T-Mobile USA Reports First Quarter 2012 Operating Results

Solid adjusted OIBDA and return to customer growth in Q1; T-Mobile USA charts path to LTE in 2013

- Strong adjusted OIBDA performance
  - Adjusted OIBDA increased 7.2% year-on-year to $1.3 billion in the first quarter of 2012
  - Adjusted OIBDA margin improved 3 percentage points year-on-year to 29% in the first quarter of 2012

- Branded contract churn of 2.50% in the first quarter of 2012; 50 bps decrease quarter-over-quarter and 10 bps decrease year-on-year; fourth quarter 2011 iPhone 4S launch impact stabilized

- Net customer additions of 187,000 in the first quarter of 2012 compared to 99,000 net customer losses in the first quarter of 2011
  - Branded contract net customer losses of 510,000 in the first quarter of 2012, a 28% improvement from 706,000 net branded contract customer losses in the fourth quarter of 2011 and an 11% improvement from 574,000 net branded contract customer losses in the first quarter of 2011
  - Strong branded net prepaid additions of 249,000 in the first quarter of 2012 compared to 82,000 net customer losses in the first quarter of 2011; Branded net prepaid additions increased 13% from 220,000 in the fourth quarter of 2011

- Branded contract ARPU increased $2 year-on-year to $58 in the first quarter of 2012
  - Branded contract data ARPU increased $2.90 year-on-year or 18% to $18.80 in the first quarter of 2012

- Branded prepaid ARPU increased $1 year-on-year to $25 in the first quarter of 2012

- T-Mobile USA's reinvigorated Challenger Strategy features plans to strengthen America's Largest 4G Network® and launch LTE in 2013

BELLEVUE, Wash., May 10, 2012 -- T-Mobile USA, Inc. today reported first quarter 2012 results and provided an update on its 2011 annual assessment of indefinite-lived assets. In the first quarter of 2012, T-Mobile USA reported adjusted OIBDA of $1.27 billion, up 7.2% from $1.19 billion reported in the first quarter of 2011 and branded contract ARPU in the first quarter of 2012 of $58, up from $56 in the first quarter of 2011. Additionally, net customer additions were 187,000 in the first quarter of 2012, compared to 99,000 net customer losses in the first quarter of 2011.

"In the first quarter, T-Mobile USA delivered strong performance across several key metrics - adding customers, increasing branded ARPUs year-on-year and effectively managing costs to deliver a solid adjusted OIBDA margin. While branded contract churn remains a focus, in the first quarter of 2012 we achieved our lowest level in seven quarters," said Philipp Humm, CEO and President of T-Mobile USA. "In just a short time since the December breakup of the AT&T deal, T-Mobile USA has redefined and restarted our Challenger Strategy including phase one of a major brand re-launch to redefine T-Mobile in the marketplace."

"T-Mobile USA delivered an encouraging adjusted OIBDA year-on-year increase in the first quarter of 2012. Philipp Humm and his team managed the business with improved efficiency in a still difficult environment, laying the foundation for successful implementation of the Challenger Strategy," said René Obermann, CEO of Deutsche Telekom.

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T-Mobile USA Challenger Highlights

T-Mobile USA has made considerable progress in executing against the reinvigorated Challenger Strategy, which was announced in February 2012. Most significant is progress against the newly announced $4 billion network modernization and 4G evolution effort, which will further improve existing voice and data coverage and pave the way for long term evolution ("LTE") service in 2013. Already this year, T-Mobile USA has entered into a spectrum exchange agreement with Leap Wireless International, Inc. and secured key AWS spectrum licenses from AT&T, which were agreed to as part of the breakup of the proposed merger between the two companies. More recently, T-Mobile USA signed agreements with Ericsson and Nokia Siemens Networks to deploy state-of-the-art LTE-capable equipment at 37,000 cell sites in 2012 and 2013.

Other investment areas core to T-Mobile USA's Challenger Strategy include continued retail expansion as well as an increased investment in the brand. So far this year, the Company has expanded its branded distribution, adding 115 new branded dealers and earned Wal-Mart's 2011 "Supplier of the Year" award in both the Wireless category and the overall Entertainment Division.

The company also unveiled phase-one of a brand re-launch program, introducing a new ad campaign that encourages customers to Test Drive T-Mobile USA's competitive 4G experience.

Additionally, the Company continued to expand its portfolio of compelling 4G smartphones in the first quarter. T-Mobile USA became the first U.S. carrier to offer a Nokia Windows® Phone, the affordable, 4G-capable Nokia Lumia 710, and launched the 42 Mbps-capable Samsung Galaxy S® Blaze™ 4G. In April 2012, T-Mobile USA launched the 42 Mbps-capable HTC One™ S.

Customer Results

	Quarter to Date			
(thousands)	March 31, 2012	December 31, 2011	March 31, 2011	Y-o-Y %∆
Customers, end of period[2]				
Branded Contract Customers	21,857	22,367	23,999	(9%)
Branded Prepaid Customers	5,068	4,819	4,416	15%
Total Branded Customers	26,925	27,186	28,415	(5%)
M2M Customers	2,691	2,429	2,065	30%
MVNO Customers	3,756	3,569	3,154	19%
Total Wholesale Customers	6,448	5,999	5,220	24%
Total T-Mobile USA Customers, end of period	**33,373**	**33,185**	**33,635**	(1%)
Thereof, Contract Customers	*24,548*	*24,797*	*26,065*	*(6%)*
Thereof, Prepaid Customers	*8,824*	*8,389*	*7,570*	*17%*
Net customer additions/(losses)[2]				
Branded Contract Customers	(510)	(706)	(574)	11%
Branded Prepaid Customers	249	220	(82)	nm
Total Branded Customers	(262)	(486)	(656)	60%
M2M Customers	262	(95)	192	36%
MVNO Customers	187	56	365	(49%)
Total Wholesale Customers	449	(40)	557	(19%)
Total T-Mobile USA net customer additions/(losses)	**187**	**(526)**	**(99)**	nm
Thereof, Contract net customer additions/(losses)	*(248)*	*(802)*	*(382)*	*35%*
Thereof, Prepaid net customer additions/(losses)	*436*	*276*	*283*	*54%*

Note: Certain customer numbers may not add due to rounding.

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Total Customers

T-Mobile USA served 33.4 million customers at the end of first quarter 2012, compared to 33.2 million customers at the end of the fourth quarter of 2011 and 33.6 million customers at the end of first quarter 2011.

- First quarter 2012 net customer additions of 187,000, compared to net customer losses of 526,000 in the fourth quarter of 2011, and net customer losses of 99,000 in the first quarter of 2011.
  - The sequential increase in net customer additions was driven primarily by improvements in churn from branded contract and machine-to-machine ("M2M") customers. Year-on-year, net customer additions also improved related to the growth of T-Mobile USA's unlimited Monthly 4G prepaid plans.

Branded Customers

- Branded contract net customer losses, excluding M2M, were 510,000 in the first quarter of 2012, a 28% improvement from the fourth quarter of 2011 and an 11% improvement from the first quarter of 2011.
  - Sequentially, the improvement in branded contract customer losses was driven primarily by fewer branded contract deactivations. The fourth quarter of 2011 included significantly higher contract deactivations as a result of the launch of the iPhone 4S by three nationwide competitors in mid-October.
  - The year-over-year improvement in branded contract customer losses was driven primarily by lower branded contract churn related to the strategic phase-out of discontinued products, such as FlexPay, partially offset by fewer branded contract gross additions.
  - The Company discontinued its FlexPay and Even More Plus products in 2011 due to low customer satisfaction and profitability. In the first quarter of 2012, remaining core branded contract and prepaid products saw year-on-year growth as customers continue to migrate from discontinued products.
- Branded prepaid net customer additions, excluding MVNO customers, were 249,000 in the first quarter of 2012; up from fourth quarter 2011 branded prepaid net customer additions of 220,000 and improved from 82,000 net branded prepaid customer losses in the first quarter of 2011.
  - The sequential and year-on-year improvement in branded prepaid net customer additions was due to increased branded prepaid gross additions, a result of the continued success of unlimited Monthly 4G prepaid plans introduced in the second quarter of 2011. Additionally, improvements in churn related to the strategic phase-out of discontinued products, such as FlexPay No Contract, also contributed to prepaid net addition growth.

Wholesale

- M2M net customer additions were 262,000 in the first quarter of 2012 compared to net customer losses of 95,000 in the fourth quarter of 2011 and net customer additions of 192,000 in the first quarter of 2011.
  - The sequential change was driven by improved M2M customer churn. In the fourth quarter of 2011, there were significantly higher M2M deactivations including a nearly 265,000 deactivation related to one customer. M2M customers, which have significantly lower ARPUs (averaging less than $2) than other contract customers, totaled 2.7 million at March 31, 2012.
  - The year-over-year change was driven by higher M2M gross customer additions, partially offset by higher deactivations.
- MVNO customers increased in the first quarter of 2012, totaling 3.8 million customers as of March 31, 2012.
  - Sequentially, MVNO net customer additions increased due primarily to fewer MVNO customer deactivations.

- Compared to the first quarter of 2011, MVNO net customer additions decreased due primarily to fewer MVNO gross customer additions.

Churn Results

	Quarter to Date			
	March 31, 2012	December 31, 2011	March 31, 2011	Y-o-Y bps∆
Branded churn[3]	3.20%	3.60%	3.30%	10 bps
Branded contract churn[3]	2.50%	3.00%	2.60%	10 bps
Branded prepaid churn[3]	6.40%	6.70%	7.00%	60 bps

- Churn from branded customers was 3.2% in the first quarter of 2012, down 40 basis points from the fourth quarter of 2011 and 10 basis point from the first quarter of 2011.
  - Sequentially and year-on-year, branded churn decreased due in part to churn reduction initiatives. Additionally, branded churn in the fourth quarter of 2011 was higher as a result of competitive market conditions and the launch of the iPhone 4S by three competitors.
- Branded contract churn, excluding M2M customers, was 2.5% in the first quarter of 2012, down 50 basis points from the fourth quarter of 2011 and 10 basis point from the first quarter of 2011.
  - The sequential and year-on-year improvement in branded contract churn was the result of T-Mobile USA's continued churn reduction initiatives. Additionally, the fourth quarter of 2011 was negatively impacted by competitors' launches of the iPhone 4S, which is not offered by T-Mobile USA.
- Branded prepaid churn, excluding MVNO, was 6.4% in the first quarter of 2012, down 30 basis points from the fourth quarter of 2011 and down 60 basis points from the first quarter of 2011.
  - The sequential and year-on-year decrease in branded prepaid churn was driven primarily by the continued strategic phase-out of discontinued high-churn products, such as FlexPay No Contract.

ARPU Results

	Quarter to Date			
	March 31, 2012	December 31, 2011	March 31, 2011	Y-o-Y %∆
($)				
ARPU (branded contract) [4]	58	58	56	4%
ARPU (branded prepaid) [4]	25	25	24	4%
ARPU (blended)[4]	45	46	46	(2%)
Data ARPU (branded contract)[5]	18.80	18.10	15.90	18.2%
Data ARPU (branded)[5]	16.90	16.50	14.60	15.8%

- Branded contract Average Revenue Per User ("ARPU"), excluding M2M customers, was $58 in the first quarter of 2012, consistent with the fourth quarter of 2011 and up $2 from the first quarter of 2011.
  - Year-on-year, branded contract ARPU increased as data revenue growth more than offset lower voice revenue, which included effects from the shift to unlimited Value plans. Branded contract ARPU also benefited from the introduction of reconnection fees in the third quarter of 2011, which increased branded contract ARPU by approximately $1 year-on-year.
  - Branded contract data ARPU of $18.80 in the first quarter of 2012, increased 3.9% sequentially and 18.2% year-on-year from the continued adoption of data plans.

- 3G/4G smartphones used by contract customers now account for 11.6 million or 53% of total branded contract customers, up from 11.0 million or 49% in the fourth quarter of 2011 and 9.1 million or 38% in the first quarter of 2011.

- Branded prepaid ARPU, excluding MVNO customers, was $25 in the first quarter of 2012, consistent with the fourth quarter of 2011 and up $1 from the first quarter of 2011.
  - Year-on-year, branded prepaid ARPU increased primarily due to continued growth in unlimited Monthly 4G prepaid products. The discontinuation of certain products, such as FlexPay No Contract, also impacted the year-on-year development in branded prepaid ARPU. Branded prepaid ARPU, excluding FlexPay No Contract, increased $8 year-on-year to $25 in the first quarter of 2012.
- Branded data ARPU in the first quarter of 2012 amounted to $16.90 per branded customer, an increase of 2.4% from the fourth quarter of 2011 and 15.8% from the first quarter of 2011.
  - 3G/4G smartphone sales were 2.5 million units in the first quarter of 2012, slightly lower than 2.6 million units in the fourth quarter of 2011, but a 25% increase from 2.0 million units sold in the first quarter of 2011. Smartphone sales accounted for 80% of units, or 94% of handset sales revenues, in the first quarter of 2012.
- Blended ARPU was $45 in the first quarter of 2012, down $1 from both the fourth quarter of 2011 and the first quarter of 2011 primarily due to dilution from wholesale customers and a change in portfolio mix towards branded prepaid customers.

Financial Results

	Quarter to Date			
($ millions)	March 31, 2012	December 31, 2011	March 31, 2011	Y-o-Y %∆
Service revenues[4]	4,444	4,565	4,630	(4.0%)
Total revenues	5,034	5,179	5,161	(2.5%)
Adjusted OIBDA[6]	1,274	1,400	1,188	7.2%
Adjusted OIBDA margin[7]	29%	31%	26%	+3 pp
Capital expenditures[8]	747	551	749	(0.3%)

Revenue

- Service revenues were $4.4 billion in the first quarter of 2012, down 2.7% from the fourth quarter of 2011 and down 4.0% from the first quarter of 2011.
  - Sequentially and year-on-year, quarterly service revenues decreased primarily due to branded contract customer losses, which were partially offset by the increased adoption of data plans in the contract and prepaid customer base. Additionally, branded prepaid revenues increased compared to the fourth quarter of 2011 and first quarter of 2011, a result of the continued success of unlimited Monthly 4G prepaid plans. Service revenues were also negatively impacted by the growth in unlimited Value plans, which do not include subsidized handset equipment. However, handset equipment sales sold in connection with Value plans resulted in higher equipment sales, as described below.
  - Data service revenues were $1.4 billion in the first quarter of 2012, up 1.0% from the fourth quarter of 2011 and 8.2% from the first quarter of 2011.
- Total revenues, including service, equipment sales, and other revenues were $5.0 billion in the first quarter of 2012, down 2.8% from the fourth quarter of 2011 and 2.5% from the first quarter of 2011.
  - Compared to the fourth and first quarters of 2011, total revenues changed due primarily to branded contract customer losses as described above. Additionally, equipment revenues increased year-on-year,

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despite lower overall sales volumes, due to handset program changes in connection with T-Mobile USA's Value plans and due to stronger smartphone sales. As a result, total revenues declined less than service revenues.

Adjusted OIBDA

- T-Mobile USA reported Adjusted OIBDA of $1.27 billion in the first quarter of 2012, down 9.0% from the fourth quarter of 2011, but up 7.2% from the first quarter of 2011.
  - Adjusted OIBDA in the first quarter of 2012 and the fourth quarter of 2011 excludes special charges of $30 million and $123 million, respectively, primarily consisting of employee retention benefit expenses related to the terminated AT&T transaction. Additionally, T-Mobile USA announced in March that it will consolidate its call center operations from 24 to 17 facilities by the end of the second quarter of 2012, which resulted in organizational restructuring expenses in the first quarter of 2012.
  - Sequentially, adjusted OIBDA decreased as a result of lower service revenues driven by branded customer losses and higher general and administrative expenses, as described below.
  - Year-on-year, adjusted OIBDA increased as a result of reduced losses from equipment subsidies due to handset program changes from the unlimited Value plans, lower network expenses and continued cost management programs. This decrease was partially offset by higher general and administrative expenses, as described below.
- Adjusted OIBDA margin was 29% in the first quarter of 2012, down from 31% in fourth quarter of 2011, but up from 26% in the first quarter of 2011.
  - Sequentially, OIBDA margin decreased slightly as a result of lower service revenues driven by branded customer losses.
  - Year-on-year OIBDA margin improved significantly due to the reductions in equipment subsidies in connection with unlimited Value plans.
- During the first quarter of 2012, T-Mobile USA completed the 2011 annual impairment assessment of its indefinite-lived assets. As a result of the impairment assessment, T-Mobile USA recorded a non-cash impairment charge of $3.9 billion related to goodwill and $2.5 billion related to spectrum licenses, with an associated $1.0 billion tax benefit for the quarter ended December 31, 2011. These charges had no effect on either the Company's current cash balance or future cash flows.

Operating Expenses

- Total operating expenses (excluding impairment, restructuring and AT&T transaction-related costs) were $4.5 billion in the first quarter of 2012, down 0.7% from the fourth quarter of 2011 and 4.3% from the first quarter of 2011.
  - Losses from equipment subsidies in the first quarter of 2012 were $310 million (equipment revenues of $535 million, less cost of equipment sales of $845 million), decreased 4.6% from fourth quarter 2011 and 41.6% from first quarter 2011. The year-on-year decrease in net subsidy was due primarily to handset program changes from the unlimited Value plans.
  - Network expenses of $1.2 billion in the first quarter of 2012, were consistent with the fourth quarter of 2011, but decreased 4.5% from the first quarter of 2011. This year-on-year decrease was due primarily to reduced rates of providing long distance service. Additionally, due to the transition to enhanced backhaul (e.g. fiber), T-Mobile USA was able to accommodate higher data volumes year-on-year without significant increases in network costs.

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- Customer acquisition expenses in the first quarter of 2012 of $749 million decreased 8.8% from the fourth quarter of 2011 and 4.2% from the first quarter of 2011. This sequential decrease was due primarily to reductions in advertising which are typical for the first quarter following the fourth quarter holiday sales activity. Year-on-year, this decrease was due primarily to the shift in mix towards prepaid customers, resulting in reduced commission expenses.
- General and administrative expenses in the first quarter of 2012 of $970 million increased 10.0% from the fourth quarter of 2011 and 5.4% from the first quarter of 2011. This sequential increase was due primarily to higher personnel incentive expenses and contract renewal upgrade commissions. The year-on-year increase was due primarily to higher bad debt expense associated with new products (e.g. deposit products) and changes in customer mix toward subprime customers.
- Depreciation and amortization expenses of $747 million in the first quarter of 2012 were fairly consistent with both the fourth quarter of 2011 and first quarter of 2011.

Capital Expenditures

- Cash capital expenditures were $747 million in the first quarter of 2012, an increase of 35.6% from the fourth quarter of 2011 and consistent with the first quarter of 2011.
  - In the first quarter of 2012, T-Mobile USA announced that it will invest $4 billion in total to strengthen its 4G network, including the planned launch of LTE technology in 2013. Expenditures in the first quarter of 2012 were due in part to these network modernization efforts. Sequentially, there were also increased payments related to seasonal payment timing differences. T-Mobile USA has continued to invest in its 4G network, which now reaches over 220 million people.

T-MOBILE USA

Condensed Consolidated Balance Sheets
(dollars in millions)
(unaudited)

ASSETS	March 31, 2012	December 31, 2011
Current assets:		
Cash and cash equivalents	$ 379	$ 390
Receivables from affiliates	1,454	1,820
Accounts receivable, net of allowances of $327 and $396, respectively	2,532	2,697
Inventory	424	455
Current portion of net deferred tax assets	674	668
Other current assets	618	572
Total current assets	6,081	6,602
Property and equipment, net of accumulated depreciation of $16,232 and $15,599, respectively	12,531	12,703
Goodwill	8,134	8,134
Spectrum licenses	12,818	12,814
Other intangible assets, net of accumulated amortization of $226 and $216, respectively	54	61
Long-term investments and other assets	456	295
Total assets	$ 40,074	$ 40,609

LIABILITIES AND STOCKHOLDER'S EQUITY	March 31, 2012	December 31, 2011
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,638	$ 3,058
Current payables to affiliates	448	1,046
Other current liabilities	436	400
Total current liabilities	3,522	4,504
Long-term payables to affiliates	15,102	15,049
Deferred tax liabilities	3,423	3,282
Deferred rents and other long-term liabilities	2,015	1,989
Total long-term liabilities	20,540	20,320
Commitments and contingencies		
Stockholder's equity:		
Common stock and additional paid-in capital	31,600	31,600
Accumulated other comprehensive loss	(1)	(28)
Accumulated deficit	(15,587)	(15,787)
Total stockholder's equity	16,012	15,785
Total liabilities and stockholder's equity	$ 40,074	$ 40,609

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T-MOBILE USA

Condensed Consolidated Statements of Operations
(dollars in millions)
(unaudited)

	Quarter Ended March 31, 2012	Quarter Ended December 31, 2011	Quarter Ended March 31, 2011
Revenues:			
Branded Contract	$ 3,821	$ 3,966	$ 4,108
Branded Prepaid	377	350	323
Total Branded Revenues	4,198	4,316	4,431
Wholesale	130	128	86
Roaming and other services	116	121	113
Total Service Revenues	4,444	4,565	4,630
Equipment sales	535	549	487
Total Service and Sales Revenues	4,979	5,114	5,117
Other	55	65	44
Total revenues	5,034	5,179	5,161
Operating expenses:			
Network	1,196	1,202	1,253
Cost of equipment sales	845	874	1,018
Customer acquisition	749	821	782
General and administrative	970	882	920
Depreciation and amortization	747	761	735
Total operating expenses (excluding impairment, restructuring and AT&T transaction-related costs)	4,507	4,540	4,708
Impairment charges	-	6,420	-
AT&T transaction-related costs	24	123	-
Restructuring costs	6	-	-
Total operating expenses (including impairment, restructuring and AT&T transaction-related costs)	4,537	11,083	4,708
Operating income/(loss)	497	(5,904)	453
Other expense, net	(172)	(178)	(184)
Income/(loss) before income taxes	325	(6,082)	269
Income tax (expense)/benefit	(125)	685	(134)
Net income/(loss)	200	(5,397)	135
Other comprehensive income/(loss), net of tax:			
Unrealized gain/(loss) on cash flow hedges and foreign currency translation	26	94	(25)
Unrealized gain on available-for-sale securities	1	-	4
Total comprehensive income/(loss)	$ 227	$ (5,303)	$ 114

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Condensed Consolidated Statements of Cash Flows
(dollars in millions)
(unaudited)

	Quarter Ended March 31, 2012	Quarter Ended December 31, 2011	Quarter Ended March 31, 2011
Operating activities:			
Net income/(loss)	$ 200	$ (5,397)	$ 135
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment charges	-	6,420	-
Depreciation and amortization	747	761	735
Income tax expense/(benefit)	125	(685)	134
Bad debt expense	256	230	165
Other, net	22	27	53
Changes in operating assets and liabilities:			
Accounts receivable	(90)	(136)	20
Inventory	31	65	(27)
Other current and non-current assets	(89)	(71)	(66)
Accounts payable and accrued liabilities	(63)	76	7
Accrued liabilities related to restructuring and AT&T transaction-related costs	(109)	120	-
Net cash provided by operating activities	1,030	1,410	1,156
Investing activities:			
Purchases of property and equipment	(747)	(551)	(749)
Expenditures related to spectrum licenses	(4)	(8)	(4)
Short-term affiliate loan receivable, net	(279)	(905)	(450)
Other, net	(11)	23	2
Net cash used in investing activities	(1,041)	(1,441)	(1,201)
Financing activities:			
Short-term borrowings, net	-	-	33
Net cash provided by financing activities	-	-	33
Change in cash and cash equivalents	(11)	(31)	(12)
Cash and cash equivalents, beginning of period	390	421	109
Cash and cash equivalents, end of period	$ 379	$ 390	$ 97

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Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures
(dollars in millions)
(unaudited)

This press release includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations from the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided below following Selected Data and the financial statements.

Adjusted OIBDA is reconciled to operating income as follows:

	Q1 2012	Full Year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Adjusted OIBDA	$ 1,274	$ 5,310	$ 1,400	$ 1,445	$ 1,277	$ 1,188
Depreciation and amortization	(747)	(2,982)	(761)	(731)	(755)	(735)
Adjusted operating income (excl. impairment, restructuring and AT&T transaction-related costs)	527	2,328	639	714	522	453
Impairment charges	-	(6,420)	(6,420)	-	-	-
Restructuring charges	(6)	-	-	-	-	-
AT&T transaction-related costs	(24)	(187)	(123)	(51)	(13)	-
Operating income/(loss)	$ 497	$ (4,279)	$ (5,904)	$ 663	$ 509	$ 453

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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 first quarter of 2012, approximately 129 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.

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Definitions of Terms

Since all companies do not calculate these figures in the same manner, the information contained in this press release may not be comparable to similarly titled measures reported by other companies.

1. A customer is defined as a SIM card with a unique T-Mobile USA mobile identity number which generates revenue. Branded contract and prepaid customers include FlexPay customers depending on the type of rate plan selected. FlexPay customers with a contract are included in branded contract customers, and FlexPay customers without a contract are included in branded prepaid customers. Additionally, machine-to-machine customers (also known as M2M) are included within contract customers, some of which may not have monthly recurring charges required under contract. Mobile virtual network operators (MVNO) are classified as prepaid customers as they most closely align with this customer segment.

2. Prior quarter amounts have been restated to conform to current period customer reporting classifications.

3. Churn is defined as the number of customers whose service was discontinued, expressed as a rounded monthly percentage of the average number of customers during the specified period. We believe that churn, which is a measure of customer retention and loyalty, provides relevant and useful information and is used by our management to evaluate the operating performance of our business.

4. Average Revenue Per User ("ARPU") represents the average monthly service revenue earned from customers. ARPU is calculated by dividing service revenues for the specified period by the average customers during the period, and further dividing by the number of months in the period and rounding to the nearest dollar. We believe ARPU provides management with useful information to evaluate the revenues generated from our customer base.

   Service revenues include contract, prepaid, and roaming and other service revenues, and do not include equipment sales and other revenues. Data services revenues (including messaging and non-messaging revenue) are a non-GAAP financial measure and are included in the various components of service revenues. Handset insurance revenues are included in contract service revenues.

5. Data ARPU is defined as total data revenues divided by average total customers during the period, rounded to the nearest ten cents. Total data revenues include data revenues from contract customers, prepaid customers, Wi-Fi revenues and data roaming revenues. Branded data revenues exclude data revenues from M2M customers, MVNO, Wi-Fi revenues and data roaming revenues. The relative value of data revenues from bundled unlimited voice and data plans (including a relative value for messaging and non-messaging data revenue) are included in total data revenues.

6. Operating Income Before Interest, Depreciation, Amortization and Impairment ("OIBDA") is a non-GAAP financial measure, which we define as operating income before depreciation, amortization and impairment charges. In a capital-intensive industry such as wireless telecommunications, we believe OIBDA, as well as the associated percentage margin calculation, to be meaningful measures of our operating performance. OIBDA should not be construed as an alternative to operating income or net income as determined in accordance with GAAP, as an alternative to cash flows from operating activities as determined in accordance with GAAP or as a measure of liquidity. We use OIBDA as an integral part of our planning and internal financial reporting processes, to evaluate the performance of our business by senior management and to compare our performance with that of many of our competitors. We believe that operating income is the financial measure calculated and presented in accordance with GAAP that is the most directly comparable to OIBDA. OIBDA is adjusted to exclude impairment changes, AT&T transaction-related costs and restructuring charges that are not reflective of our ongoing operating performance.

7. Adjusted OIBDA margin is a non-GAAP financial measure, which we define as adjusted OIBDA (as described in Note 8 above) divided by service revenues.

8. Capital expenditures consist of amounts paid for construction and the purchase of property and equipment.

9. High speed packet access plus (HSPA+ 21) and HSPA+ 42 technology offers customers a 4G experience, including data speeds comparable to other 4G network speeds currently available to mobile device users in the United States.

10. Smartphones are defined as UMTS/HSPA/HSPA+ 21/HSPA+ 42 enabled converged devices distributed by T-Mobile USA, which integrate voice and data services.

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Supplementary Operating and Financial Data – US GAAP

(thousands)	Q1 2012	Full Year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Customers, end of period[2]						
Branded Contract Customers	21,857	22,367	22,367	23,074	23,463	23,999
Branded Prepaid Customers	5,068	4,819	4,819	4,599	4,345	4,416
Total Branded Customers	26,925	27,186	27,186	27,673	27,808	28,415
M2M Customers	2,691	2,429	2,429	2,525	2,321	2,065
MVNO Customers	3,756	3,569	3,569	3,514	3,456	3,154
Total Wholesale Customers	6,448	5,999	5,999	6,038	5,777	5,220
Total T-Mobile USA Customers, end of period	**33,373**	**33,185**	**33,185**	**33,711**	**33,585**	**33,635**
Thereof, Contract Customers	*24,548*	*24,797*	*24,797*	*25,598*	*25,784*	*26,065*
Thereof, Prepaid Customers	*8,824*	*8,389*	*8,389*	*8,113*	*7,801*	*7,570*
Net customer additions/(losses)[2]						
Branded Contract Customers	(510)	(2,206)	(706)	(389)	(536)	(574)
Branded Prepaid Customers	249	321	220	254	(71)	(82)
Total Branded Customers	(262)	(1,885)	(486)	(135)	(608)	(656)
M2M Customers	262	556	(95)	204	256	192
MVNO Customers	187	780	56	57	302	365
Total Wholesale Customers	449	1,336	(40)	261	558	557
Total T-Mobile USA net customer additions/(losses)	**187**	**(549)**	**(526)**	**126**	**(50)**	**(99)**
Thereof, Contract net customer additions/(losses)	*(248)*	*(1,650)*	*(802)*	*(186)*	*(281)*	*(382)*
Thereof, Prepaid net customer additions/(losses)	*436*	*1,101*	*276*	*312*	*231*	*283*

Note: Certain customer numbers may not add due to rounding.

	Q1 2012	Full Year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Branded contract churn[3]	2.50%	2.70%	3.00%	2.60%	2.60%	2.60%
Branded prepaid churn[3]	6.40%	6.70%	6.70%	6.50%	6.60%	7.00%
Branded churn[3]	3.20%	3.30%	3.60%	3.20%	3.20%	3.30%
Contract churn[3]	2.30%	2.60%	3.10%	2.40%	2.40%	2.40%
Blended churn[3]	3.30%	3.60%	4.00%	3.50%	3.30%	3.40%
($)						
ARPU (branded contract) [4]	58	58	58	59	57	56
ARPU (contract) [4]	52	53	53	53	53	52
ARPU (branded prepaid) [4]	25	24	25	24	24	24
ARPU (prepaid) [4]	19	18	19	18	18	18
ARPU (blended)[4]	45	46	46	46	46	46
Data ARPU (blended)[5]	14.40	13.70	14.20	14.00	13.60	13.10
Data ARPU (branded)[5]	16.90	15.50	16.50	16.00	15.30	14.60
Data ARPU (branded contract)[5]	18.80	17.00	18.10	17.60	16.70	15.90
($ millions)						
Service revenues[4]	4,444	18,481	4,565	4,666	4,620	4,630
Total revenues	5,034	20,618	5,179	5,228	5,050	5,161
Adjusted OIBDA[6]	1,274	5,310	1,400	1,445	1,277	1,188
Adjusted OIBDA margin[7]	29%	29%	31%	31%	28%	26%
Capital expenditures[8]	747	2,729	551	741	688	749

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