

## Media information

Bonn, December 6, 2012

### **Deutsche Telekom invests almost EUR 30 billion over three years in the future of telecommunications**

- EUR 6 billion to be invested in broadband roll-out in Germany using optical fiber (FTTC) and vectoring
- Innovative hybrid box combines the strengths of LTE and vectoring
- USD 4 billion for network modernization in the United States
- T-Mobile USA has entered into an agreement with Apple to bring products to market together next year
- Dividend for 2012 confirmed, attractive dividend of EUR 0.50 planned for 2013 and 2014
- Forecast for 2013 (including MetroPCS): free cash flow of around EUR 5 billion, adjusted EBITDA of around EUR 18.4 billion
- Group targets revenue growth from 2014 and free cash flow of around EUR 6 billion for 2015

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The demand for broadband will continue to grow significantly both in mobile communications and in the fixed network. Deutsche Telekom is therefore substantially stepping up investments in broadband networks and products over the coming three years in order to improve its competitive position in the long term. Group capex including MetroPCS is to grow to around EUR 9 to 10 billion, bringing the total up to almost EUR 30 billion. The focus is on Germany, where activities will center around building out the LTE network as well as rolling out optical fiber and vectoring technology in the fixed network. On top of that, a hybrid solution is planned for launch that combines LTE and vectoring, thereby increasing bandwidths. In the U.S., the roll-out of the national LTE



network is on the agenda. In addition, T-Mobile USA has entered into an agreement with Apple to bring products to market together next year.

At its Capital Markets Day in Bonn, Deutsche Telekom also announced its overall planning which factors in this period of higher investments, and a free cash flow guidance for 2013 of around EUR 5 billion from which a dividend of 50 euro cents is to be paid out both in 2013 and in the following year. Free cash flow of around EUR 6 billion is targeted for 2015. Deutsche Telekom forecasts adjusted EBITDA of around EUR 17.4 billion for 2013. Once the MetroPCS deal is closed in the first half of 2013 as planned, this figure – on a pro-forma basis assuming the inclusion of MetroPCS from the beginning of the year – will increase to EUR 18.4 billion. The Group's net revenue and adjusted EBITDA are scheduled to grow again from 2014. The Board of Management has approved the corresponding planning and passed it on to the Supervisory Board for resolution along with a recommendation to that effect from the Finance and Audit Committees.

"Hesitation now means playing catch-up later. We are investing in the future – with resolve and a clear strategy," said René Obermann, Chairman of the Board of Management of Deutsche Telekom. "The investment plans we have presented today will lay the foundation for future growth. And it is the people in Germany in particular who will benefit more than ever from the modern infrastructure."

"These investment plans will ensure Deutsche Telekom remains absolutely sound and reliable over the long term," added CFO Timotheus Höttges. "We are going against the flow with our high investments in these times of economic challenges – because we have worked hard to establish sound balance sheet ratios and now have the necessary leeway. Our dividend planning offers our investors both an attractive return and planning reliability."

With clear statements regarding targeted financial ratios – net debt to adjusted EBITDA is to stay between 2 and 2.5, and a liquidity reserve that at a minimum is able to cover all maturities of the next 24 months – the Group intends to keep its A-/BBB rating and safeguard unrestricted access to the capital market. Along with a two-year dividend proposal for 2013 and 2014, looking ahead beyond the period of increased investments, the shareholder remuneration policy will be considered again from 2015. The plan is to give shareholders the choice of a dividend in kind or a cash dividend. This gives investors the opportunity to leave funds in the company, to improve financial ratios further and to benefit even more from the success of their investment in the long term. "We are pioneers of this innovative solution in Germany," said Chief Financial Officer Timotheus Höttges. Both the cash dividend and the share-based dividend in kind is tax-free for investors resident in Germany. All statements relating to dividends are subject to resolutions by the relevant boards and committees as well as the shareholders' meeting.

The finance strategy continues to focus on absolute transparency and reliability; a strategy that, in the period since 2010, has already generated a total return (dividend plus share price performance) for investors of 13.5 percent, clearly outperforming other former state-owned telecommunications industry monopolists across Europe. It contributes to the Group strategy of transforming the company from a "telco" to a "telco plus". Options for changes to the portfolio are also examined as part of the finance strategy, in particular the possibility of Everything Everywhere going public, as well as the strategic evaluation of the Scout group.

High-speed Internet access on a scale never seen before – this is the goal of Deutsche Telekom for its domestic market. The key aspects are:

- Acceleration of the LTE build-out in order to have 85 percent of the population covered by 2016 with data transmission rates of up to 150 Mbit/s.

- Build-out of the optical fiber network (FTTC) to cover around 65 percent of the population within the same time frame, thereby enabling more coverage than the cable network operators. Deployment of the new vectoring technology, provided a corresponding regulatory framework is in place, will increase VDSL data transmission rates to up to 100 Mbit/s.
- In future, innovative hybrid-box technology will feed traffic in both directions via vectoring and LTE. This will make download speeds of up to 200 Mbit/s possible and upload speeds of up to 90 Mbit/s.

Investments in Germany from 2014 through 2016 are to increase to EUR 4.1 to 4.5 billion, respectively, compared with an average of EUR 3.6 billion in the preceding three years. In addition to increasing overall investments in Germany, expiring investments in other areas free up additional funds to drive ahead restructuring and innovation, bringing the total capital expenditure in connection with the integrated network strategy for optical fiber and vectoring in these areas to around EUR 6 billion. Deutsche Telekom's approach is based on the assumption that the about-face in European regulatory policy recently announced will be adopted in national regulation.

By the end of 2014, the Company aims to have stabilized revenue in Germany compared to 2013. The increased capital expenditure is intended to lay the foundation for compensating for the decline in revenues from traditional fixed-network and mobile telephony as well as text messaging. Bundled products, Entertain and cloud solutions are expected to drive revenues in the growth areas of mobile Internet and connected home in particular. This is to bring the adjusted EBITDA margin to around 40 percent. Deutsche Telekom intends to be the number one both in terms of mobile service revenues and the number of broadband lines, with market shares of 35 percent and 43 percent, respectively.

In the United States, capital expenditure of around USD 4.7 billion has been planned for 2013 and around USD 3 billion in each of the two subsequent years



compared with USD 2.7 billion per year on average from 2010 to 2012. The focus in the U.S. is on building out the LTE network, which alone will result in capex of around USD 4 billion. T-Mobile USA is now in an extremely good position to benefit from growth, in particular of mobile Internet in the U.S., thanks to the mobile licenses it received from AT&T following the termination of the sale agreement, the spectrum from the Verizon deal, and the improved financial structure as a result of the long-term cell tower deal with Crown Castle.

In addition, T-Mobile USA benefits from the agreement with MetroPCS to combine their operations, a move designed to strengthen T-Mobile USA's standing in the fast-growing prepay segment. Approval is currently being sought from several U.S. authorities. Deutsche Telekom still expects the deal to close in the first half of 2013.

In the coming year, T-Mobile USA will continue to reinforce its market presence with additions to its rate plan and product portfolio, including Apple products. "Following on from the preceding steps such as the spectrum swap with Verizon, the towers deal with Crown Castle and the transaction with MetroPCS that we have announced, we have now added the final piece to the jigsaw to boost the competitiveness of T-Mobile USA sustainably," said René Obermann.

T-Systems marked a significant milestone in July with the launch of the Telekom IT unit, where the Group's internal IT activities in Germany are now pooled. The aim of the new unit is to sustainably reduce the Group's IT costs by EUR 1 billion by 2015. In external business, T-Systems is focusing even more squarely on cloud-based solutions. Experts are forecasting annual average growth rates in this market of 17 percent through 2017, which is significantly higher than the 2 percent annual growth rate projected for the traditional ICT business. Profitability is to improve by means of focusing on growth markets, enhancing standardization, and intensifying the use of capacities in low-wage



countries (offshoring). The adjusted EBIT margin of the market unit is expected to grow to 4 percent by 2015.

In the Europe operating segment stronger collaboration across the national companies under the One DT Europe program aims to leverage economies of scale by centralizing shared tasks. Revenue is expected to grow moderately again from 2014 on an organic basis – i.e., excluding the effects of exchange rates, special taxes, and regulation. This growth will see a revenue mix that continues to shift towards the growth markets of B2B/ICT, mobile data, and TV business. One example of this is the mobile payment solution recently launched in Poland that is also to be rolled out at other Group companies. Deutsche Telekom is also planning further network partnerships in addition to those already in place in the United Kingdom, the Czech Republic, and Poland.



This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. They should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions, business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

#### Safe Harbor Statement

#### Additional information and where to find it

This document also relates to a proposed transaction between MetroPCS Communications, Inc. ("MetroPCS") and Deutsche Telekom AG ("Deutsche Telekom") in connection with T-Mobile USA, Inc. ("T-Mobile"). The proposed transaction will become the subject of a proxy statement to be filed by MetroPCS with the Securities and Exchange Commission (the "SEC"). This document is not a substitute for the proxy statement or any other document that MetroPCS



may file with the SEC or send to its stockholders in connection with the proposed transaction. MetroPCS' investors and security holders are urged to read the proxy statement (including all amendments and supplements thereto) and all other relevant documents regarding the proposed transaction filed with the SEC or sent to MetroPCS' stockholders as they become available because they will contain important information about the proposed transaction. All documents, when filed, will be available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). You may also obtain these documents by contacting MetroPCS' Investor Relations department at +1 (214) 570-4641, or via e-mail at [investor\\_relations@metropcs.com](mailto:investor_relations@metropcs.com). This communication does not constitute a solicitation of any vote or approval.

#### Participants in the solicitation

MetroPCS and its directors and executive officers will be deemed to be participants in any solicitation of proxies in connection with the proposed transaction, and Deutsche Telekom and its directors and executive officers may be deemed to be participants in such solicitation. Information about MetroPCS' directors and executive officers is available in MetroPCS' proxy statement dated April 16, 2012 for its 2012 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the proposed transaction when they become available. Investors should read the proxy statement carefully when it becomes available before making any voting or investment decisions.

#### Cautionary statement regarding forward-looking statements

This document includes "forward-looking statements" for the purpose of the "safe harbor" provisions within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Any statements made in this document that are not statements of historical fact, including statements about our beliefs, opinions, projections, and expectations, are forward-looking statements and should be evaluated as such. These forward-looking statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "views," "projects," "should," "would," "could," "may," "become," "forecast," and other similar expressions.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of MetroPCS, Deutsche Telekom and T-Mobile and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive the required MetroPCS stockholder approvals or required regulatory approvals, the taking of governmental action (including the passage of legislation) to block the transaction, the failure to satisfy other closing conditions, the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, the significant capital commitments of MetroPCS and T-Mobile, global economic conditions, disruptions to the credit





and financial markets, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, possible disruptions or intrusions of MetroPCS' or T-Mobile's network, billing, operational support and customer care systems which may limit or disrupt their ability to provide service, actions taken or conditions imposed by governmental or other regulatory authorities and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the MetroPCS' 2011 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and other filings with the SEC available at the SEC's website ([www.sec.gov](http://www.sec.gov)).

The forward-looking statements speak only as to the date made, are based on current assumptions and expectations, and are subject to the factors above, among others, and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. Neither MetroPCS' investors and security holders nor any other person should place undue reliance on these forward-looking statements. Neither MetroPCS, Deutsche Telekom nor any other party undertake any duty to update any forward-looking statement to reflect events after the date of this document, except as required by law.

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