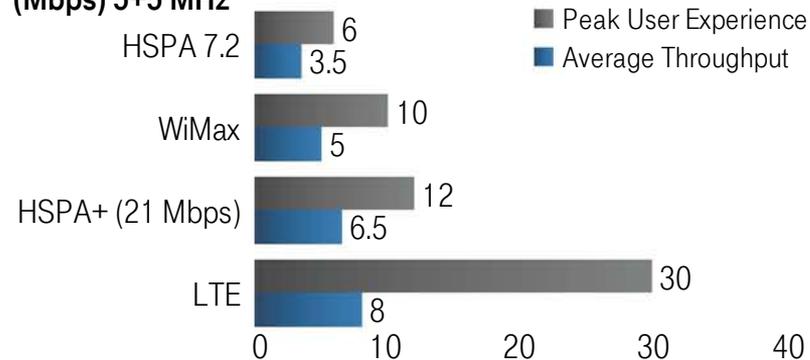
(>5 Mbps nominal average throughput)



"...T-Mobile could very well become the dark horse in the mobile broadband race..."

## Real world throughput<sup>1</sup>

(Mbps) 5+5 MHz



"...T-Mobile's new HSPA+ network sends other 3G networks running away in tears..."



1) HSPA+: TMUS Market Trial Results; LTE: Verizon Trial Results (interpreted); WiMax: Clearwire Press Release (9/15/09). Sources: Company reports and TMUS estimates.

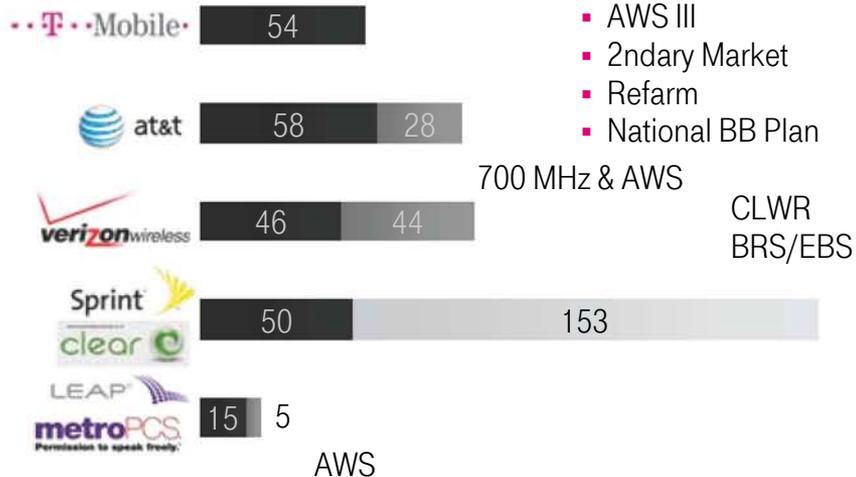
# Viable spectrum position – Pursuing options for the future.

## Average Spectrum Depth

(MHz, top 100 market)

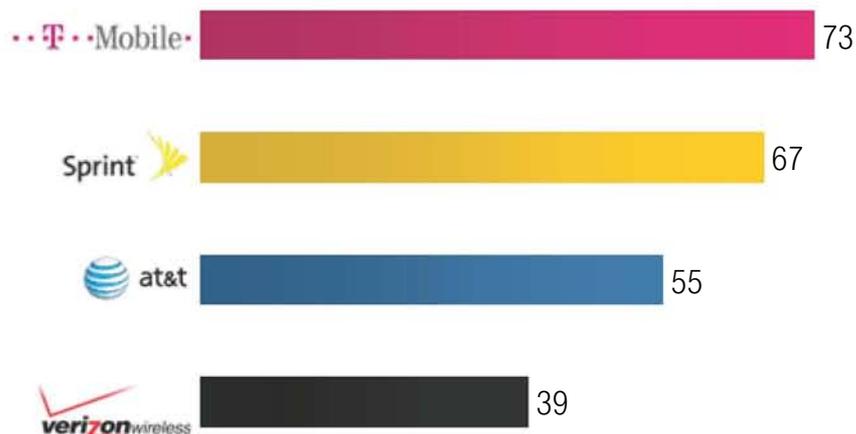
### LTE options include

- 700 D Block
- AWS III
- 2ndary Market
- Refarm
- National BB Plan



## Spectrum Freeboard: Most capacity in the industry

(Site\*Hz per Subscriber)



# Innovation leadership.

## GSM/EDGE



'01 AOL IM

1<sup>st</sup>



'02 Sidekick

1<sup>st</sup>



'03 Video  
Messaging

1<sup>st</sup>



'03 Multiplayer  
Gaming

1<sup>st</sup>



'06 Even Landlines

## 3G – New Era

1<sup>st</sup>



'08 G1: Android Phone

1<sup>st</sup>



'02 Blackberry  
Wireless email

1<sup>st</sup>



'02 National Wi-Fi

1<sup>st</sup>



'07 Wi-Fi Calling

1<sup>st</sup>



'08 Hotspot @Home II  
Landline Replacement  
1<sup>st</sup> = U.S. Industry First



# 400% increase in 3G converged devices on air during 2009.

## T-Mobile USA Converged 3G devices on air

(millions)



**Converged 3G**  
Advanced & Affordable



**HSPA+ Data Sticks**  
Full 21Mbps capable



**Netbooks**  
Fastest connectivity on the go

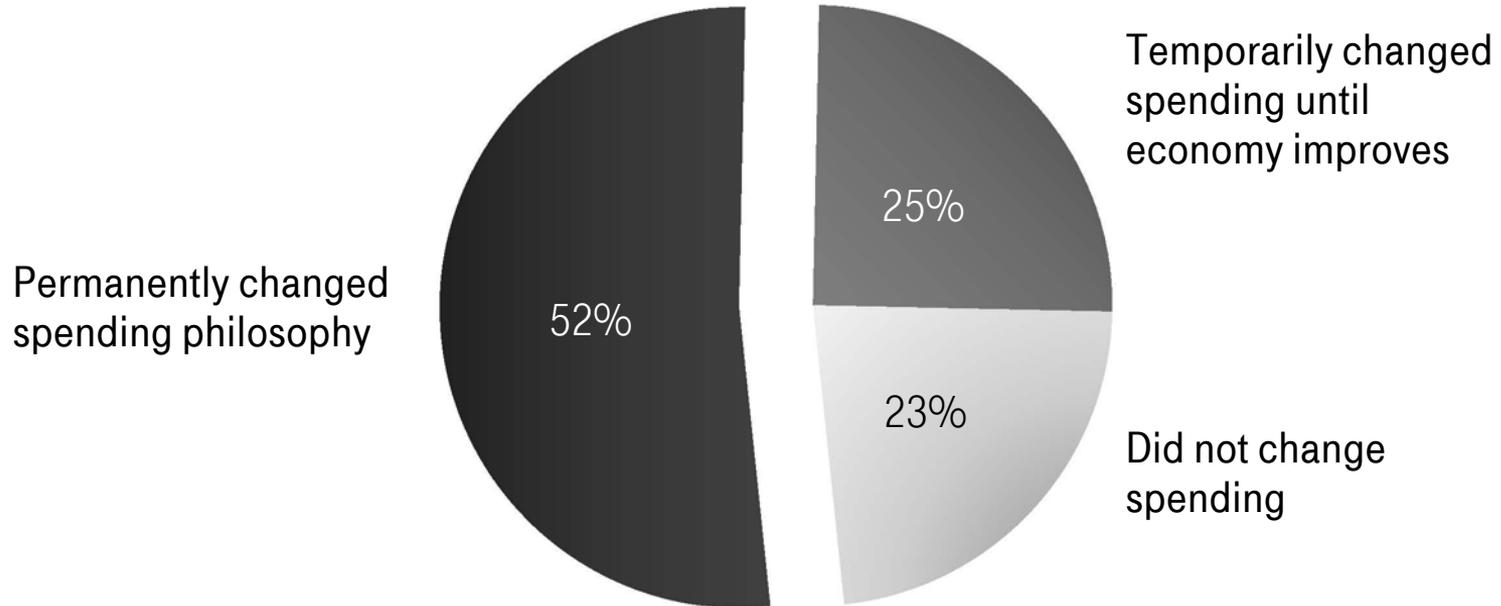


# Product strategy focused to meet the needs of target segments.

- Drive higher volumes with a smaller set of strategic vendors
- Narrow OS footprint to reduce support costs
- Challenge iPhone with iconic devices like myTouch
- Leverage Android for a consistent experience across the device lineup
- Ride the growing wave of the Android application ecosystem
- Develop proprietary services that meet customer needs



# US consumer driven by value in wake of recession.



# Unmatched track record of value leadership.

 **CallerTunes**<sup>®</sup>  
'04 Ringback tones

 **T-Mobile ToGo**  
'05 Prepaid text & data

 **my Favestm**  
'06 Even Landlines

 **\$49**  
'09 \$49 Unl loyalty offer

 **Even More**  
'09 Equipment Installment Plan

 **VoiceStream**  
**GetMore**  
'01 Free weekends  
Free FT nights  
5¢ SMS

 **SmartAccess**  
'02 Subprime offering

 **FlexPay**<sup>SM</sup>  
'07 Postpaid plans offered to subprime

 **\$49**  
'08 \$49 Unl add-a-line on FT

 **Family Allowances**  
'09 Parental control on kids' minutes

 = U.S. Industry First



# “Even More” is value delivery vehicle.

## Strategic Elements

Driving consumers to  
Unlimited Talk,  
Text, & Web

Unbundling tariff and  
device subsidy

Flexibility of equipment  
installments

Outrageous value for  
families

## T-Mobile USA Savings vs. AT&T and Verizon

### Talk, Text, & Web

Family of 5 46%

Couple 33%

### Talk

Family of 5 59%

Couple 33%

## Impacts

\$2+  
Post launch activation  
ARPU lift

> 50%  
Activations on Unlimited  
tariffs

> 50%<sup>1</sup>  
Utilizing Equipment  
Installment plans



Source: Tariff pricing from carrier websites. Excludes usage, taxes, fees, etc.

1) Of eligible customers.

# America's leading service provider.



## T-Mobile USA Rank among US Wireless Carriers

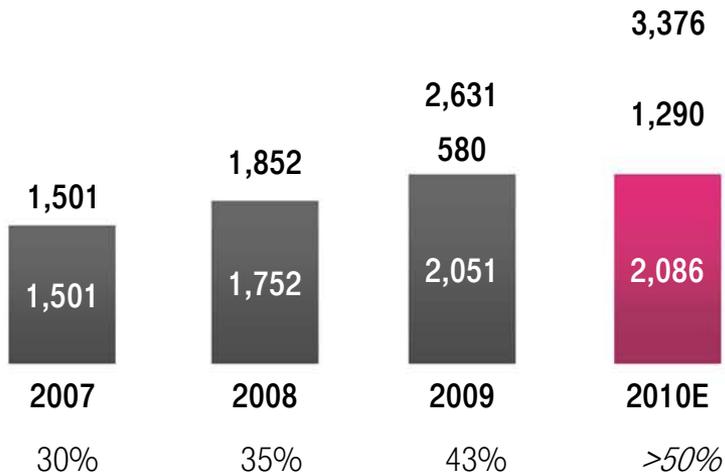
<b>Customer Care</b>	Ranked <b>1<sup>st</sup></b> in <b>8 of last 10</b> biannual surveys
<b>Retail Sales Satisfaction</b>	Ranked <b>1<sup>st</sup></b> in <b>7 of last 10</b> biannual surveys

- Frontline employees and corporate culture are basis of strength

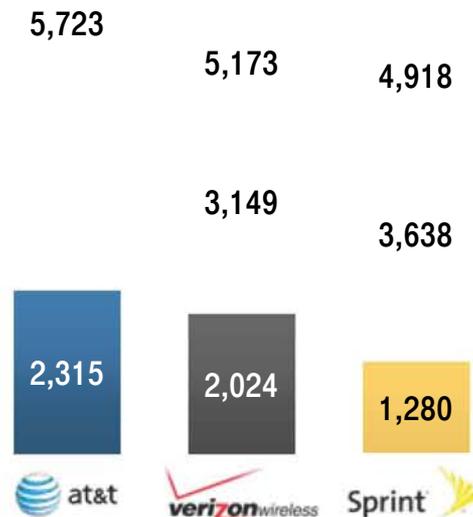


# Aggressively addressing branded distribution gap.

## T-Mobile USA Branded Distribution

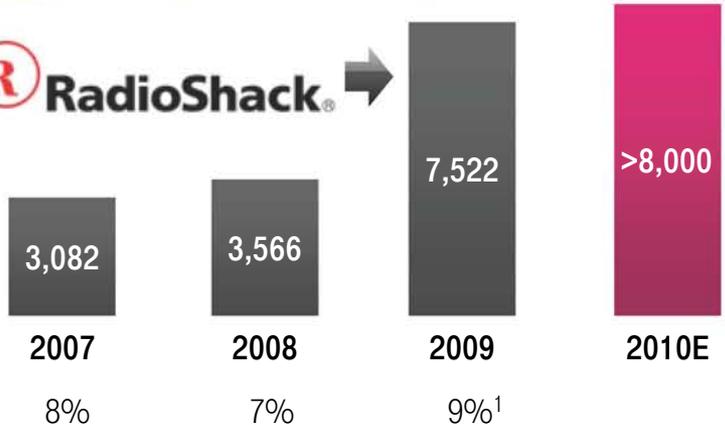


## Competitive Branded Distribution – 2009



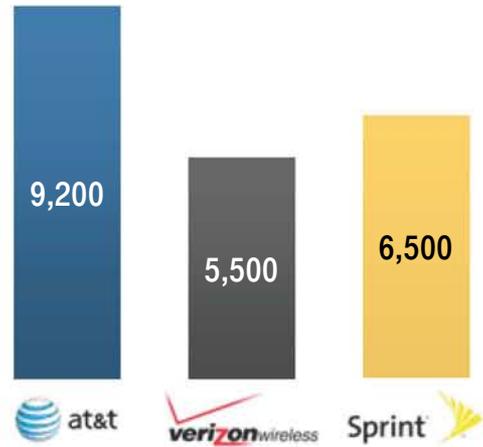
# Major retailer distribution on par with competition.

## T-Mobile USA National Retail



Share of T-Mobile Gross Adds (postpaid)

## Competitive National Retail Distribution – 2009



Source: Company reports and TMUS estimates.  
 1) Radio Shack impact in Q4 only.

# Laser-focused on measures of success.

Drivers	Key measures	2008	2009	2012 ambition level
Quality subscriber growth	Contract Net Adds	1,818K <sup>1</sup>	(42K)	Expansion of branded and national distribution Bolster value proposition for primary targets Share of contract gross adds > 20%
Revenue growth	Data ARPU	\$8.90	\$9.90	Smartphone penetration > 50% Data ARPU growth to close competitive gap by 60%
Churn reduction	Contract Churn	2.1%	2.3%	Stem outflow of most valuable customers Contract churn below 1.8%
Cost and margin discipline	Service Revenue Margin <sup>2</sup>	32%	31%	Maintain cost efficiency during pivot & yield management of data capacity Service revenue margin > 35%



1) Excluding SunCom customers.

2) OIBDA margin in % of service revenues.

## Summary.

- Continued strong US wireless industry
- Better positioned in Q1/10 than in Q1/09
- Fundamental building blocks in place to stabilize 2010
- Action plan pivots off huge potential for mobile Internet w/leading position
- Strategy: network, devices, service & distribution, wrapped in leading value proposition



# Outline.

1. Industry position
2. Regaining momentum
- 3. Q&A**

