

METROPCS COMMUNICATIONS INC  
Form PRER14A  
December 21, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**SCHEDULE 14A**  
**(RULE 14a-101)**  
**INFORMATION REQUIRED IN**  
**PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant                       Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**MetroPCS Communications, Inc.**

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(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:  
**Common stock, par value \$0.0001 per share**

(2) Aggregate number of securities to which transaction applies:  
**537,583,132 shares of MetroPCS Communications, Inc. common stock**

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
**The filing fee was calculated based on the value of the transaction, which was computed by multiplying 537,583,132 shares of MetroPCS Communications, Inc. common stock by \$10.08 per share, that being the average of the high and low prices reported on the New York Stock Exchange for such shares on November 12, 2012. In accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended, the filing fee was determined at the rate of \$136.40 per million.**

(4) Proposed maximum aggregate value of transaction:  
**\$5,418,837,970.56**

(5) Total fee paid:  
**\$739,130.00**

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED DECEMBER 21, 2012**

MetroPCS Communications, Inc.

2250 Lakeside Blvd.

Richardson, TX 75082

Telephone No. (214) 570-5800

[ ]

Dear Stockholder,

I am pleased to invite you to attend a special meeting of the stockholders, which we refer to as the special meeting, of MetroPCS Communications, Inc., a Delaware corporation, which we refer to as MetroPCS, on [ ], at 10:00 a.m., local time, [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082]. At the special meeting, our stockholders will vote on matters relating to the combination of MetroPCS with T-Mobile USA, Inc., which we refer to as T-Mobile. The combination of MetroPCS with T-Mobile will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers.

The board of directors of MetroPCS, which we refer to as the MetroPCS board, has unanimously approved and declared advisable the combination of MetroPCS with T-Mobile pursuant to and subject to the conditions set forth in the Business Combination Agreement, dated October 3, 2012, which we refer to as the business combination agreement, by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany, which we refer to as Deutsche Telekom, T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom, which we refer to as Global, T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global, which we refer to as Holding, T-Mobile, a Delaware corporation and direct wholly-owned subsidiary of Holding, and MetroPCS.

Pursuant to the terms and subject to the conditions set forth in the business combination agreement, including receipt of the required MetroPCS stockholder approval of certain of the proposals described in this proxy statement, MetroPCS will:

- (i) effect a recapitalization that includes a reverse stock split, which we refer to as the reverse stock split, of the MetroPCS common stock, which has a par value of \$0.0001 per share prior to completion of the transaction and will have a par value of \$0.00001 per share following the completion of the transaction, which we refer to as MetroPCS common stock, pursuant to which each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split, which we refer to as the effective time, will represent thereafter one-half of a share of MetroPCS common stock;
- (ii) as part of such recapitalization, make a payment in cash, which we refer to as the cash payment, in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time; and
- (iii) immediately following the cash payment, issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment (with the percentage ownership of MetroPCS common stock as of such time of Holding or its designee and the MetroPCS stockholders and

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optionholders being calculated pursuant to the business combination agreement (1) under the treasury method based on the average closing price of a share of MetroPCS common stock on the New York Stock Exchange for the five full trading days immediately

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preceding the date the transaction is completed after taking into account the reverse stock split and the cash payment but before taking into account the subsequent cash-out of stock options, if any, in connection with the transaction and (2) on a grossed-up basis to take into account the number of shares of MetroPCS common stock so issued to Holding or its designee), which we refer to as the MetroPCS stock issuance, and Holding will deliver to MetroPCS all of the shares of capital stock of T-Mobile.

In this proxy statement, we refer to the transactions contemplated by the business combination agreement, including the reverse stock split, the cash payment, and the MetroPCS stock issuance, collectively, as the transaction.

The purpose of the special meeting is to allow MetroPCS stockholders to consider and vote upon the following proposals relating to the transaction:

- (i) a proposal to approve the MetroPCS stock issuance, which we refer to as the stock issuance proposal;
- (ii) a proposal to approve the Fourth Amended and Restated Certificate of Incorporation of MetroPCS, which we refer to as the new certificate of incorporation, to, among other things, effect certain aspects of the recapitalization, including the reverse stock split, which we refer to as the new certificate of incorporation proposal;
- (iii) a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to MetroPCS named executive officers based on, or otherwise relating to, the transaction, which we refer to as the change in control payments proposal; and
- (iv) a proposal to approve the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal, which we refer to as the adjournment proposal.

After careful consideration, the MetroPCS board, acting upon the recommendation of a special committee of the MetroPCS board established in connection with MetroPCS consideration of the transaction, which we refer to as the special committee, unanimously approved the business combination agreement and has determined that the transaction, including the MetroPCS stock issuance and the new certificate of incorporation, is appropriate, advisable and in the best interests of MetroPCS and its stockholders. **The MetroPCS board, acting upon the recommendation of the special committee, unanimously recommends that you vote FOR the stock issuance proposal, FOR the new certificate of incorporation proposal, FOR the change in control payments proposal, and FOR the adjournment proposal.**

Attached you will find a Notice of Special Meeting of Stockholders and proxy statement that contains further information about the special meeting, including the time, date and location of the special meeting, a description of the matters to be voted on at the special meeting, the different methods that you may use to vote, and how to obtain an admission card if you plan to attend the special meeting in person.

Your vote is very important. We cannot complete the transaction without the requisite MetroPCS stockholder approval of both the stock issuance proposal and the new certificate of incorporation proposal.

**Whether or not you plan to attend the special meeting, please read the accompanying proxy statement and then cast your vote as instructed in your proxy card, as promptly as possible. Because the voting cut-off date varies by voting method, we encourage you to review your proxy card for when you must cast your vote in order for it to be counted at the special meeting and to cast your vote early. In any event, we encourage you to vote before the date of the special meeting or the voting cut-off date applicable to your chosen method of voting so that your shares will be represented and voted at the special meeting even if you cannot attend in person.** We encourage you to cast your vote by using the telephone or Internet because it is easier and more efficient, will help us reduce our impact on the environment and will save MetroPCS printing and postage costs.

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The accompanying proxy statement describes the transaction in greater detail. **We urge you to carefully read this proxy statement in its entirety, including the annexes and information incorporated by reference and the matters discussed under the section entitled Risk Factors beginning on page 33. You may also find more information about MetroPCS in documents filed with the Securities and Exchange Commission as described in Where You Can Find More Information on page 209 of this proxy statement.**

Thank you for your continued interest in and support of MetroPCS.

Sincerely yours,

Roger D. Linnquist

Chairman of the Board of Directors and Chief Executive Officer

**Neither the United States Securities and Exchange Commission nor any state securities regulator has approved or disapproved the proposed issuance of shares of MetroPCS common stock in connection with the transaction or determined whether the proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement is dated [ ] and is first being mailed to MetroPCS common stockholders on or about [ ].

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**Important Notice Regarding the Availability of Proxy Materials**

**For the Special Meeting of Stockholders to be Held on [ ]**

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE SPECIAL MEETING.**

**Your Participation and Vote are Important**

Voting your shares is important to ensure that you have a say in the governance of MetroPCS. Your vote is important to us. Please review the proxy materials and follow the instructions detailed on the proxy card to vote your shares. We want you to, and hope that you will, exercise your rights and fully participate as a MetroPCS stockholder.

Whether or not you expect or plan to attend the special meeting in person, we encourage you to please promptly mark, date and return your proxy card, or vote by telephone or using the Internet as instructed on the proxy card so that a quorum at the special meeting may be reached, the business before the special meeting can be conducted, and your shares may be voted.

**Available Information**

We are providing you access to our proxy materials both by sending you this full set of proxy materials, including your proxy card, and by making this proxy statement available on the Internet at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=15247>. These documents are also posted on MetroPCS website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports.

**Broker Voting Information**

Your bank, broker, custodian or other record holder is not permitted to vote on your behalf, **unless** you provide specific instructions by completing and returning the proxy card or following the voting instructions provided to you from your bank, broker, custodian or other record holder. For your vote to be counted, you will need to communicate your voting decisions to your bank, broker, custodian or other record holder before the voting cut-off date applicable to your chosen method of voting.

**Attendance at Special Meeting**

In accordance with our security procedures, all MetroPCS stockholders attending the special meeting will be required to show a valid, government-issued, picture identification that matches the name on the admission ticket or legal proxy or confirming documentation from your bank, broker, custodian or other record holder before being admitted to the special meeting.



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MetroPCS Communications, Inc.

2250 Lakeside Blvd.

Richardson, TX 75082

Telephone No. (214) 570-5800

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [ ]**

To the Stockholders of MetroPCS Communications, Inc.:

We will hold a special meeting of the stockholders of MetroPCS Communications, Inc., which we refer to as MetroPCS, on [ ], at 10:00 a.m., local time, [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082], which we refer to as the special meeting. At the special meeting, our stockholders will vote on matters relating to the combination of MetroPCS with T-Mobile USA, Inc., which we refer to as T-Mobile. The combination of MetroPCS with T-Mobile will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers. The board of directors of MetroPCS, which we refer to as the MetroPCS board, has unanimously approved and declared advisable the combination of MetroPCS with T-Mobile pursuant to and subject to the conditions set forth in the Business Combination Agreement, dated October 3, 2012, which we refer to as the business combination agreement, by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany, which we refer to as Deutsche Telekom, T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom, which we refer to as Global, T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global, which we refer to as Holding, T-Mobile, a Delaware corporation and direct wholly-owned subsidiary of Holding, and MetroPCS.

The purpose of the special meeting is to allow MetroPCS stockholders to consider and vote upon the following proposals relating to the transactions contemplated by the business combination agreement (which we refer to as the transaction), a copy of which is included as Annex A to the proxy statement attached to this notice:

- (i) a proposal to approve the issuance of MetroPCS common stock, which has a par value of \$0.0001 per share prior to completion of the transaction and will have a par value of \$0.00001 per share following the completion of the transaction, which we refer to as MetroPCS common stock, representing 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the payment in cash, which we refer to as the cash payment, in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split (as defined below)), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time of the reverse stock split (with the percentage ownership of fully-diluted shares of MetroPCS common stock as of such time of Holding or its designee and the MetroPCS stockholders and optionholders being calculated pursuant to the business combination agreement (1) under the treasury method based on the average closing price of a share of MetroPCS common stock on the New York Stock Exchange for the five full trading days immediately preceding the date the transaction is completed after taking into account the reverse stock split and the cash payment but before taking into account the

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subsequent cash-out of stock options, if any, in connection with the transaction and (2) on a grossed-up basis to take into account the number of shares of MetroPCS common stock so issued to Holding or its designee), to be made in connection with, and in order to give effect to, the transaction contemplated by the business combination agreement, which we refer to as the stock issuance proposal;

- (ii) a proposal to approve the Fourth Amended and Restated Certificate of Incorporation of MetroPCS pursuant to the business combination agreement to, among other things, effect certain aspects of a

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recapitalization that includes a reverse stock split of the MetroPCS common stock, which we refer to as the reverse stock split, pursuant to which each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split will represent thereafter one-half of a share of MetroPCS common stock, which we refer to as the new certificate of incorporation proposal;

- (iii) a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to MetroPCS named executive officers based on, or otherwise relating to, the transaction, which we refer to as the change in control payments proposal; and
- (iv) a proposal to approve the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal, which we refer to as the adjournment proposal.

**IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE BOTH THE STOCK ISSUANCE PROPOSAL AND THE NEW CERTIFICATE OF INCORPORATION PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

The only MetroPCS stockholder approvals required by the business combination agreement are the stock issuance proposal and the new certificate of incorporation proposal. The change in control payments proposal is non-binding and advisory and the vote on such proposal will have no impact on whether the transaction is completed. In addition, even if the MetroPCS stockholders approve both the stock issuance proposal and the new certificate of incorporation proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived. If MetroPCS and Deutsche Telekom do not complete the transaction, MetroPCS will neither issue the stock contemplated by the stock issuance proposal nor amend and restate its certificate of incorporation as contemplated by the new certificate of incorporation proposal, notwithstanding that MetroPCS stockholders may have previously approved either or both proposals. Please refer to the attached proxy statement for further information regarding the business to be transacted at the special meeting.

The board of directors of MetroPCS, which we refer to as the MetroPCS board, has established the close of business on [ ] as the record date for the special meeting, which we refer to as the record date. Only record holders of shares of MetroPCS common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting and any continuations, adjournments or postponements of the special meeting. A list of these stockholders will be available for inspection by any MetroPCS stockholder, for any purpose germane to the special meeting, at the special meeting and for 10 days prior to the special meeting between the hours of 9:00 a.m. and 4:30 p.m., local time, at our principal executive offices at 2250 Lakeside Boulevard, Richardson, Texas 75082.

**Your vote is very important to us.** You may vote on the items to be considered at the special meeting in person, by mailing your proxy card, by voting over the Internet or by telephone as described on your proxy card, or by returning the voter information form provided by your bank, broker, custodian or other record holder. Please carefully review the instructions for the various voting options available to you detailed on your proxy card. If you have questions, please review our questions and answers about the special meeting and the voting options for additional information, including when you must vote, how to vote by proxy, how to revoke your proxy and how to vote your shares in person.

You also are cordially invited to attend the special meeting in person. Only stockholders with an admission ticket will be admitted to the special meeting. If you are a record holder of MetroPCS common stock, an admission ticket is attached to your proxy card. However, if you hold your shares of MetroPCS common stock through a bank, broker, custodian or other record holder, you should ask the bank, broker, custodian or other record holder that holds your shares to provide you with a legal proxy, a copy of your account statement, or a letter from the record holder confirming that you beneficially own or hold MetroPCS common stock as of the close of business on the record date. You also can obtain an admission ticket to the special meeting by presenting

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this legal proxy, or confirming documentation of your account from your bank, broker, custodian or other record holder, at the special meeting. All stockholders will be required to show a valid, government-issued, picture identification that matches the name on the admission ticket or legal proxy or confirming documentation from your bank, broker, custodian or other record holder before being admitted to the special meeting.

Your vote matters and you are encouraged to vote. Whether or not you attend the special meeting in person, you are urged to mark, date and sign the enclosed proxy card and return it to MetroPCS or use an alternate voting option described on your proxy card before the special meeting to ensure your shares are voted. We encourage you to vote electronically by using the Internet or to vote by telephone because it is easy and efficient and will help us reduce our impact on the environment and reduce the costs associated with the postage and distribution of these materials.

**After careful consideration, the MetroPCS board, acting upon the recommendation of the special committee of the MetroPCS board, which was established in connection with MetroPCS consideration of the transaction, unanimously recommends that you vote FOR the stock issuance proposal, FOR the new certificate of incorporation proposal, FOR the change in control payments proposal, and FOR the adjournment proposal.**

If you have any questions concerning the transaction or this proxy statement or would like additional copies, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: proxy@mackenziepartners.com

By Order of the Board of Directors:

Roger D. Linquist  
Chairman of the Board and Chief

Executive Officer

Richardson, Texas

[ ]

***Notice to Stockholders Sharing the Same Address***

MetroPCS is required to provide a proxy statement to all record holders on the record date. If you have more than one account in your name or another person at the same address has an account, MetroPCS or your bank, broker, custodian or other record holder may deliver only one copy of this proxy statement, unless you notify MetroPCS of your desire to receive multiple copies. MetroPCS will promptly deliver, upon oral or written request, at no charge, additional copies of the proxy statement to any stockholder residing at the same address to which only one copy was mailed. Requests for additional copies should be directed to the Investor Relations department at MetroPCS Communications, Inc., 2250 Lakeside Boulevard, Richardson, Texas 75082, or by calling the Investor Relations department at 214-570-4641. Record holders residing at the same address and currently receiving multiple copies of the proxy statement may contact our Investor Relations department at the address and telephone number above or our transfer agent, American Stock Transfer & Trust Company, which we refer to as AST, to request that only a single copy of the proxy statement be mailed in the future. You may contact AST at 800-937-5449 or by mail at American Stock Transfer & Trust Co., 59 Maiden Lane, New York, New York 10038.

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**YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN. PLEASE READ THE ACCOMPANYING PROXY STATEMENT AND VOTE AS SOON AS POSSIBLE BY MAIL OR TELEPHONE OR THROUGH THE INTERNET WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON. INSTRUCTIONS ON THE DIFFERENT WAYS TO VOTE YOUR PROXY ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE SPECIAL MEETING.**

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**PROXY STATEMENT**

We are furnishing proxy materials to all holders of MetroPCS common stock, which we refer to as the MetroPCS stockholders, by mailing paper copies of the materials to each MetroPCS stockholder at the address we or your bank, broker, custodian or other record holder holding your shares, may have.

At the special meeting, our stockholders will vote on matters relating to the combination of MetroPCS with T-Mobile USA, Inc., which we refer to as T-Mobile. The combination of MetroPCS with T-Mobile will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers.

The board of directors of MetroPCS, which we refer to as the MetroPCS board, has unanimously approved and declared advisable the combination of MetroPCS with T-Mobile pursuant to and subject to the conditions set forth in the Business Combination Agreement, dated October 3, 2012, which we refer to as the business combination agreement, by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany, which we refer to as Deutsche Telekom, T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom, which we refer to as Global, T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global, which we refer to as Holding, T-Mobile, a Delaware corporation and direct wholly-owned subsidiary of Holding, and MetroPCS.

The MetroPCS board expects to begin mailing the proxy statement and the proxy card of MetroPCS, via the United States Postal Service, on or about [ ] to each holder of MetroPCS common stock, which has a par value of \$0.0001 per share prior to completion of the transaction and will have a par value of \$0.00001 per share following the completion of the transaction, which we refer to as MetroPCS common stock, as of the close of business on [ ], which we refer to as the record date, to solicit proxies in connection with the proposals described in this proxy statement. The special meeting of the MetroPCS stockholders, which we refer to as the special meeting, will be held on [ ], at 10:00 a.m., local time, [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082]. Unless otherwise stated, as used in this proxy statement, the terms we, our, ours, us and MetroPCS refer to MetroPCS Communications, Inc., a Delaware corporation, and its subsidiaries, and the term combined company refers to MetroPCS after the completion of the transaction (as defined in this proxy statement).

Each record holder of MetroPCS common stock at the close of business on the record date is entitled to notice of, to attend, and to vote at the special meeting, or at any continuation, adjournment or postponement of the special meeting. Each record holder on the record date is entitled to one vote for each share of MetroPCS common stock held by such holder. At the close of business on the record date, MetroPCS had outstanding and entitled to vote [ ] shares of MetroPCS common stock. In order to conduct business at the special meeting, holders of a majority of the outstanding shares of MetroPCS common stock entitled to vote on the record date must be present in person or represented by proxy at the special meeting for there to be a quorum. In addition, certain unvested shares of restricted MetroPCS common stock issued pursuant to the MetroPCS equity incentive compensation plans will count towards a quorum because such shares will be voted by MetroPCS on the proposals to be considered at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted.

The MetroPCS board encourages you to read this proxy statement and to vote on the proposals to be considered at the special meeting. This proxy statement is also available, without charge, on MetroPCS' website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports.

MetroPCS and Deutsche Telekom have both contributed information describing or relating to the transaction contained in this proxy statement. MetroPCS has supplied all information contained in or

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incorporated by reference into this proxy statement relating to MetroPCS and its subsidiaries. Deutsche Telekom has supplied all information contained in or incorporated by reference into this proxy statement relating to Deutsche Telekom and its subsidiaries, including T-Mobile.

You may and should rely only on the information contained in or incorporated by reference into this proxy statement. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this proxy statement. This proxy statement is dated [ ], and is based on information as of [ ] or such other date as may be noted. You should not assume that the information contained in this proxy statement is accurate as of any other date. You should not assume that the information contained in any document incorporated or deemed to be incorporated by reference herein is accurate as of any date other than the date of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference into this proxy statement will be deemed to be modified or superseded to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference into this proxy statement, modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement. Neither the mailing of this proxy statement to the MetroPCS stockholders nor the taking of any actions contemplated hereby by MetroPCS and/or Deutsche Telekom or any of their officers, directors, agents or subsidiaries at any time will create any implication to the contrary.

Market data and other statistical information used throughout this proxy statement or incorporated by reference into this proxy statement is based on independent industry publications, government publications, reports by market research firms and other published independent sources. Some data also is based on our good faith estimates, which we derive from our review of internal surveys and independent sources, including information provided to us by the U.S. Census Bureau. Although we believe these sources are reliable, we have not independently verified the information. We neither guarantee its accuracy nor undertake a duty to provide such data in the future or to update such data if and when such data is updated.

This proxy statement may contain trademarks, service marks and trade names of companies and organizations other than us. MetroPCS related brands, product names, company names, trademarks, service marks, images, symbols, copyrighted material, and other intellectual property are the exclusive property of MetroPCS Wireless, Inc. and its subsidiaries, parent companies, and affiliates. Copyright ©2010 MetroPCS Wireless, Inc. All rights reserved.

**This proxy statement does not constitute the solicitation of a proxy in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.**

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**ADDITIONAL INFORMATION**

This proxy statement incorporates by reference important business and financial information about MetroPCS from documents that are not included in or delivered with this proxy statement. You may obtain additional copies of this proxy statement and documents that are incorporated by reference in this proxy statement, without charge, on MetroPCS' website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports, or by requesting them in writing or by telephone from MetroPCS at the following address and telephone number:

Investor Relations

MetroPCS Communications, Inc.

2250 Lakeside Boulevard

Richardson, Texas 75082

Telephone No. (214) 570-4641

or

Email: [investor\\_relations@metropcs.com](mailto:investor_relations@metropcs.com)

You may also request additional copies from our proxy solicitor, MacKenzie Partners, Inc., using the following contact information:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Call Collect (212) 929-5500

or

Call Toll-Free (800) 322-2885

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

**In order to receive timely delivery of requested documents in advance of the special meeting, you should make any written or telephonic requests by no later than [ ]. A copy of all such requested documents will be mailed by first class mail, without charge, upon written or oral request, on or before the business day following our receipt of such request.**

Please note that copies of the documents provided to you will not include exhibits to the documents, unless the exhibits are specifically incorporated by reference in the documents or this proxy statement.

You can find additional business and financial information about MetroPCS in reports and documents previously filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC. This information is available to you without charge at the SEC's website at <http://www.sec.gov>. In addition, you may also obtain these reports and documents, without charge, on MetroPCS' website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports. Our website address is provided as an inactive textual reference only. Neither the information provided on our website nor the information provided on the SEC's website is part of this proxy statement, and no such information is incorporated herein by reference unless specifically stated herein.

See the section entitled Where You Can Find More Information beginning on page 209 for more information about the reports and documents previously filed by MetroPCS with the SEC and incorporated herein by reference.



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**VOTING BY INTERNET, TELEPHONE OR MAIL**

*Internet.* You can vote over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet voting is available 24 hours a day. This method of voting will be available until 11:59 p.m. Eastern Daylight Time, which we refer to as EDT, on [ ], or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such continued, adjourned or postponed meeting.

*Telephone.* You can vote by telephone by calling the toll-free number shown on your proxy card. Telephone voting is available 24 hours a day. Telephone voting will be considered at the special meeting if completed prior to 11:59 p.m. EDT on [ ] or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such continued, adjourned or postponed special meeting.

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document. Proxy cards received by MetroPCS after [ ] at 10:00 a.m. local time may not be considered unless the special meeting is continued, adjourned or postponed, and then only if received before the date and time the continued, adjourned or postponed special meeting is held.

**If you are not the record holder**

If you hold your shares through a bank, broker, custodian or other record holder, please refer to your proxy card or voting instruction form or the information forwarded by your bank, broker, custodian or other record holder to see which options are available to you. Unless you direct your bank, broker, custodian or other record holder on how to vote, they will be unable to vote your shares of MetroPCS common stock. We encourage you to make sure you direct your bank, broker, custodian or other record holder on how to vote to ensure that your vote will be counted. If we do not have a majority of shares of MetroPCS common stock present in person or by proxy at the special meeting we will not have a quorum, which is required to conduct business at the special meeting, except with respect to the proposal to continue, adjourn or postpone the special meeting.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING, THE TRANSACTION AND THE BUSINESS COMBINATION AGREEMENT**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the transaction, the business combination agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a MetroPCS stockholder. Please refer to the section entitled Summary beginning on page 1, the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement, which you should read carefully and in their entirety. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 209. Unless otherwise stated, as used in this proxy statement, the terms we, our, ours, us and MetroPCS refer to MetroPCS Communications, Inc., a Delaware corporation, and its subsidiaries, and the term combined company refers to MetroPCS after the completion of the transaction (as defined below).*

**Q. Why am I receiving this proxy statement?**

A. You are receiving this proxy statement and the accompanying proxy card because you own shares of MetroPCS common stock, which has a par value of \$0.0001 per share prior to completion of the transaction and will have a par value of \$0.00001 per share following the completion of the transaction, which we refer to as MetroPCS common stock. This proxy statement contains information related to the solicitation of proxies for use at the special meeting to be held at 10:00 a.m., local time, on [ ], and any continuations, adjournments or postponements thereof for the purposes stated in the accompanying Notice of Special Meeting of Stockholders, which we refer to in this proxy statement as the special meeting. The special meeting will be held [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082]. This solicitation is made by MetroPCS on behalf of our Board of Directors, which we refer to as the MetroPCS board. The proxy statement is dated [ ]. This proxy statement, the Notice of Special Meeting of Stockholders and the enclosed proxy card are first being mailed to stockholders beginning on or about [ ].

**Q. What is the transaction and what effect will it have on MetroPCS?**

A. MetroPCS has agreed to combine with T-Mobile USA, Inc., which we refer to as T-Mobile. The combination of MetroPCS with T-Mobile will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network, which we refer to as an LTE network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers.

On October 3, 2012, MetroPCS entered into the Business Combination Agreement, which we refer to as the business combination agreement, by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany, which we refer to as Deutsche Telekom, T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom, which we refer to as Global, T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global, which we refer to as Holding, and T-Mobile, a privately-held Delaware corporation and direct wholly-owned subsidiary of Holding, which we refer to as T-Mobile, and MetroPCS.

Pursuant to the terms and subject to the conditions set forth in the business combination agreement, including receipt of the required MetroPCS stockholder approval of certain of the proposals described in this proxy statement, MetroPCS will:

- (i) effect a recapitalization that includes a reverse stock split, which we refer to as the reverse stock split, of the MetroPCS common stock, pursuant to which each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split, which we refer to as the effective time, will represent thereafter one-half of a share of MetroPCS common stock;

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- (ii) as part of the recapitalization, make a payment in cash, which we refer to as the cash payment, in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time; and
  
- (iii) immediately following the cash payment, issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment (with the percentage ownership of fully-diluted shares of MetroPCS common stock as of such time of Holding or its designee and the MetroPCS stockholders and optionholders being calculated for all purposes in the proxy statement pursuant to the business combination agreement (1) under the treasury method based on the average closing price of a share of MetroPCS common stock on the New York Stock Exchange for the five full trading days immediately preceding the date the transaction is completed after taking into account the reverse stock split and the cash payment but before taking into account the subsequent cash-out of stock options, if any, in connection with the transaction and (2) on a grossed-up basis to take into account the number of shares of MetroPCS common stock so issued to Holding or its designee), which we refer to as the MetroPCS stock issuance, and Holding will deliver to MetroPCS all of the shares of capital stock of T-Mobile, which we refer to as the T-Mobile shares.

In addition, unless otherwise agreed to by the parties, on the business day immediately following the closing of the transaction, MetroPCS, Inc., a direct wholly-owned subsidiary of MetroPCS, will merge with and into its direct wholly-owned subsidiary MetroPCS Wireless, Inc., which we refer to as Wireless, with Wireless continuing as the surviving entity and, immediately thereafter, Wireless will merge with and into T-Mobile, with T-Mobile continuing as the surviving entity, which we refer to as the mergers. In this proxy statement, we refer to the reverse stock split, the cash payment, the MetroPCS stock issuance, the mergers and the other transactions contemplated by the business combination agreement, collectively, as the transaction.

MetroPCS also will change its name to T-Mobile US, Inc. or another name selected by Deutsche Telekom prior to the closing and will continue to be listed on the New York Stock Exchange, which refer to as the NYSE, under the symbol [ ].

**Q. What will I receive if the transaction is completed?**

A. Pursuant to the business combination agreement, the record holders of MetroPCS common stock immediately following the effective time will receive a one-time aggregate cash payment of \$1.5 billion, or approximately \$4.08 per share pre-reverse stock split, in connection with the recapitalization. Also, upon completion of the transaction, MetroPCS stockholders and optionholders immediately prior to the completion of the transaction, which we refer to collectively as the MetroPCS equityholders, collectively will own 26% of the combined company on a fully-diluted basis.

**Q. When do you expect the transaction to be completed?**

A. We expect that the conditions to the transaction will be satisfied or, if allowed by applicable law, waived, and the transaction will be completed, in the first half of 2013. However, we cannot be certain when, or if, the conditions to the transaction will be satisfied or so waived, or that the transaction will be completed.

**Q. What is the purpose of the special meeting?**

A. The purpose of the special meeting is to vote upon the following proposals:

**The stock issuance proposal:** A proposal to approve the MetroPCS stock issuance to be made in connection with, and in order to give effect to, the transaction.

**The new certificate of incorporation proposal:** A proposal to approve the Fourth Amended and Restated Certificate of Incorporation of MetroPCS, which we refer to as the new certificate of incorporation, pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split.





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**The change in control payments proposal:** A proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to MetroPCS named executive officers based on or otherwise relating to the transaction, which we refer to as the change in control payments.

**The adjournment proposal:** A proposal to approve the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal.

**IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE BOTH THE STOCK ISSUANCE PROPOSAL AND THE NEW CERTIFICATE OF INCORPORATION PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

The only MetroPCS stockholder approvals required by the business combination agreement are the stock issuance proposal and the new certificate of incorporation proposal. The change in control payments proposal is non-binding and advisory and the vote on such proposal will have no impact on whether the transaction is completed. In addition, even if the MetroPCS stockholders approve both the stock issuance proposal and the new certificate of incorporation proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived.

**Q. How does the MetroPCS board recommend that I vote?**

A. After careful consideration, the MetroPCS board, acting upon the recommendation of a special committee of the MetroPCS board established in connection with MetroPCS consideration of the transaction, which we refer to as the special committee, recommends that you vote as follows:

<b>Proposal</b>	<b>Recommended Vote</b>
Stock Issuance Proposal (Item 1)	<p style="text-align: center;"><b><u>FOR</u></b></p> <p style="text-align: center;">the stock issuance to be made in connection with, and in order to give effect to, the transaction</p>
New Certificate of Incorporation Proposal (Item 2)	<p style="text-align: center;"><b><u>FOR</u></b></p> <p style="text-align: center;">the new certificate of incorporation pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split</p>
Change in Control Payments Proposal (Item 3)	<p style="text-align: center;"><b><u>FOR</u></b></p> <p style="text-align: center;">the approval, on a non-binding, advisory basis, of the compensation that may be paid or may become payable to MetroPCS named executive officers based on or otherwise relating to the transaction</p>
Adjournment Proposal (Item 4)	<p style="text-align: center;"><b><u>FOR</u></b></p> <p style="text-align: center;">the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal</p>



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**Q. Why should I vote FOR each of the proposals and what are MetroPCS reasons for the transaction?**

A. If it is completed, the transaction will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network, which we refer to as an LTE network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers. The MetroPCS board analyzed the opportunities and risks for MetroPCS of remaining a stand-alone company and explored various other strategic alternatives available to MetroPCS before determining to proceed with the transaction. The MetroPCS board recommends that you vote for the proposals. In evaluating whether to recommend that you vote for the proposals and whether MetroPCS should enter into the business combination agreement and the transaction, the MetroPCS board and special committee considered numerous factors, including their belief that the implied value of the consideration to be received by the MetroPCS stockholders in the transaction represents a compelling valuation for MetroPCS and its stockholders and that the MetroPCS equityholders immediately prior to the completion of the transaction collectively will continue to own 26% of the fully-diluted MetroPCS common stock immediately upon completion of the transaction, allowing the MetroPCS stockholders to participate in any future earnings or growth of the combined company and future appreciation in the value of the combined company's common stock. In addition, if the transaction is completed, MetroPCS stockholders will receive a one-time aggregate cash payment of \$1.5 billion (or approximately \$4.08 per share calculated on a pre-reverse stock split basis), delivering certain value to MetroPCS stockholders. For additional reasons in favor of the transaction, see the section entitled The Transaction Reasons for the Transaction; Recommendation of the MetroPCS Board and the Special Committee beginning on page 86.

**Q. What approvals, other than the requisite MetroPCS stockholder approvals, are required to complete the transaction?**

A. In addition to stockholder approval of the stock issuance proposal and the new certificate of incorporation proposal, the transaction must be reviewed by several governmental entities, including (i) the Federal Communications Commission, which we refer to as the FCC, (ii) the Antitrust Division of the Department of Justice, which we refer to as the Antitrust Division, and (iii) the Committee on Foreign Investment in the United States, which we refer to as the CFIUS. MetroPCS and T-Mobile may also make filings with state public utility commissions or equivalent domestic regulatory authorities and, if required, foreign authorities, in order to complete the transaction. See the section entitled The Transaction Regulatory Approvals beginning on page 108.

**Q. What will happen if the transaction is not completed or the MetroPCS stockholders fail to approve both the stock issuance proposal and the new certificate of incorporation proposal?**

A. If the MetroPCS stockholders fail to approve both the stock issuance proposal and the new certificate of incorporation proposal or if the transaction is not completed for any other reason, the MetroPCS stockholders will not receive the cash payment and the combination of MetroPCS with T-Mobile will not occur. Instead, MetroPCS will remain a stand-alone public company and shares of MetroPCS common stock will continue to be listed and traded on the NYSE. Under certain circumstances, we may be required to pay to Deutsche Telekom, or may be entitled to receive from Deutsche Telekom, a termination fee with respect to the termination of the business combination agreement. See Summary of the Business Combination Agreement Termination and Effect of Termination beginning on pages 151 and 152, respectively.

**Q. Why am I being asked to consider and cast a non-binding, advisory vote on the compensation that may be paid or become payable to MetroPCS named executive officers based on or otherwise relating to the transaction?**

A. In July 2010, the Securities and Exchange Commission, which we refer to as the SEC, adopted new rules that require publicly-traded companies to seek a non-binding, advisory vote with respect to certain compensation

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that may be paid or become payable to their named executive officers that is based on or otherwise relates to business combination transactions that result in a change in control. See the section entitled "Proposals Submitted to Stockholders - The Change in Control Payments Proposal" beginning on page 62.

**Q. What will happen if MetroPCS stockholders do not approve, on a non-binding, advisory basis, the change in control payments?**

A. Approval of the change in control payments on a non-binding, advisory basis is not a condition to the completion of the transaction, and it is non-binding and advisory in nature only, meaning it will not be binding on MetroPCS. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, because MetroPCS is contractually obligated to pay the compensation, if the transaction is completed, the compensation will be payable, subject only to the conditions applicable to such compensation payments, regardless of the outcome of the non-binding, advisory vote.

**Q. Am I entitled to dissenter's rights or appraisal rights in connection with the transaction?**

A. No. MetroPCS stockholders do not have appraisal rights or similar rights of dissenters with respect to the transaction.

**Q. Are there risks associated with these matters of which I should be aware?**

A. Yes. There are a number of risks associated with the transaction, an investment in MetroPCS and an investment in the combined company. These risks are discussed in more detail in the section entitled "Risk Factors" beginning on page 33. You are encouraged to read this entire section carefully and to refer to the reports and documents filed by MetroPCS with the SEC that are incorporated by reference into this document. See the section entitled "Where You Can Find More Information" beginning on page 209.

**Q. What is required for a quorum at the special meeting?**

A. In order to conduct business at the special meeting, holders of a majority of the outstanding shares of MetroPCS common stock entitled to vote on the record date must be present in person or represented by proxy at the special meeting for there to be a quorum. In addition, certain unvested shares of restricted MetroPCS common stock, which we refer to as restricted stock, issued pursuant to the MetroPCS equity incentive compensation plans will count towards a quorum because such shares will be voted by MetroPCS on the proposals to be considered at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted. It is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum. If you hold your shares through a bank, broker, custodian or other record holder, please refer to your proxy card, voting instruction form, or the information forwarded by your bank, broker, custodian or other record holder to determine how and when to vote your shares. Unless you direct your bank, broker, custodian or other record holder on how to vote by the time and date specified by them, they will be unable to vote your shares. We encourage you to provide us with your proxy card even if you plan on attending the special meeting in person to ensure that your vote will be counted.

All shares of MetroPCS common stock represented at the special meeting, including abstentions, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

**Q. What is a broker non-vote, and how will broker non-votes affect voting on the proposals to be considered at the special meeting?**

A. Generally, a broker non-vote occurs when a bank, broker, custodian or other record holder that holds shares in street name is precluded from exercising voting discretion on a particular proposal because (1) the beneficial owner has not instructed the bank, broker, custodian or other record holder how to vote, and (2) the bank, broker,

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custodian, or other record holder lacks discretionary voting power to vote such shares. A bank, broker, custodian or other record holder does not have discretionary voting power with respect to the approval of non-routine matters absent specific voting instructions from the beneficial owners of such shares. Because all of the proposals described in this proxy statement are considered non-routine matters, we do not expect to receive any broker non-votes with respect to any of the proposals to be considered at the special meeting.

**Q. How many votes are required to approve each proposal?**

A. The required vote to approve each proposal generally is as set forth in the table below. Please see the description immediately following the table for more details on the required vote to approve each proposal.

Proposal	Vote Required
Stock Issuance Proposal (Item 1)	Affirmative vote of the majority of the votes cast, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal
New Certificate of Incorporation Proposal (Item 2)	Affirmative vote of the majority of the MetroPCS common stock outstanding on the record date
Change in Control Payments Proposal (Item 3)	Affirmative vote of the majority of the votes cast
Adjournment Proposal (Item 4)	If a quorum is not present, the affirmative vote of the majority of the shares of MetroPCS common stock present (in person or by proxy) at the special meeting and entitled to vote; if a quorum is present, the affirmative vote of the majority of the votes cast

**The stock issuance proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve the stock issuance proposal, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on the stock issuance proposal. If you vote to abstain, it will have the same effect as voting against this proposal. If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal, but it will make it more difficult to have a quorum or meet the requirement that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal. Accordingly, it is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum and this requirement.

**The new certificate of incorporation proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the MetroPCS common stock outstanding on the record date is required to approve the new certificate of incorporation proposal. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have the same effect as voting against this proposal.

**The change in control payments proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve, on a non-binding, advisory basis, the change in control payments proposal. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, because MetroPCS is contractually obligated to pay the change in control payments, if the transaction is completed, the change in control payments will be payable, subject only to the

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conditions applicable to such payments, regardless of the outcome of the advisory, non-binding vote. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

### **The adjournment proposal:**

If a quorum is not present at the special meeting:

The affirmative vote of a majority of the shares of MetroPCS common stock present at the special meeting (in person or by proxy) and entitled to vote on this proposal is required to approve this proposal.

If you vote to abstain, it will have the same effect as voting against this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

If a quorum is present at the special meeting:

The affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve this proposal.

If you vote to abstain, it will have no effect on the voting outcome of this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

### **Q. Why is MetroPCS seeking stockholder approval for the stock issuance proposal and the new certificate of incorporation proposal?**

A. Because the MetroPCS common stock is listed on the NYSE, MetroPCS is subject to the NYSE's rules and regulations. These rules require stockholder approval prior to the issuance of common stock, or of securities convertible into or exercisable for common stock, in any transaction or series of transactions where, in general, the issuance involves more than 20% of the outstanding common stock or voting rights of a listed company. As part of the transaction, we will issue a number of shares equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment.

Because MetroPCS is a Delaware corporation, it is subject to the General Corporation Law of the State of Delaware, which we refer to as the DGCL. In order to amend a corporation's certificate of incorporation, the DGCL requires that such amendment be approved by stockholders representing a majority of the outstanding shares of the corporation. In connection with the business combination agreement, MetroPCS is seeking to amend and restate its certificate of incorporation to, among other things, effect certain aspects of the recapitalization, including the reverse stock split.

### **Q. What is the reverse stock split?**

A. Pursuant to the recapitalization, MetroPCS will undertake a reverse stock split of the MetroPCS common stock, which will result in each share of MetroPCS common stock outstanding as of the effective time representing thereafter one-half of a share of MetroPCS common stock. If

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the MetroPCS stockholders approve the new certificate of incorporation proposal and the stock issuance proposal, and the reverse stock split is effected, then each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split will represent thereafter one-half of a share of MetroPCS common stock. The reverse stock split will happen at the same time for every MetroPCS stockholder, will affect every MetroPCS stockholder uniformly and will not in itself change any MetroPCS stockholder's percentage ownership interest or relative voting rights in MetroPCS (other than to the extent that the reverse stock split would result in any MetroPCS stockholder owning a fractional share, because cash will be paid in lieu of fractional shares). The reverse stock split will not change

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the number of authorized shares of MetroPCS common stock. While there can be no assurance as to MetroPCS' future valuation or stock price, the reverse stock split should not in itself change the overall valuation of MetroPCS or the value of a MetroPCS stockholder's investment. See "Proposals Submitted to Stockholders - The New Certificate of Incorporation Proposal" beginning on page 57.

**Q. Why is MetroPCS doing a reverse stock split?**

A. The reverse stock split is part of the recapitalization of MetroPCS that will take place as of the effective time. MetroPCS believes that the reverse stock split will increase the stock price of shares of MetroPCS common stock.

**Q. Do any of MetroPCS' directors or officers have interests in the transaction that may differ from or be in addition to my interests as a stockholder?**

A. MetroPCS' directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of MetroPCS stockholders generally. The MetroPCS board and the special committee were aware of and considered these potential interests, among other matters, in evaluating and negotiating the business combination agreement and the transaction, in approving the business combination agreement and in recommending the stock issuance proposal and the new certificate of incorporation proposal. For more details on the interests of MetroPCS directors and executive officers in the transaction, see the section entitled "Interests of MetroPCS Directors and Officers in the Transaction" beginning on page 118.

**Q. Why did the MetroPCS board form the special committee?**

A. The MetroPCS board formed the special committee to ensure that the negotiation process with Deutsche Telekom was conducted in the best interests of MetroPCS and its stockholders in light of the possibility that Roger D. Linquist, a MetroPCS board member, and some members of MetroPCS' executive management team could remain in senior positions with the combined company if a transaction were to occur. In addition, the MetroPCS board believed that the formation of the special committee constituted good corporate governance practice under the circumstances. To that end, and not because the independent directors believed that the negotiations had been or would be conducted in a manner unfavorable to the MetroPCS stockholders, the independent directors determined that the establishment of the special committee consisting of all of the MetroPCS independent directors (which excludes Roger D. Linquist because he is the Chief Executive Officer of MetroPCS), with James N. Perry, Jr. being the chairman of the special committee, was in the best interests of MetroPCS and its stockholders. Consequently, the full MetroPCS board adopted resolutions establishing the special committee and granting the special committee the authority to, among other things, (a) evaluate, consider and respond to the potential transaction with Deutsche Telekom and any alternatives to such transaction, (b) monitor, direct and participate in the negotiations, (c) make or accept, reject or seek to modify the terms and conditions of the potential transaction with Deutsche Telekom or any alternatives to such transaction, (d) recommend to the full MetroPCS board whether the MetroPCS board should approve the potential transaction with Deutsche Telekom or any alternatives to such transaction and (e) engage, at MetroPCS' expense, the special committee's own legal counsel and financial advisors.

**Q. How do I vote?**

A. You may vote in the following ways:

*By Internet.* You may go to [www.voteproxy.com](http://www.voteproxy.com), available 24 hours a day, 7 days a week, and follow the on-screen instructions. You will need to have your proxy card, which is provided with this proxy statement, available and use the MetroPCS number and account number shown on your proxy card to cast your vote. This method of voting will be available until 11:59 p.m. Eastern Daylight Time, which we refer to as EDT, on [ ], or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such continued, adjourned or postponed meeting. Internet voting procedures are designed to authenticate holders' identities, to allow them to vote their shares and to confirm that their voting instructions have been properly recorded.



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*By Mail.* You may vote by written proxy card, either through direct submission to MetroPCS of your executed proxy card if you are the record holder of such shares on MetroPCS stock register, or through execution of your proxy card returned to the bank, broker, custodian or other record holder of your MetroPCS common stock for submission to MetroPCS. In either circumstance, you should sign your proxy card exactly in the same way as it appears on the card, date your proxy card and indicate your voting preference on each proposal. You should mail your proxy card in plenty of time to allow delivery prior to the special meeting. Proxy cards received by MetroPCS after [ ] at 10:00 a.m. local time may not be considered unless the special meeting is continued, adjourned or postponed, and then only if received before the date and time the continued, adjourned or postponed special meeting is held.

*By Telephone.* You also may vote by telephone from the United States and Canada using the toll-free number on the proxy card and by following the procedures and instructions described on the proxy card. The telephone voting procedures are designed to authenticate holders identities, to allow them to vote their shares, and to confirm that their voting instructions have been properly recorded. Telephone voting will be considered at the special meeting if completed prior to 11:59 p.m. EDT on [ ] or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such continued, adjourned or postponed special meeting.

*In Person.* You also may vote in person at the special meeting. See the section entitled Questions and Answers about the Special Meeting, the Transaction and the Business Combination Agreement What do I need in order to attend the special meeting? beginning on page xvi.

### **Q. How do proxies work?**

A. A proxy allows you to vote at the special meeting even if you cannot attend in person. This means you may vote by designating the person selected by us as your proxy to vote your MetroPCS common stock at the special meeting in the way you instruct. We have designated J. Braxton Carter and Thomas C. Keys as proxies for the special meeting, which we refer to collectively as the MetroPCS proxies. While any and all holders of MetroPCS common stock may attend the special meeting and vote in person using the admission card included in the proxy materials, we also permit voting by proxy by telephone, Internet or mail, which provides the holders of MetroPCS common stock with a means to vote on the four proposals to be considered at the special meeting without having to attend the special meeting in person. The MetroPCS board is asking for your proxy to be voted at the special meeting.

### **Q. How are the votes recorded?**

A. If MetroPCS receives a valid proxy card from you by mail (e.g., signed by the record holder and dated) or receives your vote by telephone or Internet, your shares will be voted by the MetroPCS proxies as indicated in your voting preference selection. As a record holder, if you submit your proxy without indicating your voting preference on one or more of the proposals to be considered at the special meeting, those shares for which you did not indicate your voting preference will be voted in accordance with the recommendations of the MetroPCS board. In addition, certain unvested shares of restricted stock issued pursuant to the MetroPCS equity incentive compensation plans will be voted by MetroPCS on the proposals to be considered at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted.

### **Q. How do I vote if my shares of MetroPCS common stock are held in street name?**

A. If you hold MetroPCS common stock in street name through a bank, broker, custodian or other record holder, please follow the voting instructions provided by your bank, broker, custodian or other record holder to ensure that your shares are represented at the special meeting. MetroPCS stockholders that hold shares through a bank, broker, custodian or other record holder who wish to vote in person at the special meeting will need to obtain a legal proxy from their bank, broker, custodian or other record holder.

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**Q. If I hold my shares in street name, will my bank, broker, custodian or other record holder vote my shares for me?**

A. If you hold your shares through a bank, broker, custodian or other record holder (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank, broker, custodian or other record holder. You may not vote shares held in street name by returning a proxy card directly to MetroPCS or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank, broker, custodian or other record holder. Further, banks, brokers, custodians or other record holders who hold shares of MetroPCS common stock on behalf of their customers may not give a proxy to MetroPCS to vote those shares without specific instructions from their customers. NYSE rules no longer permit banks, brokers, custodians or other record holders to vote your shares on a discretionary basis for non-routine corporate governance matters.

**Q. Can I change or revoke my proxy?**

A. Yes, you may change or revoke your proxy at any time prior to the vote on the matters at the special meeting or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting. If you are a record holder of MetroPCS common stock, you may revoke your proxy at any time prior to the voting deadlines referred to in the section entitled Questions and Answers about the Special Meeting, the Transaction and the Business Combination Agreement How do I vote? beginning on page xiii by (1) delivering to MetroPCS Corporate Secretary at our principal executive office, located at 2250 Lakeside Boulevard, Richardson, Texas 75082, a written revocation that must be received by MetroPCS prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, (2) submitting another valid proxy card with a later date by mail, (3) voting by submitting a proxy by telephone or Internet prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, or (4) attending the special meeting in person and giving MetroPCS Inspector of Elections notice of your intent to vote your shares in person. If your shares are held in street name, you must contact the record holder of your MetroPCS common stock in order to revoke your proxy. If you intend to revoke your proxy, you must ensure that such revocation is received by MetroPCS Corporate Secretary prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, by the date and time of such continued, adjourned or postponed meeting. Any revocation received as of or after that date and time will not be effective. Attendance at the special meeting will not, by itself, revoke a proxy.

**Q. Why is my vote important? What happens if I don't vote?**

A. Your vote is important because MetroPCS will not be able to complete the transaction without obtaining the necessary vote of the MetroPCS stockholders in favor of the stock issuance proposal and the new certificate of incorporation proposal. In addition, if you do not vote, it will be more difficult to obtain the necessary quorum or meet the requirement that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on the stock issuance proposal.

**Q. How many shares of MetroPCS common stock were outstanding on the record date?**

A. There were [ ] shares of MetroPCS common stock outstanding at the close of business on [ ].

**Q. If I beneficially own as of the record date shares of restricted stock issued pursuant to a MetroPCS equity incentive compensation plan, will I be able to vote those shares on the proposals to be voted on at the special meeting?**

A. If you beneficially own as of the record date shares of restricted stock issued pursuant to a MetroPCS equity incentive compensation plan, you may vote the shares of vested restricted stock and shares of certain unvested restricted stock if provided in your award agreement. Any unvested shares of restricted stock issued pursuant to

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the MetroPCS equity incentive compensation plans in which you do not have voting rights will be voted by MetroPCS for the proposals to be voted on at the special meeting in the same proportion as the rest of the shares of stock that are voted.

### **Q. What do I need in order to attend the special meeting?**

A. Only stockholders with an admission ticket will be admitted to the special meeting. If you are a record holder of MetroPCS common stock, an admission ticket is attached to your proxy card. However, if you hold your shares of MetroPCS common stock through a bank, broker, custodian or other record holder, you should ask the bank, broker, custodian or other record holder that holds your shares to provide you with a legal proxy, a copy of your account statement, or a letter from the record holder confirming that you beneficially own or hold MetroPCS common stock as of the close of business on the record date. You also can obtain an admission ticket to the special meeting by presenting this legal proxy, or confirming documentation of your account from your bank, broker, custodian or other record holder, at the special meeting. All stockholders will be required to show a valid, government-issued, picture identification that matches the name on the admission ticket or legal proxy or confirming documentation from your bank, broker, custodian or other record holder before being admitted to the special meeting.

For safety and security purposes, we do not permit any stockholder to bring cameras, video or audio recording equipment, large bags, briefcases or packages into the meeting room or to otherwise record or photograph the special meeting. We also ask that all MetroPCS stockholders attending the special meeting not bring cell phones into the special meeting or that they turn off all cell phones, pagers, and other electronic devices during the special meeting. We reserve the right to inspect any bags, purses or briefcases brought into the special meeting.

### **Q. Are the votes confidential?**

A. Yes, all votes remain confidential except as necessary (1) to tabulate the votes and allow an independent inspector to certify the results of the vote, (2) to meet applicable legal requirements, (3) to assert or defend claims for or against MetroPCS, and (4) if a stockholder makes a written comment or requests disclosure on the proxy card that such vote be communicated to management of MetroPCS.

### **Q. Who will tabulate and count the votes?**

A. Votes will be counted and certified by the Inspector of Elections, who is an employee of American Stock Transfer & Trust Company, which we refer to as AST, MetroPCS independent transfer agent. Your proxy card will be returned directly to Broadridge Investor Communication Solutions, who will report your vote to AST.

### **Q. Where can I find the voting results for each proposal?**

A. Voting results will be available shortly after the conclusion of the special meeting on MetroPCS website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports. We intend to file a Current Report on Form 8-K within four business days after the special meeting announcing the official results of voting. If the official results are not available at that time, we intend to provide preliminary voting results in the Form 8-K and will provide the final voting results in an amendment to the Form 8-K as soon as they become available.

### **Q. Can I access the proxy materials and MetroPCS Annual Report on the Internet?**

A. Yes, the proxy statement and the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are available free of charge on MetroPCS website at [www.metropcs.com](http://www.metropcs.com) under the About Us tab, then selecting the Investor Relations tab and then selecting SEC Filings and Reports.

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### **Q. What is householding and how does it affect me?**

A. The SEC rules permit us to send a single set of the Notice of Internet Availability of Proxy Materials and the proxy materials to any household in which two or more holders reside unless we have received contrary instructions from the affected holders prior to the mailing date. This procedure, referred to as householding, reduces the volume of duplicate mailings and information you receive and helps us reduce our impact on the environment and our cost and expenses.

In order to take advantage of this cost saving opportunity, we have delivered only one set of proxy materials to holders of MetroPCS common stock who share an address unless we have received contrary instructions from the affected holders prior to the mailing date. If you would like to request additional copies or otherwise request reduced copies be sent, please see the section entitled *Where You Can Find More Information* beginning on page 209.

### **Q. What do I do if I receive more than one proxy card or set of voting instructions?**

A. If you receive more than one proxy card or set of voting instructions, your shares of MetroPCS common stock are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each appropriate proxy card to ensure that all your shares are voted.

### **Q. What do I need to do now?**

A. After carefully reading and considering all of the information contained in this proxy statement, please respond by completing, signing and dating the appropriate proxy card and returning it in the enclosed postage-paid envelope, or by submitting your voting instruction electronically via the Internet or by telephone, as soon as possible so that your shares of MetroPCS common stock may be represented and voted at the special meeting. In addition, you may also vote your shares in person at the special meeting. If you hold shares registered in the name of a bank, broker, custodian or other record holder, that bank, broker, custodian or other record holder has enclosed, or will provide, instructions for directing your bank, broker, custodian or other record holder how to vote those shares. Even if you plan to attend the special meeting in person, we encourage you to complete and submit your proxy card so that your vote can be counted.

### **Q. Should I send in my stock certificates (or evidence of shares in book-entry form) now?**

A. No. Please do NOT send your MetroPCS stock certificates (or evidence of shares in book-entry form) with your proxy card.

### **Q. What is the cost of the proxy solicitation?**

A. MetroPCS bears all of the cost of the solicitation of proxies, including the preparation, assembly, printing and mailing of all proxy materials. MetroPCS also reimburses banks, brokers, custodians and other record holders for their costs in forwarding the proxy materials to the beneficial owners or holders of MetroPCS common stock. MetroPCS and its directors, officers, and regular employees also may solicit proxies by mail, personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services. In addition, we have retained MacKenzie Partners, Inc., which we refer to as MacKenzie, to aid in the solicitation of proxies by mail, personally, by telephone, e-mail or other appropriate means. For these services, we will pay MacKenzie \$30,000, plus reasonable out-of-pocket expenses.

### **Q. Who can help answer my other questions?**

A. If you have any questions about the special meeting, the matters to be voted upon, including the transaction, or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact MacKenzie at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com) (e-mail), call toll-free: (800) 322-2885 or call collect: (212) 929-5500.

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**Table of Contents****SUMMARY**

*The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to, and incorporated by reference, in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 209.*

**The Transaction (See page 64)**

At the special meeting, our stockholders will vote on matters relating to the combination of MetroPCS with T-Mobile USA, Inc., which we refer to as T-Mobile. The combination of MetroPCS with T-Mobile will create a leading value wireless carrier in the United States, which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage and a clear-cut technology path to one common long-term evolution network, which we refer to as an LTE network. We believe that the combined company will have the expanded scale, spectrum and financial resources to compete aggressively with the other larger U.S. wireless carriers. On October 3, 2012, MetroPCS entered into a Business Combination Agreement, which we refer to as the business combination agreement, by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany, which we refer to as Deutsche Telekom, T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom, which we refer to as Global, T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global, which we refer to as Holding, T-Mobile, a Delaware corporation and direct wholly-owned subsidiary of Holding, and MetroPCS. Pursuant to the terms and subject to the conditions set forth in the business combination agreement, including receipt of the required MetroPCS stockholder approval of certain of the proposals described in this proxy statement, MetroPCS will:

- (i) effect a recapitalization that includes a reverse stock split, which we refer to as the reverse stock split, of the common stock, which has a par value of \$0.0001 per share prior to completion of the transaction and will have a par value of \$0.00001 per share following the completion of the transaction, which we refer to as MetroPCS common stock, pursuant to which each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split, which we refer to as the effective time, will represent thereafter one-half of a share of MetroPCS common stock;
- (ii) as part of the recapitalization, make a payment in cash, which we refer to as the cash payment, in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time; and
- (iii) immediately following the cash payment, issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment (with the percentage ownership of fully-diluted shares of MetroPCS common stock as of such time of Holding or its designee and the MetroPCS stockholders and optionholders being calculated for all purposes in this proxy statement pursuant to the business combination agreement (1) under the treasury method based on the average closing price of a share of MetroPCS common stock on the New York Stock Exchange for the five full trading days immediately preceding the date the transaction is completed after taking into account the reverse stock split and the cash payment but before taking into account the subsequent cash-out of stock options, if any, in connection with the transaction and (2) on a grossed-up basis to take into account the number of shares of MetroPCS common stock so issued to Holding or its designee), which we refer to as the MetroPCS stock issuance, and Holding will deliver to MetroPCS all of the shares of capital stock of T-Mobile, which we refer to as the T-Mobile shares.

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In addition, unless otherwise agreed to by the parties, on the business day immediately following the closing of the transaction, MetroPCS, Inc., a direct wholly-owned subsidiary of MetroPCS, will merge with and into its direct wholly-owned subsidiary MetroPCS Wireless, Inc., which we refer to as Wireless, with Wireless continuing as the surviving entity and, immediately thereafter, Wireless will merge with and into T-Mobile, with T-Mobile continuing as the surviving entity, which we refer to as the mergers. In this proxy statement, we refer to the reverse stock split, the cash payment, the MetroPCS stock issuance, the mergers and the other transactions contemplated by the business combination agreement, collectively, as the transaction.

The board of directors of MetroPCS, which we refer to as the MetroPCS board, recommends that you vote for the proposals. In evaluating whether to recommend that you vote for the proposals and whether MetroPCS should enter into the business combination agreement and the transaction, the MetroPCS board and the special committee of the MetroPCS board established in connection with MetroPCS consideration of the transaction, which we refer to as the special committee, considered numerous factors, including their belief that the implied value of the consideration to be received by the holders of MetroPCS common stock, which we refer to as the MetroPCS stockholders, in the transaction represents a compelling valuation for MetroPCS and its stockholders and that the MetroPCS equityholders immediately prior to the completion of the transaction collectively will continue to own 26% of the fully-diluted MetroPCS common stock immediately upon completion of the transaction, allowing the MetroPCS equityholders to participate in any future earnings or growth of the combined company and future appreciation in the value of the combined company's common stock. In addition, if the transaction is completed, MetroPCS stockholders will receive a one-time aggregate cash payment of \$1.5 billion (or approximately \$4.08 per share calculated on a pre-reverse stock split basis). For additional reasons in favor of the transaction, see the section entitled *The Transaction Reasons for the Transaction; Recommendation of the MetroPCS Board and the Special Committee* beginning on page 86.

### **Financing (See page 112)**

The transaction is expected to be financed by the issuance by Wireless or T-Mobile of senior unsecured notes in an aggregate principal amount of up to \$18.5 billion as follows:

\$15.0 billion of senior unsecured notes, which we refer to as the \$15.0 billion notes, to be issued by T-Mobile and purchased by Deutsche Telekom to refinance certain intercompany indebtedness owed by T-Mobile and its subsidiaries to Deutsche Telekom and its subsidiaries (excluding T-Mobile and its subsidiaries);

\$2.5 billion of senior unsecured notes, which we refer to as the \$2.5 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which we intend to use to refinance the Wireless existing senior credit facility; and

\$1.0 billion of senior unsecured notes, which we refer to as the \$1.0 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which we intend to use for general corporate purposes, including to fund in part the cash payment.

In addition to the notes issued to finance the transaction, Deutsche Telekom (or one of its subsidiaries if the obligations of such subsidiary thereunder are unconditionally guaranteed by Deutsche Telekom) will make available for the benefit of T-Mobile and its subsidiaries, on the closing date of the transaction, a revolving unsecured credit facility with a maximum principal amount of no less than \$500 million to be used for working capital and other general corporate purposes, on terms substantially as set forth on Exhibit H to the business combination agreement, which we refer to as the working capital revolving credit facility.

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Deutsche Telekom has committed, pursuant to the terms of the business combination agreement, to purchase (or to cause one or more of its subsidiaries to purchase) (i) the \$15.0 billion notes and (ii) any portion of the \$2.5 billion notes and the \$1.0 billion notes that are not sold to third-party investors. The economic terms, including the interest rate, the tenor, the no-call period and the redemption premium, of each series of notes to be purchased by Deutsche Telekom, which we refer to as the Deutsche Telekom notes, will be determined as set forth in the Deutsche Telekom notes pricing schedule, attached as Exhibit F to the business combination agreement. The proceeds of any issuances of debt securities by MetroPCS or any of its subsidiaries, including Wireless, to third parties following the date of the business combination agreement will reduce the commitments of Deutsche Telekom in respect of the \$2.5 billion notes and the \$1.0 billion notes in the manner and to the extent described in the financing backstop terms and conditions schedule, attached as Exhibit I to the business combination agreement. For more details, see the section entitled "Summary of the Financing" beginning on page 112.

On December 5, 2012, Wireless commenced a consent solicitation, which we refer to as the consent solicitation, seeking to amend the indentures governing Wireless's outstanding 7 7/8% Senior Notes due 2018 and 6 5/8% Senior Notes due 2020, which we refer to as the Wireless existing notes. On December 14, 2012, following the receipt of the requisite consents in the consent solicitation, Wireless, the guarantors named therein and the trustee entered into revised supplemental indentures that now govern the Wireless existing notes. Among other things, the revised supplemental indentures modified the definition of "Change in Control" so that the consummation of the transaction will not be considered a change in control under the indentures governing the Wireless existing notes. For more details, see the section entitled "Summary of the Financing - Consent Solicitation for Amendments to Wireless Existing Notes" beginning on page 117.

As a result of the consummation of the consent solicitation and the entry into the revised supplemental indentures relating to the Wireless existing notes, Deutsche Telekom's commitment, pursuant to the business combination agreement, to purchase additional notes in an amount sufficient to satisfy such change of control obligations, has been terminated.

**Risk Factors (See page 33)**

The business of MetroPCS, T-Mobile and the combined company, and the transaction involves various risks. You should carefully consider the risks discussed below and in the sections entitled "Risk Factors" beginning on page 33 and "Cautionary Note Regarding Forward-Looking Statements" beginning on page 29 before deciding whether to vote for the proposals. In addition, you also should read and consider the risks associated with each of the businesses of MetroPCS and T-Mobile because these risks also will remain for the combined company; these risks with respect to MetroPCS can be found in MetroPCS's most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement. Many of these risks, and the events that cause these risks, are beyond our ability to control or predict. If any of these risks were to occur, the respective businesses, financial results, financial condition, operating results or stock prices, as applicable, of MetroPCS, T-Mobile or the combined company could be materially adversely affected. The following is a summary of some of the principal risks related to the transaction:

The amount of MetroPCS common stock and the cash payment to be issued or paid in the transaction is fixed and will not be adjusted for changes in the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS or T-Mobile or in the event of any change in MetroPCS's stock price;

The transaction is conditioned on the receipt of approvals from various governmental entities, which may not approve the transaction, may delay the approvals, or may impose conditions or restrictions on, jeopardize or delay completion of, or reduce the anticipated benefits of, the transaction;

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Failure to complete the transaction, or a delay in completing the transaction, could negatively impact the stock price of MetroPCS and the future business, assets, liabilities, prospects, outlook, financial condition and results of operations of MetroPCS, T-Mobile and/or the combined company;

The business combination agreement contains provisions that could affect whether a potential competing acquirer of MetroPCS makes a competing proposal or that could delay the completion of the transaction;

MetroPCS and T-Mobile are subject to various uncertainties and contractual restrictions while the transaction is pending that could disrupt their potential businesses and could adversely affect their businesses, assets, liabilities, prospects, outlooks, financial conditions and results of operations;

Directors and executive officers of MetroPCS have interests in the transaction that may be different from, or in addition to, those of other stockholders of MetroPCS, which could have influenced their decisions to support or approve the transaction.

There are risks associated with the reverse stock split, including that the reverse stock split may not result in a proportionate increase in the per share price of the MetroPCS common stock;

Even following the completion of the transaction, the combined company will continue to face intense competition from other competitors, some of which have greater resources than the combined company, and such competition may intensify in the future;

The failure to integrate successfully the businesses of MetroPCS and T-Mobile in the expected time frame could adversely affect the combined company's future results following the transaction;

Many of the anticipated synergies from the transaction may not be realized for a significant period of time after the completion of the transaction, if at all, and will require substantial capital expenditures to be fully realized;

The combined company will incur substantial indebtedness in connection with the transaction;

A substantial portion of the indebtedness that would be incurred in connection with the transaction is subject to a pricing reset that may materially increase the interest rate applicable to that indebtedness;

Multiple lawsuits have been filed against the parties challenging the transaction, and an adverse ruling may delay or prevent the transaction from being completed;

The combined company's future results could suffer if it does not effectively manage its expanded business, operations and employee base following the transaction;

The unaudited pro forma financial statements included in this proxy statement are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the transaction;



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Following the completion of the transaction, the combined company will be controlled by Deutsche Telekom, and Deutsche Telekom will continue to have approval rights over certain actions taken by the combined company as long as it beneficially owns 30% or more of the combined company's common stock. The interests of Deutsche Telekom may differ from the interests of other stockholders of the combined company;

Following the completion of the transaction, Deutsche Telekom will be permitted to transfer shares of the combined company's common stock in any transaction that would result in the transferee owning 30% or less of the outstanding shares of the combined company's common stock, and any control or other purchase price premium Deutsche Telekom receives from such transfer need not be shared with the rest of the combined company's stockholders; and

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Following the completion of the transaction, Deutsche Telekom will be subject to a six month lock-up period with respect to its shares of the combined company's common stock, after which, subject to limited restrictions, it will be permitted to transfer freely its shares of the combined company's common stock, which could have a negative impact on the combined company's stock price.

### **Parties to the Agreement (See page 49)**

#### ***MetroPCS Communications, Inc.***

2250 Lakeside Boulevard

Richardson, Texas 75082

MetroPCS is the fifth largest facilities-based wireless broadband mobile communications provider in the United States based on number of customers served. MetroPCS offers wireless broadband mobile services under the MetroPCS® brand in selected major metropolitan areas in the United States. MetroPCS provides a variety of wireless broadband mobile communications services to customers on a no long-term contract, paid-in-advance basis. As of September 30, 2012, MetroPCS had approximately 9.0 million customers.

MetroPCS was incorporated in 2004 in the state of Delaware and maintains its corporate headquarters in Richardson, Texas. All services are provided through wholly-owned subsidiaries of MetroPCS Wireless, Inc., which we refer to as Wireless, an indirect wholly-owned subsidiary of MetroPCS. In April 2007, MetroPCS consummated an initial public offering of its common stock and became listed for trading on the NYSE under the symbol PCS. If the transaction is completed, MetroPCS will change its name to T-Mobile US, Inc. or another name selected by Deutsche Telekom prior to the closing and will continue to be listed on the NYSE under the symbol [ ].

#### ***Deutsche Telekom AG***

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Deutsche Telekom is one of the world's leading integrated telecommunications companies with over 131 million mobile customers, 33 million fixed-network lines and more than 17 million broadband lines (as of September 30, 2012). Deutsche Telekom and its affiliates provide fixed-network, mobile communications, Internet and IPTV products and services for consumers and ICT solutions for business and corporate customers. Deutsche Telekom is present in around 50 countries and has over 233,000 employees worldwide. Deutsche Telekom and its affiliates generated revenue of EUR 58.7 billion in the 2011 financial year over half of it outside Germany.

#### ***T-Mobile Global Zwischenholding GmbH***

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Global is a direct wholly-owned subsidiary of Deutsche Telekom.

#### ***T-Mobile Global Holding GmbH***

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Holding is a direct wholly-owned subsidiary of Global.



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### ***T-Mobile USA, Inc.***

12920 SE 38th Street

Bellevue, Washington 98006

T-Mobile, a privately-held Delaware corporation and direct wholly-owned subsidiary of Holding, is a wireless telecommunications carrier that offers mobile communications services under the T-Mobile brand in the United States, Puerto Rico and the U.S. Virgin Islands. T-Mobile operates its business in one reportable segment. T-Mobile's service offerings include contract and non-contract ( prepaid ) wireless voice, messaging and data services plans, mobile broadband plans and wholesale wireless services. As of September 30, 2012, T-Mobile provides service to more than 33.3 million customers through its nationwide voice and data networks.

As of September 30, 2012, T-Mobile's nationwide coverage footprint offers wireless voice, messaging, and data services across a service area covering over 280 million Americans in most metropolitan areas. In addition, T-Mobile has roaming agreements with other mobile communication network operators that allow mobile communications services to be provided beyond the direct coverage area of the T-Mobile network footprint. Services from T-Mobile are provided using the Global System for Mobile Communications, which we refer to as GSM, General Packet Radio Service, which we refer to as GPRS, Enhanced Data rates for GSM Evolution, which we refer to as EDGE, Universal Mobile Telecommunications Systems, which we refer to as UMTS, and Evolved High Speed Packet Access, which we refer to as HSPA+, technologies. T-Mobile's network modernization plan will result in the launch of 4G services using LTE technology in areas covering a population of 200 million in 2013.

### **The Special Meeting (See page 51)**

#### ***Time, Place and Purpose of the Special Meeting (See page 51)***

The special meeting will be held [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082] on [ ] at 10:00 a.m., local time.

#### ***The Proposals (See page 57)***

The purpose of the special meeting is to vote upon the following proposals:

**The stock issuance proposal:** A proposal to approve the MetroPCS stock issuance to be made in connection with, and in order to give effect to, the transaction.

**The new certificate of incorporation proposal:** A proposal to approve the Fourth Amended and Restated Certificate of Incorporation of MetroPCS, which we refer to as the new certificate of incorporation, pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split.

**The change in control payments proposal:** A proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to MetroPCS named executive officers based on or otherwise relating to the transaction, which we refer to as the change in control payments.

**The adjournment proposal:** A proposal to approve the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal.

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**IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE BOTH THE STOCK ISSUANCE PROPOSAL AND THE NEW CERTIFICATE OF INCORPORATION PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

The only MetroPCS stockholder approvals required by the business combination agreement are the stock issuance proposal and the new certificate of incorporation proposal. The change in control payments proposal is non-binding and advisory and the vote on such proposal will have no impact on whether the transaction is completed. In addition, even if the MetroPCS stockholders approve both the stock issuance proposal and the new certificate of incorporation proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived.

***Record Date and Quorum (See page 52)***

The MetroPCS board has established the close of business on [ ] as the record date for the special meeting, which we refer to as the record date. Only record holders of shares of MetroPCS common stock at the close of business on the record date for the special meeting are entitled to notice of, and to vote at, the special meeting and any continuations, adjournments or postponements of the special meeting. No other holders of shares of MetroPCS capital stock are entitled to notice of and to vote at the special meeting. At the close of business on the record date, MetroPCS had outstanding and entitled to vote [ ] shares of MetroPCS common stock. Holders of MetroPCS common stock have one vote per share on each matter to be acted upon.

In order to conduct business at the special meeting, holders of a majority of the outstanding shares of MetroPCS common stock entitled to vote on the record date must be present in person or represented by proxy at the special meeting for there to be a quorum. In addition, certain unvested shares of restricted MetroPCS common stock, which we refer to as restricted stock, issued pursuant to the MetroPCS equity incentive compensation plans will count towards a quorum because such shares will be voted by MetroPCS on the proposals to be considered at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted. It is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum. If you hold your shares through a bank, broker, custodian or other record holder, please refer to your proxy card, voting instruction form, or the information forwarded by your bank, broker, custodian or other record holder to determine how and when to vote your shares. Unless you direct your bank, broker, custodian or other record holder on how to vote by the time and date specified by them, they will be unable to vote your shares. We encourage you to provide us with your proxy even if you plan to attend the special meeting in person to ensure that your vote will be counted.

All shares of MetroPCS common stock represented at the special meeting, including abstentions, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Because all of the proposals are considered non-routine matters, we do not expect to receive any broker non-votes with respect to any of the proposals to be considered at the special meeting.

**Table of Contents*****Vote Required (See page 53)***

The required vote to approve each proposal generally is as set forth in the table below. Please see the description immediately following the table for more details on the required vote to approve each proposal.

<b>Proposal</b>	<b>Vote Required</b>
Stock Issuance Proposal (Item 1)	Affirmative vote of the majority of the votes cast, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal
New Certificate of Incorporation Proposal (Item 2)	Affirmative vote of the majority of the MetroPCS common stock outstanding on the record date
Change in Control Payments Proposal (Item 3)	Affirmative vote of the majority of the votes cast
Adjournment Proposal (Item 4)	If a quorum is not present, the affirmative vote of the majority of the shares of MetroPCS common stock present (in person or by proxy) at the special meeting and entitled to vote; if a quorum is present, the affirmative vote of the majority of the votes cast

**The stock issuance proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve the stock issuance proposal, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on the stock issuance proposal. If you vote to abstain, it will have the same effect as voting against this proposal. If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal, but it will make it more difficult to have a quorum or meet the requirement that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal. Accordingly, it is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum and this requirement.

**The new certificate of incorporation proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the MetroPCS common stock outstanding on the record date is required to approve the new certificate of incorporation proposal. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have the same effect as voting against this proposal.

**The change in control payments proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve, on a non-binding, advisory basis, the change in control payments proposal. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, because MetroPCS is contractually obligated to pay the change in control payments, if the transaction is completed, the change in control payments will be payable, subject only to the conditions applicable to such payments, regardless of the outcome of the advisory, non-binding vote. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

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**The adjournment proposal:**

If a quorum is not present at the special meeting:

The affirmative vote of a majority of the shares of MetroPCS common stock present at the special meeting (in person or by proxy) and entitled to vote on this proposal is required to approve this proposal.

If you vote to abstain, it will have the same effect as voting against this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

If a quorum is present at the special meeting:

The affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve this proposal.

If you vote to abstain, it will have no effect on the voting outcome of this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

***Revocation (See page 55)***

You may change or revoke your proxy at any time prior to the vote on the matters at the special meeting or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting. If you are a record holder of MetroPCS common stock, you may revoke your proxy at any time prior to the voting deadlines referred to in the section entitled "Questions and Answers about the Special Meeting, the Transaction and the Business Combination Agreement How do I vote?" beginning on page xiii by (1) delivering to MetroPCS Corporate Secretary at our principal executive office, located at 2250 Lakeside Boulevard, Richardson, Texas 75082, a written revocation that must be received by MetroPCS prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, (2) submitting another valid proxy card with a later date by mail, (3) voting by submitting a proxy by telephone or Internet prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, or (4) attending the special meeting in person and giving MetroPCS Inspector of Elections notice of your intent to vote your shares in person. If your shares are held in street name, you must contact the record holder of your MetroPCS common stock in order to revoke your proxy. If you intend to revoke your proxy, you must ensure that such revocation is received by MetroPCS Corporate Secretary prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, by the date and time of such continued, adjourned or postponed meeting. Any revocation received as of or after that date and time will not be effective. Attendance at the special meeting will not, by itself, revoke a proxy.

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**Recommendation of the MetroPCS Board (See page 52)**

The MetroPCS board, acting upon the recommendation of the special committee, recommends that you vote as follows:

<b>Proposal</b>	<b>Recommended Vote</b>
<p>Stock Issuance Proposal (Item 1)</p> <p style="text-align: center;">the stock issuance to be made in connection with, and in order to give effect to, the transaction</p>	<p><b><u>FOR</u></b></p>
<p>New Certificate of Incorporation Proposal (Item 2)</p> <p style="text-align: center;">the new certificate of incorporation pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split</p>	<p><b><u>FOR</u></b></p>
<p>Change in Control Payments Proposal (Item 3)</p> <p style="text-align: center;">the approval, on a non-binding, advisory basis, of the compensation that may be paid or may become payable to MetroPCS named executive officers based on or otherwise relating to the transaction</p>	<p><b><u>FOR</u></b></p>
<p>Adjournment Proposal (Item 4)</p> <p style="text-align: center;">the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal</p>	<p><b><u>FOR</u></b></p>

**New Certificate of Incorporation (See page 57)**

In connection with the transaction and conditioned on the completion of the transaction, MetroPCS will amend and restate its existing certificate of incorporation in its entirety in the form of the new certificate of incorporation attached as Exhibit A to the business combination agreement, and the new certificate of incorporation will be the certificate of incorporation of the combined company immediately following the completion of the transaction. As part of the new certificate of incorporation, MetroPCS will change its name to T-Mobile US, Inc. or another name selected by Deutsche Telekom prior to the closing. The new certificate of incorporation will also provide for the declassification of the MetroPCS board with members generally serving one year terms and provide Deutsche Telekom with the same board and committee representation rights as are set forth in the stockholder s agreement to be entered into as provided in the business combination agreement, which we refer to as the stockholder s agreement. The new certificate of incorporation will also contain the same approval rights as are set forth in the stockholder s agreement, which restrict the combined company s ability to take certain actions without Deutsche Telekom s prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company s common stock. The new certificate of incorporation is more fully described under the section entitled Proposals Submitted to the Stockholders The New Certificate of Incorporation Proposal beginning on page 57.





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### **Interests of MetroPCS Directors and Officers in the Transaction (See page 118)**

MetroPCS directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of MetroPCS stockholders generally. The MetroPCS board and the special committee were aware of and considered these potential interests, among other matters, in evaluating and negotiating the business combination agreement and the transaction, in approving the business combination agreement and in recommending the stock issuance proposal and the new certificate of incorporation proposal. For more details on the interests of MetroPCS directors and executive officers in the transaction, see the section entitled Interests of MetroPCS Directors and Officers in the Transaction beginning on page 118.

### **The Business Combination Agreement (See page 134)**

### ***Effect on Annual Cash Performance Awards, Stock Options and Restricted Stock Issued Pursuant to MetroPCS Equity Incentive Compensation Plans (See page 136)***

Effective as of the completion of the MetroPCS stock issuance, all outstanding equity and incentive awards under MetroPCS equity incentive compensation plans, including all outstanding annual cash performance awards, stock options and each share of restricted stock, will automatically vest (at the target payment amount for annual cash performance awards) and (in the case of stock options) become exercisable and will remain outstanding.

In addition, except as provided below, at the time the amendment and restatement of MetroPCS certificate of incorporation becomes effective, each outstanding option to acquire MetroPCS common stock will be adjusted to take into account the reverse stock split and the cash payment. The number of shares of MetroPCS common stock to be acquired pursuant to outstanding options will be reduced to reflect the reverse stock split and the exercise price of the options will be increased to reflect the reverse stock split, with the per share amount of the cash payment made to holders of MetroPCS common stock deducted from the options adjusted per share exercise price. Restricted stock will be adjusted to account for the reverse stock split in the same manner as all other MetroPCS common stock, and holders of restricted stock will share in the cash payment. Holders of stock options will not receive any portion of the cash payment.

Notwithstanding and in lieu of the above, holders of stock options with an exercise price that is less than the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment, which we refer to as in-the-money stock options, may elect to receive cash in lieu of their in-the-money stock options, during the five days following the closing of the transaction, at a price per share equal to the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment minus the exercise price of the option, less required tax withholding. Any in-the-money stock options issued under the Second Amended and Restated MetroPCS, Inc. 1995 Stock Plan, as amended, that have a per share exercise price equal to or less than the per share amount of the cash payment (or approximately \$4.08 per share calculated on a pre-reverse stock split basis), which we refer to as low exercise price stock options, will be automatically cashed-out in the same manner. Any stock options that are not cashed-out at the closing of the transaction, including any in-the-money stock options (other than low exercise price stock options) for which the holder thereof does not elect to receive cash at closing, will be adjusted for the reverse stock split and the per share amount of the cash payment as described above and will remain outstanding, 100% vested and exercisable in accordance with their terms. In-the-money stock options that are cashed out will reduce the number of shares outstanding after the stock issuance and will cause Deutsche Telekom's interest in the combined company to increase proportionately.

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### ***No Solicitation of Alternative MetroPCS Proposals (See page 142)***

Subject to limited exceptions, each of MetroPCS and Deutsche Telekom has agreed that, from the time of the execution and delivery of the business combination agreement until the completion of the transaction, neither it nor any of its subsidiaries will authorize or permit any of its and their respective directors and officers to, nor will it authorize, and it will use its reasonable best efforts not to permit, any of its and their other respective representatives to, directly or indirectly, (i) initiate, solicit or knowingly encourage or knowingly take or continue any other action to facilitate the submission of any inquiry, indication of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an acquisition proposal, (ii) participate in any discussions or negotiations regarding, or that would reasonably be expected to lead to, any acquisition proposal, (iii) furnish any non-public information or data regarding it or any of its subsidiaries to, or afford access to its properties, personnel, books and records to, any person in connection with or in response to or in circumstances that would reasonably be expected to lead to, any acquisition proposal, (iv) take any action to make the provisions of any fair price, moratorium, control share acquisition, business combination or other similar anti-takeover statute or regulation (including any transaction under, or a third party becoming an interested stockholder under, Section 203 of the General Corporation Law of the State of Delaware), any restrictive provision of any applicable anti-takeover provision in its organizational documents or, for MetroPCS, in its stockholder rights plan, as amended, inapplicable to any person other than the other parties to the business combination agreement or to any transactions constituting or contemplated by an acquisition proposal, or (v) resolve or agree to do any of the foregoing. Additionally, MetroPCS and its subsidiaries, from the time of the execution and delivery of the business combination agreement, must, and must cause their respective directors and officers and shall use their reasonable best efforts to cause their other representatives to, cease and terminate any and all existing activities, discussions or negotiations with any person with respect to an acquisition proposal.

Notwithstanding the restrictions above, the MetroPCS board will be permitted, prior to the receipt of the required MetroPCS stockholder approvals, to furnish, or cause to be furnished, information to a third party bidder making a bona fide, unsolicited written acquisition proposal and its representatives, and engage in discussions or negotiations with such bidder and its representatives with respect to such acquisition proposal if (i) the MetroPCS board determines in good faith, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal, (ii) the MetroPCS board concludes in good faith, after consultation with its outside legal counsel, that the failure to take such action with respect to such acquisition proposal would be reasonably likely to be inconsistent with the MetroPCS board's fiduciary obligations to MetroPCS and/or its stockholders under applicable law, (iii) MetroPCS timely notified Deutsche Telekom of the receipt and terms and conditions of such acquisition proposal and (iv) MetroPCS receives from such bidder an executed confidentiality agreement (the terms of which are no less favorable in any material respect to MetroPCS than those contained in the confidentiality agreement between MetroPCS and T-Mobile).

### ***Change in the MetroPCS Board's Recommendation (See page 144)***

Subject to limited exceptions, the MetroPCS board has agreed that neither it nor any committee of the MetroPCS board may (i) withdraw or withhold, amend, modify or qualify in any manner adverse to Deutsche Telekom its recommendation or make any public announcement inconsistent with its recommendation, or publicly propose to do any of the foregoing, (ii) approve, adopt, endorse, recommend, or take a neutral position (other than any factually accurate public statement by MetroPCS that solely describes MetroPCS receipt of an acquisition proposal and the operation of the business combination agreement with respect thereto or any stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act) on any acquisition proposal or any inquiry or proposal that would reasonably be expected to lead to an acquisition proposal, (iii) following the date any acquisition proposal or any material modification thereto is first made public, sent or given to the stockholders of MetroPCS, fail to issue a press release that expressly reaffirms its recommendation within 10 business days following Deutsche Telekom's written request to do so (which request may only be

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made once with respect to any such acquisition proposal and each material modification thereto), (iv) fail to include its recommendation in the proxy statement (we refer to any action described in clause (i), (ii), (iii) or (iv), whether taken by MetroPCS, the MetroPCS board or any committee thereof, as an adverse recommendation change), or (v) cause or permit MetroPCS to enter into any contract, letter of intent, memorandum of understanding, or agreement in principle regarding or providing for any acquisition proposal or requiring MetroPCS to abandon, terminate, delay or fail to consummate the transaction.

Notwithstanding the foregoing, at any time prior to the receipt of the required MetroPCS stockholder approvals, the MetroPCS board may effect an adverse recommendation change in response to an intervening event or in response to an acquisition proposal (as described in the section entitled Summary of the Business Combination Agreement No Solicitation of Alternative Proposals beginning on page 142) if the MetroPCS board determines in good faith, after consultation with MetroPCS outside legal counsel and financial advisors, that such acquisition proposal constitutes a superior proposal and such superior proposal is not withdrawn and that, after consultation with MetroPCS outside legal counsel, the failure to effect such adverse recommendation change would reasonably be likely to be inconsistent with the MetroPCS board's fiduciary obligations to MetroPCS and/or its stockholders under applicable law. MetroPCS can only effect an adverse recommendation change if it is in compliance with its non-solicitation obligations described above (except for immaterial non-compliance that is not reasonably related to the adverse recommendation change) and promptly notified Deutsche Telekom (and in any event within 24 hours) of the receipt of the acquisition proposal, including the identity of the person making such superior proposal and, if the acquisition proposal is in writing, providing a copy of such acquisition proposal and any related draft agreements and other written materials, or, if the acquisition proposal is oral, a detailed summary thereof. Before making an adverse recommendation change, MetroPCS must provide written notice to Deutsche Telekom that the MetroPCS board is prepared to make an adverse recommendation change and the reasons therefor and give Deutsche Telekom five business days to amend or revise its offer. If the MetroPCS board changes its recommendation, Deutsche Telekom has the right to terminate the business combination agreement and receive a termination fee of \$150 million. See Summary of the Business Combination Agreement Termination and Effect of Termination.

If the MetroPCS board makes an adverse recommendation change, unless Deutsche Telekom terminates the business combination agreement as a result thereof, MetroPCS will nonetheless continue to be obligated to hold the special meeting and submit the proposals described in this proxy statement to its stockholders for approval and to comply with its other obligations under the business combination agreement. MetroPCS may not terminate the business combination agreement to accept a superior acquisition proposal until after the special meeting and only then if the MetroPCS stockholders fail to approve the stock issuance proposal and the new certificate of incorporation proposal.

***Conditions to Closing the Transaction (See page 149)***

The obligations of Deutsche Telekom, Global, Holding, T-Mobile and MetroPCS to complete the transaction are subject to the satisfaction or, if permitted under applicable law, waiver of certain conditions, including:

the required MetroPCS stockholder approvals having been received;

the waiting period (and any extensions thereof) applicable to the completion of the transaction under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, having expired or been earlier terminated without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a material adverse effect on the businesses, assets, liabilities, financial condition or results of operations of MetroPCS, T-Mobile and their respective subsidiaries, taken as a whole, which we refer to as a regulatory material adverse condition;

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all governmental consents and waivers required to be obtained from the Federal Communications Commission, which we refer to as the FCC, in connection with the completion of the transaction having been granted by the FCC by final order without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition, provided that such governmental consents to be granted by the FCC shall not be required to have been granted by final order in the event that (i) waiting to receive the final order would require the parties to extend the outside date described in the section entitled Summary of the Business Combination Agreement Termination beginning on page 151, (ii) all other conditions to closing are met and (iii) neither party has appealed or sought reconsideration of the authorizations granted by the FCC in connection with the completion of the transaction;

the Committee on Foreign Investment in the United States, which we refer to as the CFIUS, having terminated its review under 31 C.F.R. Part 800 and, where applicable, its investigation, without unresolved national security concerns with respect to the transaction, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the businesses, assets, liabilities, financial condition or results of operations of MetroPCS and its subsidiaries, taken as a whole (after giving effect to the transaction), or the ability of either party to consummate the transaction and without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition;

any other governmental consents required to be obtained in connection with the consummation of the transaction having been obtained by final order, without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition; and

no governmental entity having enacted, issued, promulgated, enforced or entered any law, statute, ordinance, rule, regulation, judgment, injunction, decree or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits completion of the transaction.

The obligations of MetroPCS to complete the transaction are also subject to the satisfaction of certain additional conditions, including the following:

all representations and warranties of Deutsche Telekom, Global, Holding and T-Mobile being true and correct, as of the date of the business combination agreement and as of the closing, subject in certain cases to de minimis, materiality and, in most of the cases, material adverse effect qualifiers;

each of Deutsche Telekom, Global, Holding and T-Mobile having performed in all respects its obligations to transfer at the closing to MetroPCS all of the equity interests of T-Mobile and satisfy any consideration adjustment to be paid in cash at the closing;

each of Deutsche Telekom, Global, Holding and T-Mobile having made available any notes that T-Mobile is required to issue pursuant to the business combination agreement and the working capital revolving credit facility;

each of Deutsche Telekom, Global, Holding and T-Mobile having performed in all material respects its other covenants and agreements set forth in the business combination agreement;



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no circumstance having occurred that has had or would reasonably be expected to have a material adverse effect with respect to T-Mobile; and

MetroPCS having received a fully executed counterpart of the stockholder's agreement and trademark license described in the sections entitled Summary of Ancillary Agreements Stockholder's Agreement and Summary of Ancillary Agreements Trademark License beginning on pages 154 and 158, respectively.

The obligations of Deutsche Telekom, Global, Holding and T-Mobile to complete the transaction are also subject to the satisfaction of certain additional conditions, including the following:

all representations and warranties of MetroPCS being true and correct, as of the date of the business combination agreement and as of the closing, subject in certain cases to de minimis, materiality and, in most of the cases, material adverse effect qualifiers;

MetroPCS having performed in all respects its obligations with respect to the reverse stock split, cash payment and MetroPCS stock issuance;

MetroPCS having performed in all material respects its other covenants and agreements set forth in the business combination agreement;

no circumstance having occurred that has had or would reasonably be expected to have a material adverse effect with respect to MetroPCS;

Deutsche Telekom having received a fully executed counterpart of the stockholder's agreement and trademark license;

Deutsche Telekom having received a payoff letter reasonably acceptable to it with respect to (i) the termination of the Wireless existing senior credit facility and all commitments or other extensions of credit thereunder, (ii) the satisfaction and discharge of all principal, premium, if any, interest, fees and other amounts then due or outstanding thereunder and (iii) the satisfaction, release and discharge of all security interests, mortgages, liens and other encumbrances on MetroPCS and its subsidiaries properties and assets securing such obligations;

except to the extent refinanced pursuant to a change in control offer on or prior to the closing, the Wireless existing notes remaining outstanding, there being no event of default in respect of any of the Wireless existing notes, and the completion of the transaction alone not giving rise to any fact, event, circumstance or effect that with notice or lapse of time would constitute an event of default in respect of any of the Wireless existing notes; and

the MetroPCS common stock to be issued to Holding or its designee in the transaction being approved for listing on the NYSE, subject to official notice of issuance.

***Termination (See page 151)***

The business combination agreement may be terminated at any time prior to the closing, even after the receipt of the required MetroPCS stockholder approvals, under the following circumstances:

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by mutual written consent of MetroPCS and Deutsche Telekom;

by either MetroPCS or Deutsche Telekom, if any governmental entity of competent jurisdiction shall have issued a final and non-appealable order or taken any other final and non-appealable action permanently enjoining, restraining, denying or otherwise prohibiting the consummation of the transaction; provided that the party seeking to terminate the business combination agreement shall have used its reasonable best efforts to have such order lifted if and to the extent required by the business combination agreement;



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by either MetroPCS or Deutsche Telekom, if the transaction is not completed on or before October 3, 2013, as it may be extended, which we refer to as the outside date; except that if the conditions set forth in the second, third, fourth, fifth and sixth bullet points under Summary of the Business Combination Agreement Conditions to Closing the Transaction beginning on page 149 have not been satisfied by October 3, 2013, either party may extend the outside date from time to time, by written notice to the other party given prior to the outside date in effect prior to such notice, to a date not later than January 3, 2014;

by Deutsche Telekom (provided that none of Deutsche Telekom, Global, Holding and T-Mobile is then in material breach of any representation, warranty, covenant or other agreement in the business combination agreement), in the event that (i) a breach by MetroPCS of any representation, warranty, covenant or other agreement contained in the business combination agreement would result in a failure of a condition to the closing, and (ii) such breach (A) if curable, has not been cured within 30 calendar days following MetroPCS receipt of written notice from Deutsche Telekom, or if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date, or (B) is not curable;

by MetroPCS (provided that MetroPCS is not then in material breach of any representation, warranty, covenant or other agreement in the business combination agreement), in the event that (i) a breach by Deutsche Telekom, Global, Holding or T-Mobile of any representation, warranty, covenant or other agreement contained in the business combination agreement would result in a failure of a condition to the closing, and (ii) such breach (A) if curable, has not been cured within 30 calendar days following Deutsche Telekom's receipt of written notice from MetroPCS, or if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date, or (B) is not curable;

by either Deutsche Telekom or MetroPCS, if the required MetroPCS stockholder approvals are not obtained at the special meeting, or at any continuation, adjournment or postponement thereof, at which a vote seeking such required MetroPCS stockholder approvals was taken, except that no party may terminate the business combination agreement pursuant to this bullet point if such party has breached in any material respect any of its obligations under the business combination agreement in any manner that would reasonably be expected to cause the failure to obtain the required MetroPCS stockholder approvals at the special meeting or at any continuation, adjournment or postponement thereof;

by Deutsche Telekom, prior to the receipt of the MetroPCS stockholder approvals, if there is an adverse recommendation change, whether or not such adverse recommendation change is in compliance with the requirements described in the section entitled Summary of the Business Combination Agreement Change in the MetroPCS Board's Recommendation beginning on page 144;

by Deutsche Telekom, if after the date of the business combination agreement there is a material adverse effect with respect to MetroPCS and such material adverse effect is not curable or, if curable, (i) is not cured within 30 calendar days after written notice is given by Deutsche Telekom to MetroPCS or (ii) if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date; or

by MetroPCS, if after the date of the business combination agreement there is a material adverse effect with respect to T-Mobile and such material adverse effect is not curable or, if curable, (i) is not cured within 30 calendar days after written notice is given by MetroPCS to Deutsche Telekom or (ii) if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date.

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***Effect of Termination (See page 152)***

MetroPCS will be obligated to pay a termination fee of \$150 million to Deutsche Telekom if one of the following occurs:

Deutsche Telekom terminates the business combination agreement because there has been an adverse recommendation change;

MetroPCS or Deutsche Telekom terminates the business combination agreement because the required MetroPCS stockholder approvals are not obtained following (i) a material breach by MetroPCS of the covenants requiring MetroPCS to file the proxy statement, call and hold the special meeting, not solicit alternative transaction proposals or continue to recommend that its stockholders approve the stock issuance proposal and the new certificate of incorporation proposal, and such material breach is reasonably related to the failure to obtain the required MetroPCS stockholder approvals, or (ii) an adverse recommendation change; or

MetroPCS or Deutsche Telekom terminates the business combination agreement because the required MetroPCS stockholder approvals are not obtained (other than under the circumstances described in the immediately preceding bullet point) or because the outside date has passed, and (i) an acquisition proposal has been made and is pending at the time of termination and, within twelve months after such termination, MetroPCS enters into, publicly approves or submits to its stockholders for approval, an agreement with respect to an acquisition proposal, or it consummates an acquisition proposal (which in each case need not be the same proposal or with the same party that made the earlier proposal), or (ii) an acquisition proposal has been made but was withdrawn prior to the stockholder meeting at which MetroPCS stockholders voted not to grant the required MetroPCS stockholder approvals and, within twelve months after such termination, MetroPCS enters into, publicly approves or submits to its stockholders for approval, an agreement with respect to an acquisition proposal with the same party that made the earlier proposal that had been withdrawn.

Deutsche Telekom will be obligated to pay a termination fee of \$250 million to MetroPCS if the business combination agreement is terminated by MetroPCS or Deutsche Telekom (i) because a regulatory agency issues a final order prohibiting the completion of the transaction for regulatory law reasons or (ii) due to a failure to obtain the necessary regulatory approvals by the outside date.

***Specific Performance (See page 153)***

The parties have agreed in the business combination agreement that irreparable damage would occur if any provision of the business combination agreement were not performed in accordance with its terms and that, except in a circumstance where a termination fee is payable by one of the parties, the parties will be entitled to an injunction or injunctions to prevent breaches of the business combination agreement or to enforce specifically the performance of its terms and provisions without any requirement to post bond, in addition to any other remedy to which they may be entitled at law or in equity.

***No Appraisal Rights (See page 129)***

Under applicable law, MetroPCS stockholders do not have the right to an appraisal of the value of their shares in connection with the transaction.

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### **Material U.S. Federal Income Tax Consequences (See page 130)**

For U.S. federal income tax purposes, the reverse stock split and cash payment should be integrated and treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, in which each MetroPCS stockholder exchanges each share of MetroPCS common stock for one-half of a share of the combined company's common stock plus the per share amount of the cash payment, which we refer to as the MetroPCS recapitalization. Accordingly, a U.S. holder (as defined in the section titled "Material Federal Income Tax Consequences") of shares of MetroPCS common stock generally would recognize taxable gain, but not loss, on the MetroPCS recapitalization in an amount equal to the lesser of (i) the cash received (excluding any cash received in lieu of a fractional share) as part of the per share amount of the cash payment or (ii) the excess, if any, of (A) the sum of the per share amount of the cash payment received pursuant to the MetroPCS recapitalization and the fair market value of the shares of the common stock of the combined company received by such holder over (B) such holder's tax basis in the holder's shares of MetroPCS common stock. The cash that a non-U.S. holder (as defined in the section titled "Material Federal Income Tax Consequences") of shares of MetroPCS common stock receives generally will be subject to U.S. federal income tax withholding at a rate of 30%, subject to reduction or exemption if specified requirements are met.

For a more detailed discussion of the U.S. federal income tax consequences of the transaction, please see the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 130. All holders of MetroPCS common stock should consult with their tax advisors regarding the tax consequences of the reverse stock split and cash payment to them, including the effects of U.S. federal, state and local, non-U.S. and other tax laws.

### **Accounting Treatment (See page 129)**

MetroPCS prepares its financial statements in accordance with U.S. generally accepted accounting principles, which we refer to as GAAP. Under GAAP, the transaction will be accounted for as a reverse acquisition under the acquisition method of accounting. Because T-Mobile's indirect stockholder, Deutsche Telekom, will be entitled to designate the majority of the board of directors of the combined company, MetroPCS stockholders will receive the cash payment and Deutsche Telekom will receive a majority of the equity securities of the combined company, T-Mobile is considered to be the acquirer of MetroPCS for accounting purposes.

### **Regulatory Approvals (See page 108)**

Under the HSR Act and the rules promulgated under that act by the Federal Trade Commission, which we refer to as the FTC, the transaction may not be completed until notifications have been given and information furnished to the FTC and to the Antitrust Division of the Department of Justice, which we refer to as the Antitrust Division, and the specified waiting period has been terminated or has expired without the commencement of a lawsuit. MetroPCS and Deutsche Telekom each filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on October 19, 2012. On November 19, 2012, MetroPCS and Deutsche Telekom received a request for additional information, which we refer to as the second request, from the Antitrust Division. The effect of the second request is to extend the waiting period imposed by the HSR Act until 30 days after MetroPCS and Deutsche Telekom have substantially complied with the second request, unless that period is extended voluntarily by the parties or terminated sooner by the Antitrust Division. At any time before or after completion of the transaction, the FTC or the Antitrust Division could act under the antitrust laws to prevent a substantial lessening of competition or the creation of a monopoly, including by seeking to enjoin completion of the transaction or seeking divestiture of assets, businesses or product lines of MetroPCS or T-Mobile.

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Under the Communications Act of 1934, as amended, which we refer to as the Communications Act, as a condition to, and before the completion of, the transaction, the FCC must approve the transfer of control of MetroPCS licenses and authorizations in connection with the transaction, which will result from 74% of the fully-diluted shares of MetroPCS common stock being owned by Deutsche Telekom following the completion of the transaction. In connection with such approval, the FCC must determine whether Deutsche Telekom is qualified to control MetroPCS licenses and authorizations and whether the transfer of control of such licenses is consistent with the public interest, convenience and necessity. Since Deutsche Telekom, upon completion of the transaction, will be the beneficial owner of MetroPCS common stock held by Holding and Deutsche Telekom and Holding are not incorporated in the United States, the FCC must issue a declaratory ruling pursuant to Section 310 of the Communications Act that the foreign ownership of MetroPCS is not inconsistent with the public interest. MetroPCS and T-Mobile filed transfer of control applications with the FCC on October 18, 2012.

Under the Exon-Florio Amendment to the Defense Production Act of 1950, the President of the United States has the authority to investigate and, where necessary, suspend or prohibit any foreign acquisition, merger or takeover of companies engaged in U.S. interstate commerce or determined to threaten U.S. national security. By executive order, the President has delegated his investigatory powers under the Exon Florio Amendment to the CFIUS an interagency committee chaired by the U.S. Treasury Department. Deutsche Telekom anticipates filing a voluntary notification of the transaction with the CFIUS in early 2013, seeking confirmation that the transaction contemplated by the business combination agreement does not threaten national security. The CFIUS has 30 days from the date of that filing to determine whether to pursue further investigation of the transaction.

### **Opinion of the Financial Advisor to the MetroPCS Special Committee (*See page 91*)**

In April 2012, Evercore Group L.L.C., which we refer to as Evercore, was retained by MetroPCS on behalf of the special committee of the MetroPCS board to act as financial advisor to the special committee with respect to potential strategic transactions. On October 2, 2012, at a meeting of the special committee, Evercore delivered to the special committee an oral opinion, which opinion was confirmed by delivery of a written opinion dated October 2, 2012, to the effect that, as of that date and based on and subject to assumptions made (including the payment by MetroPCS to its stockholders of the cash payment), matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the MetroPCS stock issuance equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment (the shares of MetroPCS common stock to be so issued in the MetroPCS stock issuance being referred to as the business combination consideration) in consideration for the acquisition, which we refer to as the business combination, by MetroPCS from a subsidiary of Deutsche Telekom of the T-Mobile shares, is fair, from a financial point of view, to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates). A copy of Evercore's written opinion was also provided by the special committee to the MetroPCS board, in its capacity as such, in connection with the MetroPCS board's evaluation of the transaction and receipt of the special committee's recommendation to the MetroPCS board.

The full text of Evercore's written opinion, dated October 2, 2012, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex B to this proxy statement and is incorporated by reference in its entirety into this proxy statement. Evercore's opinion was directed to the special committee, in its capacity as such, and addresses only the fairness to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates), from a financial point of view, assuming payment of the cash payment, of MetroPCS's issuance of the business combination consideration in consideration for the T-Mobile shares. The opinion does not address any other term or aspect of the business combination agreement or the transaction or any term or aspect of any other agreement or instrument contemplated by the business combination agreement or entered into or amended in connection with the transaction and does not constitute a recommendation to the special committee or to any

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other persons in respect of the business combination agreement or the transaction, including as to how any holder of shares of MetroPCS common stock should vote or act in respect of the business combination agreement or the transaction.

**Litigation Relating to the Transaction (See page 109)**

Since the announcement on October 3, 2012 of the execution of the business combination agreement, MetroPCS, Deutsche Telekom, Global, Holding, T-Mobile and the members of the MetroPCS board, including an officer of MetroPCS, have been named as defendants in multiple putative stockholder derivative and class action complaints filed in Delaware and Texas challenging the transaction. The lawsuits generally allege, among other things, that the transaction fails to properly value MetroPCS and that the individual defendants breached their fiduciary duties in approving the business combination agreement and, in some of the lawsuits, that those breaches were aided and abetted by Deutsche Telekom, Global, Holding and T-Mobile. The lawsuits seek, among other things, injunctive relief enjoining the defendants from completing the transaction on the agreed-upon terms, monetary relief and attorneys' fees and costs.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF METROPCS**

The following table sets forth selected consolidated financial data for MetroPCS and its consolidated subsidiaries for the years ended December 31, 2011, 2010, 2009, 2008 and 2007. The data should be read in conjunction with MetroPCS audited consolidated historical financial statements and related notes for the fiscal year ended December 31, 2011 appearing in MetroPCS Annual Report on Form 10-K for year ended December 31, 2011, which is incorporated by reference into this proxy statement. The summary financial data for the nine months ended September 30, 2012 and September 30, 2011 are unaudited, but in the opinion of MetroPCS management, reflect all adjustments of a normal recurring nature necessary for a fair statement of MetroPCS financial position and results of operations at the dates and for the periods indicated. The results for the nine month periods are not necessarily indicative of results that may be expected for any other interim period or the entire fiscal year.

MetroPCS historical financial data may not be indicative of the results of operations or financial position to be expected in the future.

	Nine months ended September 30,		Year ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
(in millions, except share and per share data)							
<b>Consolidated Statements of Operations Data:</b>							
Revenues:							
Service revenues	\$ 3,439.7	\$ 3,294.6	\$ 4,428.2	\$ 3,689.7	\$ 3,130.4	\$ 2,437.2	\$ 1,919.2
Equipment revenues	377.2	314.6	419.2	379.6	350.1	314.3	316.5
Total revenues	3,816.9	3,609.2	4,847.4	4,069.3	3,480.5	2,751.5	2,235.7
Operating expenses:							
Cost of service (excluding depreciation and amortization disclosed separately below)	1,130.4	1,089.5	1,473.9	1,223.9	1,120.0	857.3	647.5
Cost of equipment	1,002.7	1,095.3	1,439.6	1,093.9	884.3	704.7	597.2
Selling, general and administrative expenses (excluding depreciation and amortization disclosed separately below)	507.5	486.8	644.0	621.7	567.7	447.6	352.0
Depreciation and amortization	469.2	402.5	538.8	449.7	377.9	255.3	178.2
Loss (gain) on disposal of assets	4.6	2.7	3.6	(38.8)	(4.7)	18.9	0.7
Total operating expenses	3,114.4	3,076.8	4,099.9	3,350.4	2,945.2	2,283.8	1,775.6
Income from operations	702.5	532.4	747.5	718.9	535.3	467.7	460.1
Other expense (income):							
Interest expense	206.2	193.1	261.1	263.1	270.3	179.4	201.7
Interest income	(1.2)	(1.6)	(2.0)	(1.9)	(2.9)	(22.9)	(63.9)
Other (income) expense, net	(0.4)	(0.5)	(0.7)	1.8	1.8	1.0	1.0
Gain on settlement	(52.5)						
Loss on extinguishment of debt		9.5	9.5	143.6			
Impairment loss on investment securities					2.4	30.8	97.8
Total other expense	152.1	200.5	267.9	406.6	271.6	188.3	236.6
Income before provision for income taxes	550.4	331.9	479.6	312.3	263.7	279.4	223.5
Provision for income taxes	(187.9)	(121.9)	(178.3)	(118.9)	(86.8)	(130.0)	(123.1)
Net income	\$ 362.5	\$ 210.0	\$ 301.3	\$ 193.4	\$ 176.9	\$ 149.4	\$ 100.4
Accrued dividends on Series D Preferred Stock							(6.5)
							(0.9)



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	Nine months ended			Year ended December 31,			
	September 30, 2012	2011	2011	2010	2009	2008	2007
(in millions)							
<b>Other Financial Data:</b>							
Net cash provided by operating activities	\$ 848.5	\$ 753.7	\$ 1,061.8	\$ 994.5	\$ 899.3	\$ 447.5	\$ 589.3
Net cash used in investing activities	(717.8)	(700.0)	(886.9)	(950.4)	(1,117.0)	(1,294.3)	(517.1)
Net cash (used in) provided by financing activities	(16.7)	990.6	971.8	(176.9)	449.0	74.5	1,236.5

	As of		As of December 31,			
	September 30, 2012	2011	2010	2009	2008	2007
(in millions)						
<b>Consolidated Balance Sheet Data:</b>						
Cash, cash equivalents & short-term investments	\$ 2,565.3	\$ 2,243.3	\$ 1,171.4	\$ 1,154.3	\$ 698.0	\$ 1,470.2
Property and equipment, net	4,197.4	4,018.0	3,659.4	3,252.2	2,847.8	1,891.4
Total Assets	10,071.9	9,482.9	7,918.6	7,386.0	6,422.1	5,806.1
Long-term debt (including current maturities)	4,767.3	4,744.5	3,779.3	3,645.3	3,075.0	3,002.2
Stockholders' equity	3,322.4	2,927.6	2,541.6	2,288.1	2,034.3	1,848.7
<b>Other Information</b>						

In June 2011, the Financial Accounting Standards Board issued ASU 2011-05 *Statement of Comprehensive Income*, which we refer to as ASU 2011-05, which revises the manner in which entities present comprehensive income in their financial statements, requiring entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. On January 1, 2012, we adopted ASU 2011-05 and beginning with the period ended March 31, 2012, we present other comprehensive income in our condensed consolidating statement of income information within our Guarantor Subsidiaries footnote disclosures. The tables below reflect the retrospective application of this guidance for each of the three years ended December 31, 2011, 2010 and 2009. The retrospective application did not have a material impact on our financial condition or results of operations.



**Table of Contents****MetroPCS Communications, Inc. and Subsidiaries****Condensed Consolidated Statement of Income Information****(Unaudited)**

	<b>Year ended December 31,</b>				
	<b>Parent</b>	<b>Issuer</b>	<b>Guarantor Subsidiaries (in millions)</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>2011</b>					
Net income (loss)	\$ 301.3	\$ 299.5	\$ 734.4	\$ (1,033.9)	\$ 301.3
Total other comprehensive (loss) income	(7.9)	(7.8)		7.8	(7.9)
Comprehensive income (loss)	\$ 293.4	\$ 291.7	\$ 734.4	\$ (1,026.1)	\$ 293.4
<b>2010</b>					
Net income (loss)	\$ 193.4	\$ 191.6	\$ 581.0	\$ (772.6)	\$ 193.4
Total other comprehensive income (loss)	9.9	9.9		(9.9)	9.9
Comprehensive income (loss)	\$ 203.3	\$ 201.5	\$ 581.0	\$ (782.5)	\$ 203.3
<b>2009</b>					
Net income (loss)	\$ 176.9	\$ 174.4	\$ 402.3	\$ (576.7)	\$ 176.9
Total other comprehensive income (loss)	21.2	18.4		(18.4)	21.2
Comprehensive income (loss)	\$ 198.1	\$ 192.8	\$ 402.3	\$ (595.1)	\$ 198.1

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF T-MOBILE**

The following table sets forth selected consolidated financial data for T-Mobile. The data should be read in conjunction with T-Mobile's audited consolidated financial statements and related notes for the three years ended December 31, 2011 and T-Mobile's unaudited condensed consolidated financial statements for the nine months ended September 30, 2012 and 2011 that are included in this proxy statement. The consolidated balance sheet data as of December 31, 2009, 2008 and 2007 and the consolidated statements of operations data for the fiscal years ended December 31, 2008 and 2007 are derived from T-Mobile's consolidated financial statements that are not included in this proxy statement. The summary financial data as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 are derived from the T-Mobile unaudited condensed consolidated financial statements for such periods, but in the opinion of T-Mobile's management, reflect all adjustments of a normal recurring nature necessary for a fair statement of T-Mobile's financial position and results of operations at the dates and for the periods indicated. The results for the nine month period are not necessarily indicative of results that may be expected for any other interim period or the entire fiscal year.

T-Mobile's historical financial data may not be indicative of the results of operations or financial position to be expected in the future.

	Nine Months Ended September 30,		Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(in millions, except share and per share amounts)						
<b>Consolidated Statements of Operations Data:</b>							
Revenues							
Service revenues	\$ 13,086	\$ 13,916	\$ 18,481	\$ 18,733	\$ 18,960	\$ 19,279	\$ 16,916
Equipment sales	1,524	1,352	1,901	2,404	2,403	2,451	2,251
Other revenues	200	171	236	210	168	155	121
Total revenues	14,810	15,439	20,618	21,347	21,531	21,885	19,288
Operating expenses							
Network costs, excluding depreciation and amortization	3,515	3,750	4,952	4,895	4,936	5,007	4,344
Cost of equipment sales	2,456	2,772	3,646	4,237	3,856	3,643	3,208
Customer acquisition, excluding depreciation and amortization	2,323	2,364	3,185	3,205	3,382	3,540	3,274
General and administrative, excluding depreciation and amortization	2,681	2,643	3,543	3,535	3,442	3,579	3,109
Depreciation and amortization	2,391	2,221	2,982	2,773	2,859	2,746	2,607
Impairment charges	8,134		6,420				
Restructuring costs	90						
Other, net	(136)	64	169	(3)			5
Total operating expenses	21,454	13,814	24,897	18,642	18,475	18,515	16,547
Operating (loss) income	(6,644)	1,625	(4,279)	2,705	3,056	3,370	2,741
Other income (expense)							
Interest expense to affiliates	(487)	(481)	(670)	(556)	(740)	(402)	(405)
Interest income	53	15	25	14	12	26	43
Other income (expense), net	22	(11)	(10)	16	8	2	21
Total other expense, net	(412)	(477)	(655)	(526)	(720)	(374)	(341)
(Loss) income before income taxes	(7,056)	1,148	(4,934)	2,179	2,336	2,996	2,400
Income tax (expense) benefit	(272)	(469)	216	(822)	(860)	(1,151)	(821)
Net (loss) income	(7,328)	679	(4,718)	1,357	1,476	1,845	1,579
Net income attributable to non-controlling interest				(3)	(6)	(6)	(5)

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Net (loss) income attributable to T-Mobile USA, Inc.	\$	(7,328)	\$	679	\$	(4,718)	\$	1,354	\$	1,470	\$	1,839	\$	1,574
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**Net (loss) income per common share:**

Basic and diluted	\$	(25.04)	\$	2.32	\$	(16.12)	\$	4.63	\$	5.02	\$	6.28	\$	5.38
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**Weighted average shares:**

Basic and diluted	292,669,971	292,669,971	292,669,971	292,669,971	292,669,971	292,669,971	292,669,971	292,669,971
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**Other Financial Data:**

Net cash provided by operating activities	\$	2,707	\$	3,570	\$	4,980	\$	4,905	\$	5,437	\$	5,802	\$	4,888
Net cash used in investing activities		(2,667)		(3,258)		(4,699)		(5,126)		(5,603)		(6,153)		(4,390)
Net cash provided by (used in) financing activities								123		67		593		(512)

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	As of September 30, 2012	2011	As of December 31, (in millions)			
			2010	2009	2008	2007
<b>Consolidated Balance Sheet Data:</b>						
Current assets	\$ 5,343	\$ 6,602	\$ 5,311	\$ 5,845	\$ 5,951	\$ 6,553
Property and equipment, net	12,535	12,703	13,213	13,192	12,600	11,258
Goodwill, spectrum licenses and other intangible assets, net	14,403	21,009	27,439	27,440	27,477	25,393
Other assets	332	295	328	297	262	155
Total assets	32,613	40,609	46,291	46,774	46,290	43,359
Current liabilities	4,862	4,504	4,455	8,149	5,978	5,297
Long-term payables to affiliates	13,620	15,049	15,854	9,682	13,850	6,712
Other long-term liabilities	5,655	5,271	5,490	4,693	3,679	2,537
Stockholder's equity	8,476	15,785	20,492	24,250	22,783	28,813

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table sets forth selected historical per share information of T-Mobile and MetroPCS and unaudited pro forma per share information after giving effect to the transaction, assuming that 1.8368 shares of MetroPCS common stock had been issued in exchange for each outstanding share of T-Mobile common stock.

You should read this information in conjunction with the selected historical financial information, the unaudited pro forma condensed combined financial information and the separate historical financial statements of T-Mobile and MetroPCS and the notes thereto included elsewhere in or incorporated by reference in this proxy statement. The historical per share information as of and for the nine-month period ended September 30, 2012 is derived from unaudited condensed consolidated financial statements of T-Mobile and MetroPCS, respectively, as of and for the nine months ended September 30, 2012. The historical per share information for the year ended December 31, 2011 is derived from audited consolidated financial statements of T-Mobile and MetroPCS, respectively, for the year ended December 31, 2011. The unaudited pro forma condensed combined financial statements and the pro forma per share information are not necessarily indicative of the operating results or financial position that would have been achieved had the transaction been completed at the beginning of the period presented and should not be construed as representative of future operations. Neither T-Mobile nor MetroPCS declared any dividends related to their respective common stock during the periods presented.

	<b>Year Ended December 31, 2011</b>			
	MetroPCS		T-Mobile	
	Historical	Pro Forma	Historical	Pro Forma Equivalent of one MetroPCS Share (1)
Basic net income (loss) per common share	\$ 0.83	\$ (6.50)	\$ (16.12)	\$ (11.94)
Diluted net income (loss) per common share	\$ 0.82	\$ (6.50)	\$ (16.12)	\$ (11.94)

	<b>Nine Months Ended September 30, 2012</b>			
	MetroPCS		T-Mobile	
	Historical	Pro Forma	Historical	Pro Forma Equivalent of one MetroPCS Share (1)
Basic net income (loss) per common share	\$ 0.99	\$ (9.91)	\$ (25.04)	\$ (18.20)
Diluted net income (loss) per common share	\$ 0.99	\$ (9.91)	\$ (25.04)	\$ (18.20)
Book value per share (2)	\$ 9.13	\$ 11.08	\$ 28.96	\$ 20.35

- (1) These amounts were calculated by applying an assumed exchange ratio of 1.8368 times the unaudited pro forma financial information.
- (2) The historical book value per common share is computed by dividing total stockholders' equity by the number of shares of common stock outstanding as of September 30, 2012. The pro forma book value per share is computed by dividing pro forma stockholders' equity by the pro forma number of shares of common stock outstanding as of September 30, 2012.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

Shares of MetroPCS are currently listed and principally traded on the NYSE under the symbol PCS . T-Mobile is not publicly traded and is a wholly-owned indirect subsidiary of Deutsche Telekom. The following table sets forth, for the periods indicated, the high and low sales price per share of MetroPCS common stock as reported on the NYSE:

Fiscal Year Ending December 31, 2012	High	Low
Fourth Quarter (through November 12, 2012)	13.57	9.83
Third Quarter	11.95	6.23
Second Quarter	9.21	5.59
First Quarter	12.01	8.01
Fiscal Year Ending December 31, 2011		
Fourth Quarter	9.73	7.51
Third Quarter	17.77	8.71
Second Quarter	18.69	15.94
First Quarter	16.32	12.53
Fiscal Year Ending December 31, 2010		
Fourth Quarter	12.74	10.29
Third Quarter	10.49	8.30
Second Quarter	9.15	7.15
First Quarter	7.99	5.53

The table below sets forth the closing price of MetroPCS on October 2, 2012, the last trading date prior to the public announcement of the transaction and as of November 12, 2012, the most recent practicable trading day prior to the date of this proxy statement. The market prices of MetroPCS common stock likely will fluctuate between the date of this proxy statement and the time of the special meeting and the completion of the transaction. No assurance can be given concerning the market prices of MetroPCS common stock before the completion of the transaction or the market price of the combined company's common stock after the completion of the transaction. Immediately following the transaction, Holding or its designee will own 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment and MetroPCS equityholders immediately prior to the transaction collectively will own the remaining 26% of MetroPCS common stock on a fully-diluted basis. These percentages are fixed in the business combination agreement and will not be adjusted for changes in the business, financial condition or operating results of MetroPCS or T-Mobile or changes in the market price of MetroPCS common stock. As a result, the stock price of the combined company's common stock that MetroPCS stockholders will receive in the transaction may vary significantly from the prices shown in the table below.

	MetroPCS Common Stock
October 2, 2012	\$ 13.57
November 12, 2012	\$ 10.05

MetroPCS stockholders should obtain current market prices for shares of MetroPCS in deciding whether to vote for the approval of the proposals.

**Holders**

As of November 12, 2012, the latest practicable date prior to the filing of this proxy statement, there were 364,148,299 shares of MetroPCS common stock outstanding and approximately 30,000 holders of record of MetroPCS common stock.

**Dividends**

MetroPCS has never declared or paid cash dividends on its capital stock and does not expect to pay any cash dividends in the foreseeable future.



**Table of Contents****SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information gives effect to the transaction between MetroPCS and T-Mobile which is to be accounted for as a reverse acquisition with T-Mobile treated as the accounting acquirer. The unaudited pro forma condensed combined statements of operations data for the year ended December 31, 2011 and for the nine months ended September 30, 2012 reflects the transaction as if it occurred on January 1, 2011. The unaudited pro forma condensed combined balance sheet data as of September 30, 2012 reflects the transaction as if it had occurred on September 30, 2012. The pro forma adjustments are based on the information available at the time of the preparation of this proxy statement. See the section entitled

T-Mobile and MetroPCS Unaudited Pro Forma Condensed Combined Financial Information beginning on page 196.

The unaudited pro forma condensed combined financial information that follows is presented for informational purposes only and is not intended to represent or be indicative of the combined results of operations or financial position that would have been reported had the transaction been completed as of January 1, 2011 or September 30, 2012, and should not be taken as representative of the future consolidated results of operations or financial position of the combined company. In connection with the unaudited pro forma condensed combined financial information, T-Mobile allocated the preliminary purchase price to the acquired assets and liabilities based upon their estimated fair value. These estimates are based on financial information available at the time of the preparation of this proxy statement. Based on the timing of the closing of the transaction and other factors, we and T-Mobile cannot assure that the actual adjustments will not differ materially from the pro forma adjustments reflected in the unaudited pro forma condensed combined financial information. It is expected that, following the transaction, the combined company will incur expenses associated with the transaction and integration of the operations of the two companies. These transaction and integration costs are not reflected in this unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information also does not give effect to the potential impact of any anticipated synergies, operating efficiencies or cost savings that may result from the transaction.

	<b>Nine Months Ended September 30, 2012</b>	<b>Year Ended December 31, 2011</b>
	<b>(in millions except shares and per share amounts)</b>	
<b>Statement of Operations Data</b>		
Total revenues	\$ 18,728	\$ 25,600
Operating loss	(5,714)	(3,291)
Loss before income taxes	(6,785)	(4,873)
Net loss	(7,141)	(4,679)
Net loss per common share		
Basic and Diluted	\$ (9.91)	\$ (6.50)
Weighted average shares		
Basic and Diluted	720,929,874	719,539,741

	<b>As of September 30, 2012 (in millions)</b>
<b>Balance Sheet Data</b>	
Cash and cash equivalents	\$ 2,053
Current assets	7,657
Total assets	42,036
Current liabilities	4,168
Long-term payables to affiliates	15,000
Long-term debt, net	8,200
Stockholders equity	7,990



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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement and the documents referred to or incorporated by reference into this proxy statement contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements are statements that are not statements of historical fact, including statements about beliefs, opinions and expectations. Forward-looking statements are based on, and include statements about, MetroPCS, Deutsche Telekom, T-Mobile and the combined company's plans, prospects, expected future financial condition, results of operations, cash flows, dividends and dividend plans, objectives, beliefs, financing plans, business strategies, budgets, goals, future events, future revenues or performance, financing needs, outcomes of litigation, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, integration, cost savings, capital expenditures, synergies, growth opportunities, dispositions, plans and objectives of management for future operations and any other information that is not historical information. These statements generally can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as may, will, could, should, would, expect, plan, project, forecast, intend, anticipate, believe, estimate, potential, pursue, target, continue and similar expressions and variations. These statements are based on Deutsche Telekom, T-Mobile and MetroPCS's intent, beliefs, opinions, expectations, and projections at the time such statements are made, and are not guarantees of future performance and are made only as of the date of this proxy statement or the applicable documents incorporated herein by reference. These statements involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to differ materially from those expressed in them or indicated by them. Factors that could cause these differences include the factors identified under Risk Factors, beginning on page 33, as well as the following, among others:

the inability to have developed or to obtain handsets, equipment or software that our customers want, demand and expect or to have handsets, equipment or software serviced, updated, revised or maintained in a timely and cost-effective manner;

MetroPCS and T-Mobile and each of their competitors' current and planned promotions and advertising, marketing, sales and other initiatives, including pricing decisions, entry into consolidation and alliance activities, and MetroPCS and T-Mobile's ability to respond to and support them;

MetroPCS and T-Mobile's ability to manage their networks to deliver the services, content, applications, service quality and speed their customers expect and demand and to maintain and increase the capacity of their networks and business systems to satisfy the demands of their customers and the demands placed by devices on their networks;

the highly competitive nature of the wireless broadband mobile industry and changes in the competitive landscape;

the effects of the transaction on dealers, retailers, vendors, suppliers, customers, content and application providers, MetroPCS equity and debt holders and MetroPCS and T-Mobile employees;

the ability of MetroPCS and T-Mobile to operate their respective businesses in light of the transaction and the covenants contained in the business combination agreement;

the diversion of management's time and attention while the transaction is pending;

each of T-Mobile and MetroPCS's plans and expectations relating to, without limitation, (i) its growth opportunities and competitive position; (ii) its products and services; (iii) its customer experience; (iv) its results of operations, including expected synergies, earnings and cash flows; (v) the impact of the transaction on its credit ratings; and (vi) integration matters;

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the federal income tax consequences of the transaction and the enactment of additional state, federal, and/or foreign regulatory and tax laws and regulations;

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expectations, intentions and outcomes relating to outstanding litigation, including securities, class action, derivative, patent and product safety claims, by or against third parties;

the possibility that the transaction is delayed or does not close, including due to the failure to receive the required MetroPCS stockholder approvals or required approvals from governmental authorities necessary to satisfy the closing conditions, along with satisfaction or waiver of other closing conditions, pursuant to the business combination agreement;

alternative acquisition proposals that could delay completion of the transaction or divert management's time and attention from the transaction;

T-Mobile's and MetroPCS's ability to successfully integrate their businesses and realize the expected spectrum, cost and capital expenditure savings and synergies and other benefits from the transaction;

changes in economic, business, competitive, technological and/or regulatory factors, including the passage of legislation or action by governmental or regulatory entities to block the transaction;

any changes in the regulatory environment in which MetroPCS or T-Mobile operates, including any change or increase in restrictions on MetroPCS's or T-Mobile's ability to operate its networks;

terminations of, or limitations imposed on, MetroPCS's or T-Mobile's business by, contracts entered into by either MetroPCS or T-Mobile, or the effect of provisions with respect to change in control, exclusivity, commitments or minimum purchase amounts contained in such contracts;

the impact of economic conditions on MetroPCS's and T-Mobile's business plans, strategies and stock prices;

the impact on MetroPCS's and T-Mobile's networks and businesses from major equipment failures and security breaches related to the network or customer information;

the ability to obtain financing on terms favorable to MetroPCS and T-Mobile;

the impact of public and private regulations;

possible disruptions or intrusions of MetroPCS's or T-Mobile's network, billing, operational support and customer care systems that may limit or disrupt their ability to provide service, or which may cause disclosure or improper use of customers' information and associated harm to MetroPCS's or T-Mobile's customers, systems, reputation and goodwill;

MetroPCS's and T-Mobile's continued ability to offer a diverse portfolio of wireless devices, some on an exclusive basis;

MetroPCS's and T-Mobile's ability to obtain and continue to obtain roaming on terms that are reasonable;

severe weather conditions, natural disasters, energy shortages, wars or terrorist attacks, and any resulting financial impact not covered by insurance;

disruptions of MetroPCS and/or T-Mobile's key suppliers' provisioning of products, services, content or applications;

fluctuations in interest and exchange rates;

significant increases in benefit plan costs or lower investment returns on plan assets;

material adverse changes in labor matters, including labor negotiations or additional organizing activity, and any resulting financial and/or operational impact;

the diversion of management's time and attention to litigation relating to the transaction;

write-offs in connection with the transaction, or changes in MetroPCS and/or T-Mobile's accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;

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the significant capital commitments of MetroPCS and T-Mobile;

MetroPCS and T-Mobile's ability to remain focused and keep all employees focused on the business during the pendency of the transaction;

the current economic environment in the United States; disruptions to the credit and financial markets in the United States; and the impact of the economy on consumer demand and fluctuations in consumer demand generally for the products and services to be provided as a result of the transaction;

MetroPCS and T-Mobile's ability to manage their respective growth, achieve planned growth, manage churn rates, maintain their respective cost structures and achieve additional economies of scale;

MetroPCS and T-Mobile's ability to negotiate and maintain acceptable agreements with their respective suppliers and vendors, including obtaining roaming on reasonable terms;

the seasonality of MetroPCS and T-Mobile's respective businesses and any failure to have strong customer growth in the first and fourth quarters;

the rates, nature, collectability and applicability of taxes and regulatory fees on the services MetroPCS and T-Mobile provide and increases or changes in taxes and regulatory fees or the services to, or the manner in, which such taxes and fees are applied, calculated, or collected;

the rapid technological changes in our industry and MetroPCS and T-Mobile's ability to adapt, respond and deploy new technologies and successfully offer new services using such new technology;

MetroPCS and T-Mobile's ability to fulfill the demands and expectations of their customers, provide the customer care such customers want, expect, or demand and secure the products, services, applications, content and network infrastructure equipment each of MetroPCS and T-Mobile needs, or which their customers or their potential customers want, expect or demand;

the availability of additional spectrum and MetroPCS and T-Mobile's ability to secure additional spectrum, or secure it at acceptable prices, when they need it;

MetroPCS and T-Mobile's ability to adequately defend against suits filed by others and to enforce or protect their intellectual property rights;

MetroPCS and T-Mobile's, as well as the combined company's, capital structure, including the indebtedness amounts of each, the limitations imposed by the covenants in the documents governing the indebtedness of each and the maintenance of the financial and disclosure controls and procedures of each;

MetroPCS and T-Mobile's ability to attract and retain key members of management and train personnel;

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MetroPCS and T-Mobile's reliance on third parties to provide distribution, products, software content and services that are integral, used in or sold by their respective businesses and the ability of their respective suppliers to perform, develop and timely provide each of them with technological developments, products and services that each of them needs to remain competitive; and

governmental regulation affecting MetroPCS and T-Mobile's services and changes in government regulation, and the costs of compliance and the failure to comply with such regulations.

MetroPCS cautions that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in MetroPCS Annual Report on Form 10-K for the year ended December 31, 2011 and Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2012. All

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subsequent written and oral forward-looking statements concerning MetroPCS, Deutsche Telekom, T-Mobile, the transaction or other matters attributable to MetroPCS, Deutsche Telekom, or T-Mobile or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Forward-looking statements herein or in documents incorporated herein by reference speak only as of the date of this proxy statement or the applicable document incorporated herein by reference (or such earlier date as may be specified therein), as applicable, are based on current assumptions and expectations or assumptions and expectations as of the date of the document incorporated herein by reference, and are subject to the factors above, among other things, and involve risks, uncertainties, events, circumstances, uncertainties and assumptions, many of which are beyond our ability to control or predict. You should not place undue reliance on these forward-looking statements. MetroPCS does not intend to, and does not undertake an obligation to, update these forward-looking statements in the future to reflect future events or circumstances, except as required by applicable securities laws and regulations. For more information, see the section entitled "Where You Can Find More Information" beginning on page 209. The results presented for any period may not be reflective of results for any subsequent period.

You should carefully read and consider the cautionary statements contained or referred to in this section in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf, and all future written and oral forward-looking statements attributable to MetroPCS, Deutsche Telekom, T-Mobile, the combined company, the transaction or any other matters, are expressly qualified in their entirety by the foregoing cautionary statements.

**Table of Contents****RISK FACTORS**

*In addition to the other information included in and incorporated by reference into this proxy statement, including the matters addressed in the section titled **Cautionary Note Regarding Forward-Looking Statements** beginning on page 29, you should carefully consider the following risks before deciding whether to vote for the proposals. In addition, you should read and consider the risks associated with each of the businesses of MetroPCS and T-Mobile because these risks also will remain for the combined company; these risks with respect to MetroPCS can be found in MetroPCS most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement. Many of these risks, and the events that cause these risks, are beyond our ability to control or predict. If any of these risks were to occur, the respective businesses, financial results, financial condition, operating results or stock prices, as applicable, of MetroPCS, T-Mobile or the combined company could be materially adversely affected. Although we incorporate by reference and describe below and elsewhere in this proxy statement the risks we consider to be the most material to the transaction and our business, assets, liabilities, prospects, outlook, financial condition and results of operations, there may be other known, unknown or unpredictable economic, business, competitive, regulatory or other risks or factors that also could have a material adverse effect on the transaction or our business, assets, liabilities, prospects, outlook, financial condition and results of operations in the future. In addition, past performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Any information about our intentions, projections or forward-looking statements in this proxy statement or in documents incorporated by reference into this proxy statement is a statement of our intentions, projections and forward-looking statements as of the date of this proxy statement or the documents incorporated by reference into this proxy statement and is based upon, among other things, the regulatory, industry, competitive, economic and market conditions as of such date, as well as various of our assumptions at such time. We may change our intentions, projections or forward-looking statements at any time and without notice, based upon any changes in such conditions, in our assumptions or otherwise. You should also read and consider the other information in this proxy statement and the other documents incorporated by reference into this proxy statement. See the section entitled **Where You Can Find More Information** beginning on page 209.*

**Risk Factors Relating to the Transaction**

***The amount of MetroPCS common stock and the cash payment to be issued or paid in the transaction is fixed and will not be adjusted for changes in the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS or T-Mobile or in the event of any change in MetroPCS stock price.***

Immediately following the transaction, Holding or its designee will own 74% of the fully-diluted shares of MetroPCS common stock outstanding and MetroPCS equityholders immediately prior to the transaction collectively will own the remaining 26% of fully-diluted MetroPCS common stock and will receive their pro rata share of the cash payment. These percentages and the cash payment are fixed in the business combination agreement and will not be adjusted for changes in the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS or T-Mobile, or changes in the market price of, analyst estimates of, or projections relating, to MetroPCS common stock. For example, if T-Mobile were to experience a decline in its business, assets, liabilities, prospects, outlook, financial condition or results of operations prior to the completion of the transaction, while MetroPCS experienced an improvement in its business, assets, liabilities, prospects, outlook, financial condition and results of operations prior to the completion of the transaction, there would be no adjustment in the overall ownership percentages in the combined company or the amount of the cash payment as described above.

***The transaction is conditioned on the receipt of approvals from various governmental entities, which may not approve the transaction, may delay the approvals, or may impose conditions or restrictions on, jeopardize or delay completion of, or reduce the anticipated benefits of, the transaction.***

Completion of the transaction is conditioned upon filings with, and, in certain cases, the receipt of governmental authorizations, consents, orders or other approvals from, governmental entities, including the FTC,



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the Antitrust Division, the FCC, the CFIUS and, if applicable, state public utility or service commissions and foreign authorities. The parties have made or plan to make initial filings with each of these governmental entities where required; however, the applicable waiting period under U.S. antitrust laws has not yet expired or been terminated and the other governmental entities have not concluded their review and/or yet provided the requisite authorizations, consents, orders or other approvals.

There is no assurance that all of these required authorizations, consents, orders and other approvals will be obtained, and, if they are obtained, they may not be obtained before you vote on the proposals relating to the transaction. Moreover, if they are obtained, they may require actions or impose restrictions, limitations or conditions on the assets, businesses, licenses or product lines of MetroPCS or T-Mobile. The business combination agreement requires the parties to satisfy any actions, or to agree to any restrictions, limitations or conditions, in each case with respect to any of the assets, businesses, licenses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, any of their respective subsidiaries, or any combination thereof, unless it would have a material adverse effect on the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS, T-Mobile and their respective subsidiaries, taken as a whole. It is possible that such actions, restrictions, limitations or conditions may have an adverse effect on the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS or T-Mobile, but not qualify as a material adverse effect under the business combination agreement. These required actions, restrictions, limitations and conditions also may jeopardize or delay completion of the transaction, reduce the anticipated benefits of the transaction or allow the parties to terminate the transaction.

***Failure to complete the transaction, or a delay in completing the transaction, could negatively impact the stock price of MetroPCS and the future business, assets, liabilities, prospects, outlook, financial condition and results of operations of MetroPCS, T-Mobile and/or the combined company.***

If the transaction is not completed, MetroPCS' ongoing business may be adversely affected and the market price of our common stock may decline, particularly to the extent that the current market price reflects a market assumption that the transaction will be completed. If closing is delayed, including by a delay in receipt of necessary governmental approvals or by the receipt of a competing proposal, the ongoing businesses, financial condition and results of operations of MetroPCS and T-Mobile may be adversely affected. Additionally, if the transaction is not completed, MetroPCS, under certain circumstances described in Summary of the Business Combination Agreement Termination and Effect of Termination, beginning on pages 151 and 152, respectively, may be required to pay Deutsche Telekom \$150 million. Any of the foregoing, or other risks arising in connection with the failure of or delay in completing the transaction, including the diversion of management attention from pursuing other opportunities and operating the ongoing business during the pendency of the transaction, may have an adverse effect on the business, assets, liabilities, prospects, outlook, financial condition or results of operations of MetroPCS and/or T-Mobile.

***The business combination agreement contains provisions that could affect whether a potential competing acquirer of MetroPCS makes a competing proposal or that could delay the completion of the transaction.***

The business combination agreement contains no shop provisions that, subject to limited exceptions, restrict MetroPCS' ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire stock or assets of MetroPCS. Further, while the MetroPCS board is permitted to make a recommendation change to the stockholders with respect to the transaction under certain circumstances, unless Deutsche Telekom terminates the business combination agreement, MetroPCS nonetheless will be required to submit the proposals to a stockholder vote at the special meeting. This requirement, which is often called a force the vote provision, means that MetroPCS does not have the right before the stockholder vote to terminate the business combination agreement to accept a superior proposal. In addition, Deutsche Telekom generally has an opportunity to offer to modify the terms of its proposal in response to a competing superior acquisition proposal, as well as an updated competing superior acquisition proposal, before the MetroPCS board makes a recommendation change with respect to the transaction. This requirement is commonly called a match right. In some circumstances, upon

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termination of the business combination agreement MetroPCS will be required to pay a termination fee of \$150 million to Deutsche Telekom. See the sections entitled Summary of the Business Combination Agreement No Solicitation of Alternative Proposals, Change in the MetroPCS Board s Recommendation, Termination and Effect of Termination beginning on pages 142, 144, 151 and 152, respectively.

These provisions may affect whether a potential competing acquirer will make a proposal to acquire MetroPCS, even if it were prepared to pay consideration with a higher per share value than the market value proposed to be received or realized in the transaction. These provisions also might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the \$150 million termination fee that may become payable in certain circumstances or the possible delay in executing such transaction as a result of having to wait until after the MetroPCS stockholder vote on the proposals contained in this proxy statement at the special meeting. Further, because T-Mobile is a private company, a third party may have difficulty establishing that a competing proposal constitutes a higher value proposal than the current transaction. Moreover, the submission of a competing acquisition proposal could distract management, which could delay the completion of the transaction and could have an adverse effect on MetroPCS business, assets, liabilities, prospects, outlook, financial condition or results of operations. Any delay in completing the transaction also could reduce the benefits, cost and capital expenditure savings and synergies from combining the businesses of MetroPCS and T-Mobile.

If the business combination agreement is terminated and MetroPCS determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to or better than the terms of the transaction.

***Some of MetroPCS and T-Mobile s existing agreements contain change in control or early termination rights that may be implicated by the transaction, and exclusivity, commitment or minimum purchase provisions in some of MetroPCS existing agreement may limit the combined company s business.***

Some of MetroPCS and T-Mobile s existing contracts contain provisions that allow the counterparty to terminate the agreement after a specified period following a change of control of MetroPCS and/or T-Mobile. If a third party has such a right and were to exercise its right to terminate an agreement as a result of the completion of the transaction, such termination could disrupt MetroPCS and/or T-Mobile s existing operations and adversely affect MetroPCS business, assets, liabilities, prospects, outlook, financial conditions and results of operations. For example, renewal of MetroPCS roaming agreements allow the counterparty to terminate or limit the benefits of the roaming agreements in connection with a change in control. If such counterparty were to do so, it could reduce the area in which MetroPCS customers can receive service outside of MetroPCS network coverage area. In addition, some of MetroPCS existing contracts contain exclusivity, commitment or minimum purchase provisions that will continue to apply to the combined company after the completion of the transaction. These exclusivity, commitment or minimum purchase provisions could limit the combined company s ability take advantage of certain opportunities in specified geographic areas which could reduce some of the anticipated benefits from the transaction or its ability to achieve the planned synergies. The combined company may be required to enter into agreements for similar services with other third parties or renegotiate its existing agreements to avoid such a disruption or restrictions.

***MetroPCS and T-Mobile are subject to various uncertainties and contractual restrictions while the transaction is pending that could disrupt their potential businesses and could adversely affect their businesses, assets, liabilities, prospects, outlooks, financial conditions and results of operations.***

Uncertainty about the effect of the transaction on employees, customers, suppliers, vendors, distributors, dealers and retailers may have an adverse effect on MetroPCS and/or T-Mobile. These uncertainties may impair MetroPCS and/or T-Mobile s ability to attract, retain and motivate key personnel, dealers and retailers until the transaction is completed and for a period of time thereafter, as employees and prospective employees may experience uncertainty about their future roles with the combined company. Additionally, these uncertainties

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could cause customers, suppliers, distributors, dealers, retailers and others who deal with MetroPCS or T-Mobile to seek to change existing business relationships with MetroPCS or T-Mobile or fail to extend an existing relationship with MetroPCS or T-Mobile. Suppliers, distributors and content and application providers may also delay or cease developing new products for MetroPCS or T-Mobile that are necessary for the operations of their respective businesses due to the uncertainty created by the transaction. In particular, because the transaction contemplates a discontinuance of MetroPCS existing network technology over time, current suppliers, including handset suppliers, may choose not to invest in, may delay, or may cease developing or supporting, new handsets for MetroPCS that are necessary for MetroPCS to compete effectively or to meet the demands, requirements or expectations of its customers. In addition, existing competitors may target MetroPCS or T-Mobile's existing customers by highlighting potential uncertainties and integration difficulties that may result from the transaction.

MetroPCS has a small number of key personnel. The pursuit of the transaction and the preparation for the integration may place a burden on management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could affect MetroPCS and/or T-Mobile's financial results.

In addition, the business combination agreement restricts each of MetroPCS and T-Mobile, without the other's consent, from taking certain actions outside of the ordinary course of business while the transaction is pending. These restrictions may prevent MetroPCS and/or T-Mobile from pursuing otherwise attractive business opportunities and making other changes to their respective businesses prior to completion of the transaction or termination of the business combination agreement. See the section entitled Summary of the Business Combination Agreement Conduct of Business beginning on page 140.

***Multiple lawsuits have been filed against the parties challenging the transaction, and an adverse ruling may delay or prevent the transaction from being completed.***

Since the announcement on October 3, 2012 of the execution of the business combination agreement, MetroPCS, Deutsche Telekom, Global, Holding, T-Mobile and the members of the MetroPCS board including an officer, have been named as defendants in multiple stockholder derivative and class action complaints challenging the transaction. The lawsuits generally allege, among other things, that the transaction fails to properly value MetroPCS and that the individual defendants breached their fiduciary duties in approving the business combination agreement and, in some of the lawsuits, that those breaches were aided and abetted by Deutsche Telekom, Global, Holding and T-Mobile. The lawsuits seek, among other things, injunctive relief enjoining the defendants from completing the transaction on the agreed-upon terms, monetary relief, punitive damages, and attorneys' fees and costs.

One of the conditions to the closing of the transaction is that no governmental entity has enacted, issued, promulgated, enforced or entered any law, statute, ordinance, rule, regulation, judgment, injunction, decree or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits completion of the transaction. Consequently, if the plaintiffs secure injunctive or other relief prohibiting, delaying, or otherwise adversely affecting the defendants' ability to complete the transaction, then such injunctive or other relief may prevent the transaction from becoming effective within the expected time frame or at all. If completion of the transaction is prevented or delayed, it could result in substantial costs to the parties. In addition, the parties could incur significant costs in connection with the lawsuits, including costs associated with the defense and indemnification of MetroPCS directors and officers. Finally, any delay could allow the other parties to the transaction to terminate the business combination agreement if the closing is delayed beyond the outside date provided therein.

***Directors and executive officers of MetroPCS have interests in the transaction that may be different from, or in addition to, those of other stockholders of MetroPCS, which could have influenced their decisions to support or approve the transaction.***

In considering whether to approve the proposals at the special meeting, you should recognize that all of the directors and executive officers of MetroPCS have interests in the transaction that may differ from, or that are in

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addition to, your interests as a stockholder of MetroPCS. These interests include, among others, continued service as a director or an executive officer of the combined company, employment or consulting arrangements, acceleration of awards under MetroPCS equity incentive compensation plans, elections to cash out stock options in certain circumstances, arrangements that provide for severance benefits if certain executive officers' employment is terminated under certain circumstances following the completion of the transaction and rights to indemnification and directors' and officers' liability insurance that will survive the completion of the transaction. The MetroPCS board and the special committee were aware of these interests during the time that the business combination was being negotiated and at the time they approved the transaction. These interests may cause MetroPCS' directors and executive officers to view the transaction differently than you may view it as a stockholder. See the section entitled "Interests of MetroPCS Directors and Officers in the Transaction" beginning on page 118.

***There are risks associated with the reverse stock split, including that the reverse stock split may not result in a proportionate increase in the per share price of the MetroPCS common stock.***

If MetroPCS completes the transaction, MetroPCS will effect a 1-for-2 reverse stock split as of the effective time and make the cash payment. MetroPCS cannot predict whether or to what extent the reverse stock split will proportionately increase the market price of MetroPCS common stock in comparison to the reduction in the number of shares of MetroPCS common stock issued and outstanding before the reverse stock split or what effect the cash payment will have on the price of MetroPCS common stock. The market price of MetroPCS common stock may decrease following the transaction for various reasons, including due to the reverse stock split or to account for other factors, including the combined company's performance, businesses, assets, liabilities, prospects, outlooks, financial conditions, results of operations, analyst reports and projections, and broader market conditions that are unrelated to the number of shares of MetroPCS common stock outstanding or the cash payment. As a result, there can be no assurance that the reverse stock split will proportionately increase the market price of MetroPCS' stock, that the market price of MetroPCS common stock will reflect the cash payment, or that the market price of MetroPCS common stock will remain at a higher value for any significant length of time after completion of the transaction.

***A significant stockholder of MetroPCS executed a voting and support agreement in connection with the transaction, and that voting and support agreement is binding on such stockholder, even if the MetroPCS board changes its recommendation to the MetroPCS stockholders.***

Concurrent with the execution of the business combination agreement, Madison Dearborn Capital Partners IV, L.P., which we refer to as Madison Dearborn, an approximate 8.32% holder of MetroPCS common stock, entered into a voting and support agreement with Deutsche Telekom, which we refer to as the support agreement, pursuant to which Madison Dearborn agreed to vote all shares of its MetroPCS common stock (i) in favor of the required MetroPCS stockholder approvals and (ii) against certain third party proposals to acquire MetroPCS and against any other actions that could reasonably be expected to materially impede, interfere with, delay, postpone, discourage or adversely affect the transaction or any other transactions contemplated by the business combination agreement. The support agreement is binding on Madison Dearborn, even if the MetroPCS board changes its recommendation to the MetroPCS stockholders with respect to the required MetroPCS stockholder approvals; provided that, the support agreement will terminate in the event Deutsche Telekom elects to terminate the business combination agreement due to a change in the recommendation of the MetroPCS board. See the section entitled "Summary of Ancillary Agreements - Voting and Support Agreement" beginning on page 158.

***If the reverse stock split and cash payment do not qualify as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code, the MetroPCS stockholders may be required to pay additional U.S. federal income taxes.***

For U.S. federal income tax purposes, MetroPCS believes the reverse stock split and cash payment should be integrated and treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code. There can

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be no assurance, however, that the Internal Revenue Service, which we refer to as the IRS, or the courts will agree with such treatment. If the IRS or a court were to determine that the reverse stock split and cash payment should not be treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code, the MetroPCS stockholders might be required to treat the cash payment as ordinary income. See Material U.S. Federal Income Tax Consequences beginning on page 130.

***In connection with the transaction, MetroPCS, T-Mobile and/or the combined company may be required to take write-downs or write-offs, restructuring and impairment or other charges that could negatively impact the business, assets, liabilities, prospects, outlook, financial condition and results of operations of MetroPCS, T-Mobile and/or the combined company.***

Although MetroPCS and T-Mobile have conducted extensive due diligence in connection with the transaction, they cannot assure you that this diligence revealed all material issues that may be present, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of MetroPCS and T-Mobile's control will not later arise. Even if MetroPCS and T-Mobile's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with MetroPCS and T-Mobile's preliminary risk analysis. Further, as a result of the transaction, purchase accounting, and the proposed operation of the combined company going forward, MetroPCS, T-Mobile and/or the combined company may be required to make write-offs or write-downs, restructuring and impairment or other charges. As a result, MetroPCS, T-Mobile and/or the combined company may be forced to write-down or write-off assets, restructure its operations, or incur impairment or other charges that could negatively impact the business, assets, liabilities, prospects, outlook, financial condition and results of operations of MetroPCS, T-Mobile and/or the combined company.

### **Risk Factors Relating to the Combined Company Following the Transaction**

***Even following the completion of the transaction, the combined company will continue to face intense competition from other competitors, some of which have greater resources than the combined company, and such competition may intensify in the future.***

The U.S. wireless telecommunications industry is highly competitive with a range of diversified competitors. After the completion of the transaction, the combined company will have increased spectrum assets, network coverage and capacity, and improved marketing and purchasing scale. However, following the transaction, the combined company will remain the fourth largest wireless carrier in the United States, and the combined company's relative competitive position will present risks associated with scale, brand positioning, and perception of network coverage and quality. Several of the combined company's competitors are larger companies that have better-developed brands and brand awareness; greater spectrum and capital resources; better networks and support systems; substantially greater financial, technical, personnel and marketing resources and bargaining power; greater access to capital on better terms, cash reserves, and spectrum holdings; larger geographic coverage areas, roaming territories, and third-party distribution networks; better in-building coverage; unique intellectual property; greater numbers of customers; exclusive distributorship arrangements for certain popular brands of handsets, applications and content; and more advanced technology. The combined company will face a long-term challenge to compete effectively in terms of pricing, products, coverage, and new technologies and services. Some competitors operate using alternative business models that have the potential to affect negatively the combined company's ability to attract and retain customers. All of the foregoing may affect the combined company's ability to compete successfully.

***The failure to integrate successfully the businesses of MetroPCS and T-Mobile in the expected time frame could adversely affect the combined company's future results following the transaction.***

The success of the transaction will depend, in large part, on the ability of the combined company to realize the anticipated benefits, including projected synergies and cost savings, from combining the businesses of MetroPCS and T-Mobile. To realize these anticipated benefits, the businesses of MetroPCS and T-Mobile must

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be successfully integrated. This integration will be complex and time-consuming and may divert management's time and attention from the business. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company not achieving the anticipated benefits of the transaction.

The parties may encounter numerous potential difficulties in the integration process, including the following:

being unable to integrate successfully the businesses of MetroPCS and T-Mobile in a manner that permits the combined company to achieve the cost savings anticipated to result from the transaction;

migrating MetroPCS' customers to the combined company's T-Mobile based global system for mobile communications, which we refer to as GSM, evolved high speed packet access, which we refer to as HSPA+, and LTE networks;

integrating MetroPCS' and T-Mobile's existing information and billing systems, cell sites, customer service programs and distributed antenna systems;

decommissioning MetroPCS' networks;

integrating and adding T-Mobile's technology to MetroPCS' cell sites and distributed antenna systems;

combining MetroPCS' and T-Mobile's product and service offerings, subscriber plans, customer service, and sales and marketing approaches;

preserving subscriber, supplier, vendor, content provider, dealer, retailer, and other important relationships;

resolving complexities associated with managing the larger combined company;

addressing the potential effect of the transaction on MetroPCS' and T-Mobile's business and relationships with employees, customers, suppliers, vendors, content providers, distributors, dealers, retailers, regulators and the communities in which they operate;

addressing the potential difficulty in coordinating geographically dispersed organizations and business headquarters;

addressing possible differences in corporate cultures and management philosophies;

integrating personnel from the two companies while maintaining focus on providing consistent, high quality products and services;

retaining key employees and members of management of MetroPCS and T-Mobile;

encountering difficulties in consolidating and preparing the combined company's financial statements, or having to restate the financial statements of the combined company;

addressing the potential difficulty in maintaining cost controls during the integration process;

discharging and otherwise addressing potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the transaction; and

experiencing performance shortfalls at one or both of MetroPCS and T-Mobile as a result of the diversion of management's attention caused by completing the transaction and integrating their operations.

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***Many of the anticipated synergies from the transaction may not be realized for a significant period of time after the completion of the transaction, if at all, and will require substantial capital expenditures to be fully realized.***

The success of the transaction will depend, in part, on the ability of the combined company to realize the anticipated synergies as a result of the transaction. Many of the anticipated synergies are not expected to occur for a significant time period following the completion of the transaction and will require substantial capital expenditures in the near term to be fully realized. Many of the anticipated synergies will only occur, if at all, after these substantial capital expenditures or expenses have been incurred. Even if the combined company is able to integrate the two companies successfully, this integration may not result in the realization of the full benefits of the synergies that are currently expected or the achievement of these benefits within the anticipated time frame or at all.

***The combined company's future results could suffer if it does not effectively manage its expanded business, operations and employee base following the transaction.***

The size of the combined company's business, operations and employee base following the transaction will be greater than the stand-alone size of either MetroPCS or T-Mobile's business, operations and employee base prior to the transaction and will include two separate business units headquartered in different cities. The combined company's future success depends, in part, upon its ability to manage this expanded business, operations and employee base, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. No assurances can be given that the combined company will successfully manage its expanded business, operations and employee base following the transaction.

***The combined company's results of operations after the transaction may be affected by factors different than those currently affecting MetroPCS and T-Mobile's separate results of operations.***

T-Mobile's business differs from MetroPCS's business. For example, MetroPCS provides wireless services based on a no-annual contract model, while T-Mobile provides wireless services largely based on an annual contract model, in addition to no-contract plans. The combined company's results of operations, as well as the price of the combined company's common stock after the transaction, may be affected by factors different than those currently affecting MetroPCS or T-Mobile's results of operations and MetroPCS's stock price. The price of the combined company's common stock may fluctuate significantly following the completion of the transaction, including as a result of factors over which MetroPCS and T-Mobile have no control. In addition, T-Mobile is a privately-held corporation and, therefore, there is no public valuation of T-Mobile's business. Due in part to this lack of existing public valuation, we cannot predict the price at which the combined company's common stock may trade after the completion of the transaction.

***The unaudited pro forma financial statements included in this proxy statement are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the transaction.***

The unaudited pro forma financial statements contained in this proxy statement are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the transaction. The unaudited pro forma financial statements have been derived from MetroPCS and T-Mobile's historical financial statements and certain adjustments and assumptions have been made regarding the combined company. The assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the transaction. Moreover, the unaudited pro forma financial statements do not reflect all costs that are expected to be incurred in connection with the transaction. As a result, the combined company's actual financial condition and results of operations may differ significantly from the unaudited pro forma financial statements.



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*The combined company is expected to incur substantial expenses related to the transaction and the integration of MetroPCS and T-Mobile.*

The combined company is expected to incur substantial expenses in connection with the transaction and the integration of MetroPCS and T-Mobile. There are a large number of processes, policies, procedures, operations, staff, functions, technologies and systems that must be integrated, including purchasing, accounting and finance, legal, regulatory, sales, inventory forecasting, billing, payroll, marketing, customer service and benefits. While MetroPCS and T-Mobile have assumed that a certain level of these expenses would be incurred and that such integration could be accomplished within a certain period of time, there are many factors beyond their control that could affect the total amount or the timing of the expenses. Moreover, many of these expenses are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the parties expect to achieve from the elimination of duplicative expenses and the realization of economies of scale. These integration expenses likely will result in the combined company taking significant charges against earnings following the completion of the transaction. The amount and timing of such charges are uncertain at present.

*Following the completion of the transaction, the combined company will be controlled by Deutsche Telekom, and Deutsche Telekom will continue to have approval rights over certain actions taken by the combined company as long as it beneficially owns 30% or more of the combined company's common stock. The interests of Deutsche Telekom may differ from the interests of other stockholders of the combined company.*

Immediately following the completion of the transaction, Deutsche Telekom will beneficially own and possess voting power over approximately 74% of the fully diluted shares of the combined company's common stock. Under the stockholder's agreement to be entered into as provided in the business combination agreement, which we refer to as the stockholder's agreement, Deutsche Telekom may acquire additional shares of the combined company's common stock up to an aggregate of 80.1% of the combined company's common stock without the combined company board's approval.

Through its control of the combined company's voting power and the provisions set forth in the new certificate of incorporation and the stockholder's agreement, Deutsche Telekom will have the ability to elect a majority of the combined company's directors, hire or fire the Chief Executive Officer, and control all other matters requiring the approval of the combined company's stockholders. As a result, the combined company will be a controlled company as defined in the NYSE listing rules and will, therefore, not be subject to NYSE requirements that would otherwise require the combined company to have (i) a majority of independent directors, (ii) a nominating committee composed solely of independent directors, (iii) compensation of its executive officers determined by a majority of the independent directors or a compensation committee composed solely of independent directors, and (iv) director nominees selected, or recommended for the board's selection, either by a majority of the independent directors or a nominating committee composed solely of independent directors.

In addition, the new certificate of incorporation and the stockholder's agreement will restrict the combined company's ability to take certain actions without Deutsche Telekom's prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company's common stock, including the ability to enter into acquisitions of any business, debt or equity interests, operations or assets of any person for consideration in excess of \$1 billion, sale of any division, business, operations or equity interests of the combined company or any of its subsidiaries for consideration in excess of \$1 billion or hire or fire the Chief Executive Officer. These restrictions could prevent the combined company from taking actions that the combined company's board determines are in the best interests of the combined company and its stockholders or that the other non-Deutsche Telekom stockholders determine are in their best interest. See the section entitled Summary of Ancillary Agreements Stockholder's Agreement beginning on page 154.

Deutsche Telekom will also have control over all matters submitted to our stockholders for approval, including the election or removal of directors, changes in our capital structure, transactions requiring stockholder approval under Delaware law and corporate governance. As a holder of a substantial amount of equity and debt

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of the combined company, Deutsche Telekom may have different interests than other holders of MetroPCS common stock and may make decisions adverse to your interests. For example, a substantial amount of the combined company's cash flow will be used to pay the interest and make principle repayments on the indebtedness held by Deutsche Telekom. In addition, Deutsche Telekom's interests may shift if it transfers a substantial amount of its equity holdings in the combined company while retaining its large credit position. For example, if the combined company encounters financial difficulties, the interests of Deutsche Telekom as a creditor of the combined company might conflict with stockholders' interests. This concentrated control and these approval rights could delay, defer, or prevent a change in control, merger, consolidation, or sale of all or substantially all of the combined companies' assets that the combined company's other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that the combined company's other stockholders do not support. In addition, this concentrated control and these approval rights could discourage a potential investor from seeking to acquire the combined company's common stock and, as a result, might harm the market price of the combined company's common stock.

***Following the completion of the transaction, Deutsche Telekom will be permitted to transfer shares of the combined company's common stock in any transaction that would result in the transferee owning 30% or less of the outstanding shares of the combined company's common stock, and any control or other purchase price premium Deutsche Telekom receives from such transfer need not be shared with the rest of the combined company's stockholders.***

Pursuant to the stockholder's agreement, Deutsche Telekom will be prohibited from transferring any shares of the combined company's common stock in any transaction that would result in the transferee owning more than 30% of the outstanding shares of the combined company's common stock unless such transferee offers to acquire all of the then outstanding shares of the combined company's common stock at the same price and on the same terms and conditions as the proposed transfer from Deutsche Telekom. However, Deutsche Telekom will be permitted to transfer shares of the combined company's common stock, without requiring the transferee to acquire all such other outstanding shares, in any transaction that would result in the transferee owning 30% or less of the outstanding shares of the combined company's common stock. In the event Deutsche Telekom receives a control or other purchase price premium from such transfer of its shares only, it will not be obligated to share such premium with the rest of the combined company's stockholders. See the section entitled "Summary of Ancillary Agreements" "Stockholder's Agreement" beginning on page 154.

***Following the completion of the transaction, Deutsche Telekom will be subject to a six month lock-up period with respect to its shares of the combined company's common stock, after which, subject to limited restrictions, it will be permitted to transfer freely its shares of the combined company's common stock, which could have a negative impact on the combined company's stock price.***

Following the completion of the transaction, Deutsche Telekom will be prohibited from transferring any shares of the combined company's common stock for six months. However, following such six-month period, Deutsche Telekom will be permitted, subject to limited restrictions described in the section entitled "Summary of Ancillary Agreements" "Stockholder's Agreement" beginning on page 154, to transfer freely its shares of the combined company's common stock without notice. Any such transfer could significantly increase the number of the combined company's shares available in the market, which could cause a decrease in the combined company's stock price. In addition, even if Deutsche Telekom does not transfer a large number of its shares into the market, its right to transfer a large number of shares into the market may depress the combined company's stock price.

***The combined company does not have a contractual right to make indemnification claims against Deutsche Telekom for the breach of any representations, warranties or covenants made by Deutsche Telekom or its subsidiaries in the business combination agreement.***

Under the business combination agreement, the combined company does not have a right to make contractual indemnification claims against Deutsche Telekom after the closing, including for a breach by

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Deutsche Telekom or its subsidiaries (including T-Mobile or its subsidiaries) of the representations and warranties made to MetroPCS or for a violation by Deutsche Telekom or its subsidiaries (including T-Mobile or its subsidiaries) of certain covenants and agreements in the business combination agreement.

This limitation does not affect any other entitlement, remedy or recourse permitted by law that the combined company may have against Deutsche Telekom or its subsidiaries, including the right to specific performance set forth in the business combination agreement. Such action may be brought by the combined company at the direction of a majority of the directors of the combined company not affiliated with Deutsche Telekom. However, because Deutsche Telekom will appoint a majority of the directors, including some directors not affiliated with Deutsche Telekom, such Deutsche Telekom appointees that are not affiliated with Deutsche Telekom can vote against such suit. Because such directors may constitute a majority of the unaffiliated directors, the combined company may not bring suit even though it may be in the best interests of the stockholders other than Deutsche Telekom. See the section entitled Summary of the Business Combination Agreement Specific Performance beginning on page 153.

***The combined company will incur substantial indebtedness in connection with the transaction.***

The parties intend to finance the transaction, and refinance MetroPCS and T-Mobile's existing indebtedness, with up to \$18.5 billion in senior unsecured debt financing through the issuance of debt securities to Deutsche Telekom and third-party investors. As a result, the combined company is expected to have long-term indebtedness that will be substantially greater than either MetroPCS or T-Mobile's long-term indebtedness prior to the transaction and related refinancing. This new indebtedness will increase the related risks MetroPCS now faces with its current indebtedness, described in detail in MetroPCS's most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q.

***A substantial majority of the indebtedness that would be incurred in connection with the transaction will be subject to significant limitations on redemption, which may impede the refinancing of such indebtedness.***

The \$15.0 billion notes to be purchased by Deutsche Telekom, as well as the \$2.5 billion notes and \$1.0 billion notes (if purchased by Deutsche Telekom or issued by Wireless on or prior to the closing date of the transactions), may only be redeemed, prior to certain specified dates for each series, if the combined company or T-Mobile pays a customary make whole premium at the time of redemption. Such make whole premium may be significant, and may make it financially prohibitive for the combined company to refinance such series prior to such dates to take advantage of lower interest rates which may become available for the combined company's debt or in connection with pursuing other business opportunities.

***A substantial portion of the indebtedness that would be incurred in connection with the transaction is subject to a pricing reset that may materially increase the interest rate applicable to that indebtedness.***

\$7.5 billion of the \$15.0 billion notes to be purchased by Deutsche Telekom, and 50% of any of the \$2.5 billion notes and \$1.0 billion notes purchased by Deutsche Telekom, will be subject to a pricing reset that will cause the interest rate of the relevant debt securities to be recalculated according to a formula which depends in part upon designated indices and other benchmark debt securities, only a portion of which is calculated based on the trading prices of MetroPCS indebtedness. This reset will occur, for each series of the debt securities, either two, two and a half or three years after the issue date of the debt securities. As a result of the pricing reset feature, as of the reset date for each applicable series of debt securities, a material increase in the combined company's interest expense could result with respect to such series as of the reset date, which would increase its interest and financing costs, decrease its net income and further increase the related risks MetroPCS now faces with its current indebtedness, described in detail in MetroPCS's most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q.

Interest rates for such benchmark indices and debt securities are highly sensitive to many factors, including domestic and international economic and political conditions, policies of governmental and regulatory agencies,

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developments affecting the results or prospects of the issuer of the benchmark securities or of securities referenced in the benchmark indices, and other factors beyond the combined company's control. As a result, a significant increase in these interest rates at the time that the relevant debt securities are recalculated could have an adverse effect on the combined company's financial position and results of operations.

*The combined company's working capital revolving credit facility subjects the combined company to interest rate changes.*

The entire amount of indebtedness outstanding from time to time under the combined company's \$500 million working capital revolving credit facility will bear interest at floating rates. While the combined company will be permitted to hedge against higher interest rates, there is no assurance it will be able to do so or will do so on commercially reasonable terms. Interest rates are highly sensitive to many factors, including domestic and international economic and political conditions, policies of governmental and regulatory agencies and other factors beyond the combined company's control. An increase in benchmark interest rates could cause a material increase in the combined company's interest expense, which would increase its financing costs, decrease its net income and further increase the related risks MetroPCS now faces with its current indebtedness, described in detail in MetroPCS' most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q. See Summary of the Financing \$500 Million Working Capital Revolving Credit Facility beginning on page 116.

*Upon a change in control triggering event, the combined company may be required to offer to repurchase all of the debt securities to be issued in connection with the transaction; the combined company may not have the ability to finance such repurchase.*

Upon a change in control triggering event, as described in Exhibit G to the business combination agreement, the combined company may be required to offer to repurchase all of the debt securities to be issued in connection with the transaction and the Wireless existing notes, in an aggregate principal amount of up to \$20.5 billion, at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. In addition, pursuant to a noteholder agreement between the combined company and Deutsche Telekom, in the event of a change in control that is not caused by Deutsche Telekom, Deutsche Telekom will have the right to require the combined company to redeem any of the notes held by Deutsche Telekom, even if a change in control triggering event has not occurred. If a change in control triggering event, or an event requiring it to purchase notes held by Deutsche Telekom, were to occur, the combined company may not have sufficient funds to pay the change in control purchase price and may be required to obtain third-party financing in order to do so. However, the combined company may not be able to obtain such financing on commercially reasonable terms, or at all.

The combined company's failure following a change in control triggering event to make or consummate an offer to purchase the notes would constitute an event of default under the documentation governing the notes. In such an event, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may accelerate the maturity of all of the notes. In addition, any such event of default would likely trigger an event of default on other outstanding or future indebtedness of the combined company.

*The agreements governing the combined company's indebtedness will include restrictive covenants that limit the combined company's operating flexibility.*

The agreements governing the combined company's indebtedness will impose material operating and financial restrictions on the combined company. These restrictions, subject in certain cases to customary baskets, exceptions and incurrence-based ratio tests, may limit the combined company's ability to engage in some transactions, including the following:

incurring additional indebtedness and issuing preferred stock;

paying dividends, redeeming capital stock or making other restricted payments or investments;

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selling or buying assets, properties or licenses;

developing assets, properties or licenses which the combined company has or in the future may procure;

creating liens on assets;

participating in future FCC auctions of spectrum or private sales of spectrum;

engaging in mergers, acquisitions, business combinations, or other transactions;

entering into transactions with affiliates; and

placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

These restrictions could limit the combined company's ability to obtain debt financing, repurchase stock, refinance or pay principal on its outstanding indebtedness, complete acquisitions for cash or indebtedness or react to changes in its operating environment or the economy. Any future indebtedness that the combined company incurs may contain similar or more restrictive covenants. Any failure to comply with the restrictions of the combined company's debt agreements may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these agreements and other agreements, giving the combined company's lenders the right to terminate any commitments they had made to provide it with further funds and to require the combined company to repay all amounts then outstanding.

***Deutsche Telekom will be subject to non-compete limitations for a finite period of time, after which it may compete with the combined company.***

The stockholder's agreement will restrict Deutsche Telekom from competing with the combined company in the United States, Puerto Rico and the territories and protectorates of the United States, which we refer to as the territory, during the period beginning on the date of the closing and ending two years after the date on which Deutsche Telekom beneficially owns less than 10% of the outstanding shares of the combined company's common stock. Specifically, during such period, neither Deutsche Telekom nor any of its other controlled affiliates will be permitted to engage in providing wireless telecommunications services through a facilities-based network in the territory, hold licenses from the FCC related to or necessary to provide such services, act as a reseller, dealer or distributor of such services in the territory, or act as a mobile virtual network operator in the territory. In addition, for the period commencing at the closing and expiring on the first anniversary of the termination of the trademark license in accordance with its terms, Deutsche Telekom may not manufacture, market or distribute any products or services under, or use in any way, the trademark T-MOBILE in connection with any of the activities described in the previous sentence, other than by the combined company and its affiliates in accordance with the terms of the trademark license. See the sections entitled "Summary of Ancillary Agreements Stockholder's Agreement" and "Summary of Ancillary Agreements Trademark License" beginning on pages 154 and 158, respectively.

Following the expiration of the periods described above, Deutsche Telekom and its controlled affiliates may compete directly with the combined company in the territory. Because the duration of the covenant not to compete depends on Deutsche Telekom's equity ownership and not the amount of combined company debt it holds, Deutsche Telekom could be a significant holder of the combined company indebtedness and be able to compete with the combined company. Further, although the combined company can pursue opportunities outside the territory, the covenant not to compete does not prevent Deutsche Telekom from competing with the combined company outside of the territory, even while Deutsche Telekom holds a majority of the combined company's common stock. Because Deutsche Telekom has significant resources and substantial knowledge and expertise in the wireless telecommunications industry, such competition may be harmful to the business of the combined company.

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**Table of Contents*****The combined company will not be entitled to use the T-Mobile trademarks indefinitely.***

Pursuant to the trademark agreement, the combined company will receive a limited license to certain T-Mobile trademarks, including the right to use the trademark T-Mobile as a name for the combined company, for use in connection with telecommunications and broadband products and services in the territory. However, the term of the trademark license is limited. The initial term of the trademark license is approximately five years. The trademark license automatically renews for additional five year terms on an adjusted fee basis unless the combined company provides notice of its intent not to renew the trademark license. Thereafter, the trademark license automatically renews for subsequent five year periods unless the combined company provides 12 months notice prior to the expiration of the then-current term. The trademark agreement assigns all goodwill created as a result of the use of the T-Mobile trademark to Deutsche Telekom. The combined company and Deutsche Telekom are also obligated to negotiate a new trademark license in any of the following events: (i) Deutsche Telekom's ownership of the voting power of the outstanding shares of capital stock of the combined company falls to 50% or less; or (ii) any third party becomes the owner or otherwise comes to control, directly or indirectly, 50% or more of the voting power of the outstanding shares of capital stock of the combined company, or otherwise acquires the power to direct or cause the direction of the management and policies of the combined company. If the combined company and Deutsche Telekom fail to agree on a new trademark license after such event, either the combined company or Deutsche Telekom may terminate the trademark license to be effective, in the case of clause (i) above, on the third anniversary after notice of termination and, in the case of clause (ii) above, on the second anniversary after notice of termination. Additionally, the combined company may terminate the trademark license at any time upon notice to Deutsche Telekom, with such termination to be effective on the first anniversary after notice of termination is given. See the section entitled Summary of Ancillary Agreements Trademark License beginning on page 158.

Following the termination of the trademark license, the combined company may not use any T-Mobile trademarks, including the right to use the trademark T-Mobile as a name for the combined company. In such a case, the combined company will need to develop, promote and maintain new trademarks and a new brand. Developing, promoting and maintaining new trademarks and a new brand will likely require substantial capital, marketing and other expenditures. There can be no assurance that such new trademark or brand will be as recognizable or valuable as the T-Mobile trademark or brand. If the combined company fails to develop, promote and maintain new trademarks and a new brand, it could reduce the combined company's ability to attract and retain customers which could lead to greater churn, lower growth, reduced revenues, and lower profitability, all of which could have a material adverse effect on the combined company's business, assets, liabilities, prospects, outlook, financial condition and results of operations. Further, the combined company will lose all of the investment it has made in the T-Mobile trademark. Any of these results could be harmful to the business, assets, liabilities, prospects, outlook, financial condition or results of operations of the combined company.

***The MetroPCS existing stockholder rights plan will remain in effect with respect to the combined company after completion of the transaction and could prevent a change in control of the combined company in instances in which some stockholders may believe a change in control is in their best interests.***

MetroPCS currently has an existing stockholder rights plan, which we refer to as the MetroPCS rights plan, that will remain in effect with respect to the combined company after completion of the transaction. MetroPCS executed an amendment to the MetroPCS rights plan prior to execution of the business combination agreement that exempts Deutsche Telekom, including the acquisition of MetroPCS shares in the transaction, from the effects of the MetroPCS rights plan. See Summary of Ancillary Agreements Rights Agreement Amendment beginning on page 160. Pursuant to the MetroPCS rights plan, MetroPCS has issued to its stockholders one preferred stock purchase right for each outstanding share of MetroPCS common stock as of March 27, 2007. The shares issued in the transaction will include these purchase rights. Each right, when exercisable, will entitle its holder to purchase from the combined company a unit consisting of one one-thousandth of a share of series A junior participating preferred stock at \$66.67 per share, subject to adjustment as a result of the reverse stock split. The MetroPCS rights plan is intended to protect stockholders in the event of an unfair or coercive offer to acquire the combined company and to provide the combined company's board of directors with adequate time to evaluate

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unsolicited offers. The MetroPCS rights plan may prevent or make takeovers or unsolicited corporate transactions with respect to the combined company more difficult. The MetroPCS rights plan will cause substantial dilution to a person or group that attempts to acquire the combined company on terms that the board of directors of the combined company does not believe are in the combined company's and its stockholders' best interest and may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares.

***Adverse changes in the credit markets could increase the combined company's borrowing costs and the availability of funding.***

The combined company will require a significant amount of capital to operate and grow its business. We anticipate that the combined company will need to fund its capital needs in part through borrowings in the credit markets in future. Adverse changes in the credit markets, including increases in interest rates, could increase the combined company's cost of borrowing and make it more difficult for the combined company to obtain future financing for its operations. In addition, the combined company's borrowing costs could be affected by short and long-term debt ratings assigned by independent rating agencies, which would be based, in significant part, on its performance as measured by customer credit metrics. A decrease in these ratings would likely increase the combined company's cost of borrowing and/or make it more difficult for it to obtain financing. In addition, a severe disruption in the global financial markets could impact some of the financial institutions with which the combined company would do business, and such instability could affect the combined company's future access to financing.

***If the combined company is unable to take advantage of technological developments in the wireless telecommunications industry on a timely basis, it may experience a decline in the demand for its services, be unable to implement its business strategy, and experience reduced profits.***

The incumbent wireless telecommunications industry is experiencing rapid change and disruptive innovation on many fronts as new technologies are developed that offer consumers a broadening array of choices for their communications needs. For example, Apple, Inc. transformed the wireless landscape with the launch of the iPhone handset, Clearwire Corporation hopes to transform the wireless telecommunications industry with fixed mobile convergence, and Google Inc. introduced its open-source Android operating system in 2008. While smartphone use is expected to continue to grow, tablet sales have also increased dramatically. Rapid penetration of smartphones and tablets will require carriers to invest in device subsidization and network improvements. For example, T-Mobile is in the process of transforming and upgrading its network to be the first in the United States to deploy LTE Release 10 and the first to use multimode integrated radios that can handle Global System for Mobile Communications, which we refer to as GSM, Evolved High Speed Packet Access, which we refer to as HSPA+, and LTE. As part of the network upgrade, T-Mobile will install new equipment in more than 37,000 cell sites and refarm its Personal Communications Service in the PCS 1900 MHz spectrum band from second generation GSM services to HSPA+. Modernizing the combined company's network will carry significant benefits, but it will also involve some risk, because it involves equipment changes, refarming of spectrum, and migration of customers from existing spectrum bands.

In order to grow and remain competitive, the combined company will need to adapt to future changes in technology, enhance its existing offerings, and introduce new offerings to address its customers' changing demands. If the combined company is unable to meet future challenges from competing technologies on a timely basis or at an acceptable cost, it could lose customers to its competitors. In general, the development of new services in the wireless telecommunications industry will require the combined company to anticipate and respond to the varied and continuously changing demands of its customers. The combined company may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints on its introduction of new services. If the combined company's services fail to gain acceptance in the marketplace, or if costs associated with these services materially increase, the combined company's ability to retain and attract customers could be adversely affected, which could have a material adverse effect on the combined company's business, assets, liabilities, financial condition and results of operations.

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**Other Risk Factors of MetroPCS**

***Wireless existing senior credit facility may be terminated prior to the closing of the transaction.***

If Wireless successfully issues the \$2.5 billion notes to third parties to refinance the Wireless existing senior credit facility prior to the closing of the transaction, the Wireless existing senior credit facility (including the existing \$100 million revolving credit sub-facility) may be terminated in advance of the closing of the transaction. Accordingly, in such event, if the closing does not occur, (i) the interest payments incurred by Wireless may increase because the \$2.5 billion notes may have a higher interest rate than the Wireless existing senior credit facility, and (ii) Wireless may not have access to a revolving credit facility to cover any cash flow needs of its business.

***Wireless issuance of the \$1.0 billion notes will result in an increase in long-term indebtedness.***

If Wireless issues the \$1.0 billion notes to third parties to raise new capital (or any portion of such notes) prior to the closing of the transaction, Wireless long-term indebtedness will increase by the principal amount of such notes issued. This debt issuance will result in a higher total leverage, and increased financing costs, for Wireless if the transaction does not close.

MetroPCS will be subject to the risks described above. In addition, MetroPCS is, and will continue to be, subject to the risks described in MetroPCS most recent Annual Report on Form 10-K, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement. The combined company also will be subject to similar risks after completion of the transaction as those described in MetroPCS periodic reports filed with the SEC. You also should be aware that the risk factors disclosed in this proxy statement in MetroPCS filings with the SEC may not describe every risk facing MetroPCS or the combined company or that may affect MetroPCS or the combined company's business, assets, liabilities, financial condition or results of operations. There may be other known, unknown or unpredictable economic, business, competitive, regulatory or other risk factors that could also have a material adverse effect on our business, financial condition and results of operations in the future. In addition, past performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results on trends on future periods. See the section entitled *Where You Can Find More Information* beginning on page 209 for the location of information incorporated by reference in this proxy statement.



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**PARTIES TO THE AGREEMENT**

**MetroPCS Communications, Inc.**

2250 Lakeside Boulevard

Richardson, Texas 75082

MetroPCS currently provides wireless broadband mobile services primarily in select major metropolitan areas in the United States, including: Las Vegas, Nevada; Los Angeles, San Francisco and Sacramento, California; Detroit, Michigan; Dallas/Fort Worth, Texas; Tampa/Sarasota, Orlando, Miami and Jacksonville, Florida; Atlanta, Georgia; Philadelphia, Pennsylvania; New York, New York; Boston, Massachusetts; and Hartford, Connecticut. As of September 30, 2012, MetroPCS held licenses for wireless spectrum suitable for wireless broadband mobile services covering a total population of 142.5 million people in and around many of the largest metropolitan areas in the United States. In addition, MetroPCS has roaming agreements with other wireless broadband mobile carriers that allow it to offer customers service when they are outside its service area. These roaming agreements, together with the area MetroPCS serves with its networks, allow customers to receive service in an area covering over 280 million in total population under the Metro USA<sup>®</sup> brand. MetroPCS provides services using code division multiple access, which we refer to as CDMA, networks using 1xRTT technology and evolution-data only, which we refer to as EVDO, and, long-term evolution, which we refer to as LTE, technology. MetroPCS introduced the first commercial LTE service in the United States in the Las Vegas and Dallas/Fort Worth metropolitan areas in September 2010 and, at that time, launched the world's first dual mode LTE/CDMA handset. Subsequently, through the remainder of 2010 and early 2011, MetroPCS launched LTE service in the remainder of its major metropolitan areas and launched the world's first LTE handset based on the android operating system. In 2012, MetroPCS launched the world's first commercial voice over LTE, which we refer to as VoLTE, service.

MetroPCS is the fifth largest facilities-based wireless broadband mobile communications provider in the United States based on number of customers served. MetroPCS offers wireless broadband mobile services under the MetroPCS<sup>®</sup> brand in selected major metropolitan areas in the United States. MetroPCS provides a variety of wireless broadband mobile communications services to customers on a no long-term contract, paid-in-advance basis. As of September 30, 2012, MetroPCS had approximately 9.0 million customers.

MetroPCS was incorporated in 2004 in the state of Delaware and maintains its corporate headquarters in Richardson, Texas. All services are provided through wholly-owned subsidiaries of Wireless, an indirect wholly-owned subsidiary of MetroPCS. In April 2007, MetroPCS consummated an initial public offering of its common stock and became listed for trading on the NYSE under the symbol PCS.

**Deutsche Telekom AG**

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Deutsche Telekom is an *Aktiengesellschaft* organized in Germany and is one of the world's leading integrated telecommunications companies with over 131 million mobile customers, 33 million fixed-network lines and more than 17 million broadband lines (as of September 30, 2012). Deutsche Telekom and its affiliates provide fixed-network, mobile communications, Internet and IPTV products and services for consumers and ICT solutions for business and corporate customers. Deutsche Telekom is present in around 50 countries and has over 233,000 employees worldwide. Deutsche Telekom and its affiliates generated revenue of EUR 58.7 billion in the 2011 financial year over half of it outside Germany.

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**T-Mobile Global Zwischenholding GmbH**

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Global is a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom.

**T-Mobile Global Holding GmbH**

Friedrich-Ebert-Alle 140

53113 Bonn, Germany

Holding is a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global.

**T-Mobile USA, Inc.**

12920 SE 38th Street

Bellevue, Washington 98006

T-Mobile, a privately-held Delaware corporation and direct wholly-owned subsidiary of Holding, is a wireless telecommunications carrier that offers mobile communications services under the T-Mobile brand in the United States, Puerto Rico and the U.S. Virgin Islands. T-Mobile operates its business in one reportable segment. T-Mobile's service offerings include contract and non-contract ( prepaid ) wireless voice, messaging and data services plans, mobile broadband plans and wholesale wireless services. As of September 30, 2012, T-Mobile provides service to more than 33.3 million customers through its nationwide voice and data networks.

As of September 30, 2012, T-Mobile's nationwide coverage footprint offers wireless voice, messaging, and data services across a service area covering over 280 million Americans in most metropolitan areas. In addition, T-Mobile has roaming agreements with other mobile communication network operators that allow mobile communications services to be provided beyond the direct coverage area of the T-Mobile network footprint. Services from T-Mobile are provided using the Global System for Mobile Communications, which we refer to as GSM, General Packet Radio Service, which we refer to as GPRS, Enhanced Data rates for GSM Evolution, which we refer to as EDGE, Universal Mobile Telecommunications Systems, which we refer to as UMTS, and Evolved High Speed Packet Access, which we refer to as HSPA+, technologies. T-Mobile's network modernization plan will result in the launch of 4G services using LTE technology in areas covering a population of 200 million in 2013.

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**THE SPECIAL MEETING**

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by the MetroPCS board for use at the special meeting, to be held on [ ], and at any continuation, adjournment, postponement or continuation thereof. This document is first being mailed to our stockholders on or about [ ].

**Time and Place of the Special Meeting**

The special meeting will be held [in the Bank of America Theater at the Eisemann Center located at 2351 Performance Drive, Richardson, Texas 75082] on [ ] at 10:00 a.m., local time.

**Purpose of the Special Meeting**

The purpose of the special meeting is to vote upon the following proposals:

**The stock issuance proposal:** A proposal to approve the MetroPCS stock issuance to be made in connection with, and in order to give effect, to the transaction.

**The new certificate of incorporation proposal:** A proposal to approve the new certificate of incorporation pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split.

**The change in control payments proposal:** A proposal to approve, on a non-binding, advisory basis, the change in control payments.

**The adjournment proposal:** A proposal to approve the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal.

**IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE BOTH THE STOCK ISSUANCE PROPOSAL AND THE NEW CERTIFICATE OF INCORPORATION PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

The only MetroPCS stockholder approvals required by the business combination agreement are the stock issuance proposal and the new certificate of incorporation proposal. The change in control payments proposal is non-binding and advisory and the vote on such proposal will have no impact on whether the transaction is completed. In addition, even if the MetroPCS stockholders approve both the stock issuance proposal and the new certificate of incorporation proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived.

**Other Business**

The MetroPCS bylaws provide that only the MetroPCS board may propose business to be discussed at a special meeting of stockholders. Further, at a special meeting of stockholders, the business discussed must be specified in the notice of meeting, or any supplement thereto. At the special meeting, no matters may come before the stockholders other than the proposals presented herein or in any supplement hereto.

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**Recommendation of the MetroPCS Board**

The MetroPCS board, acting upon the recommendation of the special committee, recommends that you vote as follows:

<b>Proposal</b>	<b>Recommended Vote</b>
<p>Stock Issuance Proposal (Item 1)</p> <p style="text-align: center;">the stock issuance to be made in connection with, and in order to give effect to, the transaction</p>	<p><b><u>FOR</u></b></p>
<p>New Certificate of Incorporation Proposal (Item 2)</p> <p style="text-align: center;">the new certificate of incorporation pursuant to the business combination agreement to, among other things, effect certain aspects of the recapitalization, including the reverse stock split</p>	<p><b><u>FOR</u></b></p>
<p>Change in Control Payments Proposal (Item 3)</p> <p style="text-align: center;">the approval, on a non-binding, advisory basis, of the compensation that may be paid or may become payable to MetroPCS named executive officers based on or otherwise relating to the transaction</p>	<p><b><u>FOR</u></b></p>
<p>Adjournment Proposal (Item 4)</p> <p style="text-align: center;">the continuation, adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve both the stock issuance proposal and the new certificate of incorporation proposal</p>	<p><b><u>FOR</u></b></p>

**Record Date and Quorum**

The MetroPCS board has established the close of business on [ ] as the record date for the special meeting. Only record holders of shares of MetroPCS common stock at the close of business on the record date for the special meeting are entitled to notice of, and to vote at, the special meeting and any continuations, adjournments or postponements of the special meeting. No other shares of MetroPCS capital stock are entitled to notice of and to vote at the special meeting. At the close of business on the record date, MetroPCS had outstanding and entitled to vote [ ] shares of MetroPCS common stock. Holders of MetroPCS common stock have one vote per share on each matter to be acted upon.

In order to conduct business at the special meeting, holders of a majority of the outstanding shares of MetroPCS common stock entitled to vote on the record date must be present in person or represented by proxy at the special meeting for there to be a quorum. In addition, certain unvested shares of restricted stock issued pursuant to the MetroPCS equity incentive compensation plans will count towards a quorum because such shares will be voted by MetroPCS on the proposals to be considered at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted. It is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum. If you hold your shares through a bank, broker, custodian or other record holder, please refer to your proxy card, voting instruction form, or the information forwarded by your bank, broker, custodian or other record holder to determine how and

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when to vote your shares. Unless you direct your bank, broker, custodian or other record holder on how to vote by the time and date specified by them, they will be unable to vote your shares. We encourage you to provide us with your proxy card even if you plan on attending the special meeting in person to ensure that your vote will be counted.

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All shares of MetroPCS common stock represented at the special meeting, including abstentions, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Because all of the proposals are considered non-routine matters, we do not expect to receive any broker non-votes with respect to any of the proposals to be considered at the special meeting.

**Attendance**

Only stockholders with an admission ticket will be admitted to the special meeting. If you are a record holder of MetroPCS common stock, an admission ticket is attached to your proxy card. However, if you hold your shares of MetroPCS common stock through a bank, broker, custodian or other record holder, you should ask the bank, broker, custodian or other record holder that holds your shares to provide you with a legal proxy, a copy of your account statement, or a letter from the record holder confirming that you beneficially own or hold MetroPCS common stock as of the close of business on the record date. You also can obtain an admission ticket to the special meeting by presenting this legal proxy, or confirming documentation of your account from your bank, broker, custodian or other record holder, at the special meeting. All stockholders will be required to show a valid, government-issued, picture identification that matches the name on the admission ticket or legal proxy or confirming documentation from your bank, broker, custodian or other record holder before being admitted to the special meeting.

For safety and security purposes, we do not permit any stockholder to bring cameras, video or audio recording equipment, large bags, briefcases or packages into the meeting room or to otherwise record or photograph the special meeting. We also ask that all MetroPCS stockholders attending the special meeting not bring cell phones into the special meeting or that they turn off all cell phones, pagers, and other electronic devices during the special meeting. We reserve the right to inspect any bags, purses or briefcases brought into the special meeting.

**Vote Required**

The required vote to approve each proposal generally is as set forth in the table below. Please see the description immediately following the table for more details on the required vote to approve each proposal.

<b>Proposal</b>	<b>Vote Required</b>
Stock Issuance Proposal (Item 1)	Affirmative vote of the majority of the votes cast, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal
New Certificate of Incorporation Proposal (Item 2)	Affirmative vote of the majority of the MetroPCS common stock outstanding on the record date
Change in Control Payments Proposal (Item 3)	Affirmative vote of the majority of the votes cast
Adjournment Proposal (Item 4)	If a quorum is not present, the affirmative vote of the majority of the shares of MetroPCS common stock present (in person or by proxy) at the special meeting and entitled to vote; if a quorum is present, the affirmative vote of the majority of the votes cast

**The stock issuance proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve the stock issuance proposal, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on the stock issuance proposal. If you vote to abstain, it will have the same effect as voting against this proposal. If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal, but it will make it more

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difficult to have a quorum or meet the requirement that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on this proposal. Accordingly, it is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum and this requirement.

**The new certificate of incorporation proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the MetroPCS common stock outstanding on the record date is required to approve the new certificate of incorporation proposal. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have the same effect as voting against this proposal.

**The change in control payments proposal:** Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve, on a non-binding, advisory basis, the change in control payments proposal. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, because MetroPCS is contractually obligated to pay the change in control payments, if the transaction is completed, the change in control payments will be payable, subject only to the conditions applicable to such payments, regardless of the outcome of the advisory, non-binding vote. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

### **The adjournment proposal:**

If a quorum is not present at the special meeting:

The affirmative vote of a majority of the shares of MetroPCS common stock present at the special meeting (in person or by proxy) and entitled to vote on this proposal is required to approve this proposal.

If you vote to abstain, it will have the same effect as voting against this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

If a quorum is present at the special meeting:

The affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve this proposal.

If you vote to abstain, it will have no effect on the voting outcome of this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

### **Voting by MetroPCS Directors and Executive Officers**

As of the record date for the special meeting, MetroPCS directors and executive officers had the right to vote [ ]% of the MetroPCS common stock outstanding and entitled to vote at the special meeting. MetroPCS currently expects that MetroPCS directors and executive officers will vote their shares of MetroPCS common stock in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreements obligating them to do so.

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In addition, any unvested shares of restricted stock issued to MetroPCS directors and executive officers pursuant to the MetroPCS equity incentive compensation plans that do not have voting rights will be voted by MetroPCS for the proposals to be voted on at the special meeting in the same proportion as the rest of the shares of MetroPCS common stock that are voted. As of the record date for the special meeting, MetroPCS directors and executive officers held [ ] unvested shares of restricted stock that will be voted in this manner.



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### **Voting**

If your proxy card is properly executed and received by MetroPCS in time to be voted at the special meeting, the shares of MetroPCS common stock represented by your proxy (including those given electronically via the Internet or by telephone) will be voted in accordance with the instructions that you mark on your proxy card.

Internet voting will be available until 11:59 p.m. EDT on [ ] or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such continued, adjourned or postponed meeting. Proxy cards submitted by mail and received by MetroPCS after [ ] at 10:00 a.m. local time may not be considered unless the special meeting is continued, adjourned or postponed, and then only if received before the date and time the continued, adjourned or postponed special meeting is held. Telephone voting will be considered at the special meeting if completed prior to 11:59 p.m. EDT on [ ] or, if the special meeting is continued, adjourned or postponed, until 11:59 p.m. EDT on the day immediately before such adjourned or postponed special meeting.

Any executed proxies received by MetroPCS for which no voting instructions are provided on one or more proposals will be voted in accordance with the recommendations of the MetroPCS board with respect to such proposal(s) for which no voting instructions are provided.

### **Revocation**

You may change or revoke your proxy at any time prior to the vote on the matters at the special meeting or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting. If you are a record holder of MetroPCS common stock, you may revoke your proxy at any time prior to the voting deadlines referred to in the section entitled "Questions and Answers about the Special Meeting, the Transaction and the Business Combination Agreement How do I vote?" beginning on page xiii by (1) delivering to MetroPCS Corporate Secretary at our principal executive office, located at 2250 Lakeside Boulevard, Richardson, Texas 75082, a written revocation that must be received by MetroPCS prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, (2) submitting another valid proxy card with a later date by mail, (3) voting by submitting a proxy by telephone or Internet prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, or (4) attending the special meeting in person and giving MetroPCS Inspector of Elections notice of your intent to vote your shares in person. If your shares are held in street name, you must contact the record holder of your MetroPCS common stock in order to revoke your proxy. If you intend to revoke your proxy, you must ensure that such revocation is received by MetroPCS Corporate Secretary prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, by the date and time of such continued, adjourned or postponed meeting. Any revocation received as of or after that date and time will not be effective. Attendance at the special meeting will not, by itself, revoke a proxy.

### **Anticipated Date of Completion of the Transaction**

We expect that the conditions to the transaction will be satisfied or, if allowed by applicable law, waived, and the transaction will be completed, in the first half of 2013. However, we cannot be certain when, or if, the conditions to the transaction will be satisfied or so waived or that the transaction will be completed.

As more fully described in this proxy statement and in the business combination agreement, the completion of the transaction depends on a number of conditions being satisfied or, where legally permissible, waived. For a complete description of the conditions to closing the transaction, see the section entitled "Summary of the Business Combination Agreement Conditions to Closing the Transaction" beginning on page 149.

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### **No Appraisal Rights**

Under applicable law, MetroPCS stockholders do not have the right to an appraisal of the value of their shares in connection with the transaction.

### **Solicitation of Proxies; Payment of Solicitation Expenses**

MetroPCS bears all of the cost of the solicitation of proxies, including the preparation, assembly, printing and mailing of all proxy materials. MetroPCS also reimburses banks, brokers, custodians and other record holders for their costs in forwarding the proxy materials to the beneficial owners or holders of MetroPCS common stock. MetroPCS and its directors, officers, and regular employees also may solicit proxies by mail, personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services. In addition, we have retained MacKenzie Partners, Inc., which we refer to as MacKenzie, to aid in the solicitation of proxies by mail, personally, by telephone, e-mail or other appropriate means. For these services, we will pay MacKenzie \$30,000, plus reasonable out-of-pocket expenses.

### **Questions and Additional Information**

Additional business and financial information about MetroPCS can be found in documents previously filed with the SEC. This information is available to you without charge at the SEC's website at <http://www.sec.gov>. Some of this additional business and financial information is incorporated by reference into this proxy statement. See **Where You Can Find More Information**. You can also obtain additional copies of this proxy statement, as well as other relevant materials, by visiting MetroPCS' website at [www.metropcs.com](http://www.metropcs.com) or by requesting them in writing using the following contact information:

MetroPCS Communications, Inc.

2250 Lakeside Boulevard

Richardson, Texas 75082

Attention: Investor Relations

(214) 570-4641

Email: [investor\\_relations@metropcs.com](mailto:investor_relations@metropcs.com)

You may also request additional copies from our proxy solicitor, MacKenzie, using the following contact information:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Call Collect (212) 929-5500

or

Call Toll-Free (800) 322-2885

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

### **Assistance**

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If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact MacKenzie toll-free at (800) 322-2885. Banks, brokers, custodians or other record holders may call collect at (212) 929-5500.

### **Stockholder List**

A list of the record holders of MetroPCS common stock entitled to vote at the special meeting will be available at the meeting and for 10 days prior to the meeting, for any purpose germane to the meeting, between the hours of 9:00 a.m. and 4:30 p.m., local time, at our principal executive offices at 2250 Lakeside Boulevard, Richardson, Texas 75082.

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**PROPOSALS SUBMITTED TO STOCKHOLDERS**

**The Stock Issuance Proposal**

*(Item 1 on proxy card)*

The business combination agreement provides that, as part of the transaction, MetroPCS will issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment.

Under the NYSE Listed Company Manual, a company listed on the NYSE is required to obtain stockholder approval prior to the issuance of common stock, or securities convertible into or exercisable for common stock, in any transaction or series of related transactions if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or securities convertible into or exercisable for common stock. As described above, if the transaction closes, MetroPCS will issue 74% of its outstanding shares of MetroPCS common stock in connection with the transaction.

**Required Vote**

Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve the stock issuance proposal, provided that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on the stock issuance proposal. If you vote to abstain, it will have the same effect as voting against this proposal. If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal, but it will make it more difficult to have a quorum or meet the requirement that the holders of a majority of the MetroPCS common stock outstanding on the record date vote on that proposal. Accordingly, it is important that you provide us with your proxy or attend the special meeting in person so that your shares are counted toward the quorum and this requirement.

**The MetroPCS board, acting upon the recommendation of the special committee, recommends a vote FOR the stock issuance proposal (Item 1).** For a discussion of interests of MetroPCS directors and executive officers in the transaction that may be different from, or in addition to, MetroPCS stockholders generally, see the section entitled *Interests of MetroPCS Directors and Officers in the Transaction* beginning on page 118.

**IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE THE STOCK ISSUANCE PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

In addition, even if the MetroPCS stockholders approve the stock issuance proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived.

**The New Certificate of Incorporation Proposal**

*(Item 2 on proxy card)*

In connection with the transaction and conditioned on the completion of the transaction, MetroPCS proposes to amend and restate its existing certificate of incorporation in its entirety in the form of the new certificate of incorporation attached as Exhibit A to the business combination agreement. The new certificate of incorporation will apply to the combined company following the completion of the transaction.

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### **Effects of the New Certificate of Incorporation**

The new certificate of incorporation effects a number of changes to MetroPCS' existing certificate of incorporation, including the following:

**Company Name.** The new certificate of incorporation will change MetroPCS' name to T-Mobile US, Inc. or another name selected by Deutsche Telekom prior to the completion of the transaction.

**Par Value and Reverse Stock Split.** The new certificate of incorporation will reduce the par value of the MetroPCS common stock and preferred stock from \$0.0001 to \$0.00001. In addition, the new certificate of incorporation will effect the reverse stock split, pursuant to which each share of MetroPCS common stock, par value \$0.0001 per share, issued and outstanding immediately before the effective time automatically will be, without any action on the part of MetroPCS or any MetroPCS stockholder, reclassified as, and converted into, one-half of a validly issued, fully paid and non-assessable share of MetroPCS common stock, par value \$0.00001 per share.

**Declassification.** The new certificate of incorporation will provide for the declassification of the MetroPCS board with all members of the MetroPCS board being elected annually. The existing certificate of incorporation provides for a classified board where one-third of the members of the MetroPCS board are elected each year.

**Board Representation.** The new certificate of incorporation will provide Deutsche Telekom with the same board and committee representation rights as are set forth in the stockholder's agreement. Specifically, Deutsche Telekom generally will have the right to designate a number of individuals, each, a Deutsche Telekom designee, to the combined company's board and any committees thereof equal to the percentage of the combined company's common stock beneficially owned by Deutsche Telekom multiplied by the number of directors on the combined company's board (or the number of members of any committee thereof), in each case, rounded to the nearest whole number. These rights will remain in effect as long as Deutsche Telekom beneficially owns 10% or more of the outstanding shares of the combined company's common stock. If at any time the number of Deutsche Telekom designees then serving as directors on the combined company's board or as members of any committee of the combined company's board exceeds the number of Deutsche Telekom designees that Deutsche Telekom is entitled to designate, Deutsche Telekom will be required to cause the number of Deutsche Telekom designees then serving as directors on the MetroPCS board or as members of such committee of the combined company's board representing such excess to resign immediately as directors or committee members, as applicable. In addition, Deutsche Telekom and the combined company will use their reasonable best efforts to cause at least three members of the combined company's board to be considered independent under the rules of the SEC and under applicable listing standards.

The existing certificate of incorporation does not provide any MetroPCS stockholder with board or committee representation rights of this nature. All of the directors of the MetroPCS board, except the chairman, are independent directors.

**Director Removal.** The new certificate of incorporation will provide that, subject to certain rights of the holders of preferred stock, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of all of the outstanding shares of MetroPCS' capital stock entitled to elect such director, voting separately as a class, at a duly organized meeting of stockholders or by written consent. However, no director designated by Deutsche Telekom may be removed without the prior written consent of Deutsche Telekom. The existing certificate of incorporation provides that, subject to certain rights of holders of preferred stock, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power underlying the outstanding shares of the MetroPCS' capital stock entitled to elect such director, voting separately as a class.

**Approval Rights.** The new certificate of incorporation will provide Deutsche Telekom with the same approval rights as are set forth in the stockholder's agreement with respect to the combined company's ability to

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take certain actions without Deutsche Telekom's prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company's common stock, such as actions relating to the incurrence of indebtedness, acquisitions or dispositions for consideration in excess of \$1 billion, a change in the size of the combined company's board, equity issuances constituting 10% or more of the then outstanding shares of the combined company's common stock, redemptions, dividends and hiring or terminating without cause the chief executive officer. These approval rights are more fully described in the section entitled "Summary of Ancillary Agreements - Stockholder's Agreement" beginning on page 154.

The existing certificate of incorporation does not provide any MetroPCS stockholder with approval rights of this nature.

Stockholder Meetings. The new certificate of incorporation will provide that a special meeting of the combined company's stockholders (i) may be called by the chairman of the combined company's board or the combined company's chief executive officer and (ii) must be called by the combined company's secretary at the request of (a) a majority of the combined company's board or (b) as long as Deutsche Telekom beneficially owns 25% or more of the outstanding shares of combined company's common stock, the holders of not less than 33-1/3% of the voting power of all of the outstanding voting stock of the combined company entitled to vote generally for the election of directors. The existing certificate of incorporation provides that a special meeting of MetroPCS stockholders (x) may be called by the chairman of the MetroPCS board or MetroPCS chief executive officer, and (y) must be called by the chairman of the board, MetroPCS chief executive officer or MetroPCS secretary at the request in writing of a majority of all of the directors on the MetroPCS board then in office.

Stockholder Action by Written Consent. The new certificate of incorporation will provide that, as long as Deutsche Telekom beneficially owns 25% or more of the outstanding shares of the combined company's common stock, any action required or permitted to be taken at any annual or special meeting of the combined company's stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. The existing certificate of incorporation does not permit MetroPCS stockholders to act by written consent.

Power to Amend Bylaws. The new certificate of incorporation will provide that the combined company's bylaws may be amended upon the affirmative vote of the holders of shares having a majority of the combined company's voting power. The existing certificate of incorporation requires the affirmative vote of the holders of 66 2/3% of MetroPCS voting power. The bylaws still may be amended by the combined company's board upon the affirmative vote of a majority of the directors then serving.

Redemption. The existing certificate of incorporation provides that MetroPCS may redeem the outstanding MetroPCS common stock or preferred stock of any MetroPCS stockholder in order to cure any violation of a rule or regulation of the FCC. The new certificate of incorporation will provide that such redemption right does not apply with respect to the combined company's common stock or preferred stock beneficially owned by Deutsche Telekom or any of its subsidiaries.

Governing Law; Forum for Adjudication of Disputes. The new certificate of incorporation will provide that the new certificate of incorporation and the internal affairs of the combined company will be governed by and interpreted under the laws of the State of Delaware. In addition, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action brought on behalf of the combined company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the combined company to the combined company or its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, the new certificate of incorporation or the new bylaws, or (iv) any other action asserting a claim arising under, in connection with, and governed by the internal affairs doctrine. This provision currently is included in MetroPCS bylaws but not the existing certificate of incorporation.

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**Anti-Takeover Effects of the Provisions in our New Certificate of Incorporation and Bylaws**

The following provisions of the new certificate of incorporation and our bylaws that will be adopted upon the completion of the transaction could be deemed to have an anti-takeover effect and could delay, defer or prevent a takeover attempt that a stockholder might consider to be in the stockholders' best interests.

*Advance notice of director nominations and matters to be acted upon at meetings.* The combined company's bylaws will contain advance notice requirements for nominations for directors to our board of directors and for proposing matters that can be acted upon by stockholders at stockholder meetings. The existing bylaws contain similar advance notice requirements.

*Amendment to bylaws.* The new certificate of incorporation will provide that the combined company's bylaws may be amended upon the affirmative vote of the holders of shares having a majority of the combined company's voting power. The existing certificate of incorporation requires the affirmative vote of the holders of shares having 66 2/3% of the voting power of MetroPCS. Our bylaws also provide that the combined company's board will also be authorized to make, alter or repeal our bylaws without further stockholder approval.

*Special meeting of stockholders.* The new certificate of incorporation will provide that a special meeting of the combined company's stockholders (i) may be called by the chairman of the MetroPCS board or the combined company's chief executive officer and (ii) must be called by the combined company's secretary at the request of (a) a majority of the combined company's board or (b) as long as Deutsche Telekom beneficially owns 25% or more of the outstanding shares of combined company's common stock, the holders of not less than 33-1/3% of the voting power of all of the outstanding voting stock of the combined company entitled to vote generally for the election of directors. The existing certificate of incorporation does not permit the MetroPCS stockholders to call a special meeting of the stockholders.

*Board representation.* The new certificate of incorporation will provide that Deutsche Telekom generally will have the right to designate a number of Deutsche Telekom designees to the combined company's board and any committees thereof equal to the percentage of the combined company's common stock beneficially owned by Deutsche Telekom multiplied by the number of directors on the combined company's board (or the number of members of any committee thereof), in each case, rounded to the nearest whole number. These rights will remain in effect as long as Deutsche Telekom beneficially owns 10% or more of the outstanding shares of the combined company's common stock. The new certificate of incorporation will provide that all of the directors of the combined company's board will be of one class and will be elected annually. The existing certificate of incorporation provides for a classified board where one-third of the members of the MetroPCS board are elected each year. However, MetroPCS has indicated that it intends to present at its 2013 annual meeting of stockholders an amendment to its existing certificate of incorporation that will declassify the MetroPCS board.

*Special approval rights.* The new certificate of incorporation will provide Deutsche Telekom with the same approval rights as are set forth in the stockholder's agreement with respect to the combined company's ability to take certain actions (including changing the size of the combined company's board of directors or dispositions in excess of \$1 billion) without Deutsche Telekom's prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company's common stock. The existing certificate of incorporation does not provide any MetroPCS stockholder with approval rights of this nature.

*Authorized but unissued shares.* The authorized but unissued shares of our common stock and preferred stock are available for future issuance without stockholder approval. These additional

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shares may be used for a variety of corporate purposes, such as for additional public offerings, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the combined company by means of a proxy contest, tender offer, merger or otherwise. The existing certificate of incorporation contains similar provisions.

*Cumulative voting.* The new certificate of incorporation will not permit cumulative voting in the election of directors. Instead, any election of directors will be decided by a plurality of the votes cast (in person or by proxy) by holders of the combined company's common stock. The existing certificate of incorporation does not permit cumulative voting in the election of directors.

**Delaware law**

MetroPCS is a Delaware corporation and is subject to Delaware law, which generally prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the time that the person became an interested stockholder, unless:

before such time the board of directors of the corporation approved either the business combination or the transaction in which the person became an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested person owns at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers of the corporation and by certain employee stock plans; or

at or after such time the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the corporation that is not owned by the interested stockholder.

A business combination generally includes mergers, asset sales and similar transactions between the corporation and the interested stockholder, and other transactions resulting in a financial benefit to the stockholder. An interested stockholder is a person:

who, together with affiliates and associates, owns 15% or more of the corporation's outstanding voting stock; or

who is an affiliate or associate of the corporation and, together with his or her affiliates and associates, has owned 15% or more of the corporation's outstanding voting stock within three years.

**Required Vote**

The MetroPCS board, acting upon the recommendation of the special committee, has adopted the new certificate of incorporation subject to the completion of the transaction, declared it advisable and has directed that it be submitted for stockholder approval. Assuming the presence of a quorum, the affirmative vote of a majority of the MetroPCS common stock outstanding on the record date is required to approve the new certificate of incorporation proposal. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have the same effect as voting against this proposal.

**The MetroPCS board, acting upon the recommendation of the special committee, recommends a vote FOR the new certificate of incorporation proposal (Item 2).** For a discussion of interests of MetroPCS directors and executive officers in the transaction that may be different from, or in addition to, MetroPCS stockholders generally, see the section entitled Interests of MetroPCS Directors and Officers in the Transaction beginning on page 118.





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### **IF THE METROPCS STOCKHOLDERS FAIL TO APPROVE THE NEW CERTIFICATE OF INCORPORATION PROPOSAL, THE TRANSACTION WILL NOT OCCUR.**

In addition, even if the MetroPCS stockholders approve the new certificate of incorporation proposal, the transaction may not be completed if the other conditions to closing the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to closing the transaction will be satisfied or so waived.

### **The Change in Control Payments Proposal**

#### *(Item 3 on proxy card)*

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) under the Exchange Act require MetroPCS to provide its stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to the named executive officers of MetroPCS based on or otherwise relating to the transaction (also known as golden parachute compensation).

The compensation that MetroPCS named executive officers may be entitled to receive that is based on or otherwise relates to the transaction is summarized and quantified in the section entitled Interests of MetroPCS Directors and Officers in the Transaction Quantification of Change in Control and Termination Payments and Benefits to the MetroPCS Named Executive Officers beginning on page 123. This summary includes payments that may become payable under the change in control agreements with each named executive officer and the value of any awards issued pursuant to the MetroPCS equity incentive compensation plans that will vest in connection with the completion of the transaction.

Accordingly, MetroPCS is requesting that holders of MetroPCS common stock approve the following resolution:

RESOLVED, that the stockholders of MetroPCS Communications, Inc. approve, on a non-binding, advisory basis, the compensation that may be paid, or become payable, to its named executive officers based on or otherwise relating to the transaction, the closing of the transaction or actions following the closing of the transaction, as summarized and quantified, including the compensation table and the related narrative named executive officer compensation disclosures set forth in the proxy statement in the section entitled The Transaction Interests of MetroPCS Directors and Executive Officers in the Transaction Quantification of Change in Control and Termination Payments and Benefits to the MetroPCS Named Executive Officers (referred to as the change in control payments ).

Approval of this proposal is not a condition to completion of the transaction. Because this is an advisory vote, the result will not be binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, such compensation, including amounts that MetroPCS is contractually obligated to pay, could still be payable regardless of the outcome of this advisory vote, subject only to the conditions applicable thereto.

### **Required Vote**

Assuming the presence of a quorum, the affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve, on a non-binding, advisory basis, the change in control payments proposal. While the MetroPCS board intends to consider the vote resulting from the change in control payments proposal, the vote is advisory and therefore not binding on MetroPCS, the MetroPCS board or the compensation committee of the MetroPCS board. Accordingly, because MetroPCS is contractually obligated to pay the change in control payments, if the transaction is completed, the change in control

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payments will be payable, subject only to the conditions applicable to such payments, regardless of the outcome of the advisory vote. If you vote to abstain, or if you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

**The MetroPCS board, acting upon the recommendation of the special committee, recommends a vote FOR the change in control payments proposal (Item 3).** For a discussion of interests of MetroPCS directors and executive officers in the transaction that may be different from, or in addition to, MetroPCS stockholders generally, see the section entitled Interests of MetroPCS Directors and Officers in the Transaction beginning on page 118.

## **The Adjournment Proposal**

### *(Item 4 on proxy card)*

The special meeting may be continued, adjourned or postponed to another time or place, if necessary or appropriate to permit further solicitation of proxies if necessary to obtain additional votes in favor of the stock issuance proposal or the new certificate of incorporation proposal. If, at the special meeting, the number of shares of MetroPCS common stock present or represented and voting in favor of the stock issuance proposal or the new certificate of incorporation proposal is insufficient to approve the corresponding proposals, MetroPCS intends to move to continue, adjourn or postpone the special meeting in order to enable the MetroPCS board to solicit additional proxies for approval of such proposals.

In the adjournment proposal, MetroPCS is asking its stockholders to authorize the holder of any proxy solicited by the MetroPCS board to vote in favor of granting discretionary authority to the proxy holders, and to each proxy holder individually, to continue, adjourn or postpone the special meeting to another time and place for the purpose of soliciting additional proxies. If the stockholders approve this proposal, MetroPCS could continue, adjourn or postpone the meeting and any continued, adjourned or postponed session of the meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders who have previously voted.

## **Required Vote**

If a quorum is not present at the special meeting:

The affirmative vote of a majority of the shares of MetroPCS common stock present at the special meeting (in person or by proxy) and entitled to vote on this proposal is required to approve this proposal.

If you vote to abstain, it will have the same effect as voting against this proposal.

If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

If a quorum is present at the special meeting:

The affirmative vote of a majority of the votes cast (in person or by proxy) by holders of MetroPCS common stock at the special meeting is required to approve this proposal.

If you vote to abstain, it will have no effect on the voting outcome of this proposal.

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If you fail to vote or fail to instruct your bank, broker, custodian or other record holder how to vote, it will have no effect on the voting outcome of this proposal.

**The MetroPCS board, acting upon the recommendation of the special committee, recommends a vote FOR the adjournment proposal (Item 4).** For a discussion of interests of MetroPCS directors and executive officers in the transaction that may be different from, or in addition to, MetroPCS stockholders generally, see the section entitled Interests of MetroPCS Directors and Officers in the Transaction beginning on page 118.

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**THE TRANSACTION**

**Background of the Transaction**

We are a facilities-based wireless broadband mobile carrier that utilizes spectrum licensed by the FCC to provide our wireless broadband mobile services to our customers. Our FCC licenses and the spectrum we can utilize under them are integral to our ability to provide our services. As a solely facilities-based wireless broadband mobile carrier, if we do not have licensed spectrum in a geographic area, we do not sell our wireless broadband mobile services in that area. Further, as a general matter, the amount of spectrum licensed to us in an area also determines the capacity of our networks, the services we can offer and the number of customers we can serve. On average, we have 22 MHz of spectrum in the major metropolitan areas where we provide wireless broadband mobile services using our networks considerably less than our larger competitors. Because of our smaller spectrum position in the areas we serve using our networks, we are at a competitive disadvantage to our larger competitors.

Since our inception, one of our key strategies has been to expand the areas and customers we serve using our networks, which requires the acquisition of additional spectrum. Over time, we have acquired spectrum and expanded service from our first four major metropolitan areas to the thirteen major metropolitan areas we now serve using our networks. While we historically had been largely a voice and text messaging company with limited data services, starting in 2008, we realized that data services were becoming increasingly important to our existing customers and potential new customers and that such services would require additional spectrum. As a result, in 2008, we started to work with vendors to develop long-term evolution, or LTE, and, in 2009, we signed a contract to construct the first commercial LTE system in the United States, which service we launched in late 2010. Also in 2010, we launched our first relatively low cost smartphone on the Android operating system with unlimited data on our existing code division multiple access, or CDMA, 1xRTT network, and our customers quickly started to use substantial amounts of data services. These data services consumed substantially more spectrum capacity than voice and text services and confirmed that we needed to acquire additional spectrum to remain competitive.

MetroPCS management, together with the MetroPCS board, regularly monitors and assesses developments in the wireless telecommunications industry and reviews our competitive position, growth strategies and available opportunities, including, among other things, possible business combinations with other companies, as part of their ongoing efforts to implement MetroPCS business strategies, strengthen MetroPCS business, acquire additional spectrum and enhance stockholder value. The MetroPCS board undertakes this review through, among other things, presentations from management and investment bankers engaged by MetroPCS. In evaluating our competitive position in recent years, management and the MetroPCS board determined that the acquisition of additional spectrum was critical to meet increasing customer demands for data services, continue customer growth, maintain quality of service, allow the deployment of new technologies and enhance stockholder value. As a result of management's and the MetroPCS board's analysis of our competitive position, starting in 2007, the MetroPCS board agreed that MetroPCS management should explore opportunities to acquire additional spectrum both within its existing licensed areas and in new metropolitan areas as appropriate.

Since that time, MetroPCS has pursued spectrum acquisitions on numerous fronts, but we have faced significant challenges. While we have advocated for the reallocation and auctioning of additional Federal government spectrum, only a very modest amount of spectrum has been made available relative to the demand for spectrum in the market. We also lobbied for revised auction rules that would not favor large incumbent operators over relatively smaller competitors like MetroPCS, but our efforts have been largely unsuccessful. In addition, we have encountered difficulties in completing acquisitions of additional spectrum from third parties, particularly in light of MetroPCS relative size and resources compared to its larger competitors.

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For example, in 2007, MetroPCS filed an application to participate in Auction 73 held by the FCC for 700 MHz spectrum. We then participated in Auction 73 in 2008, but we were only able to acquire a 6 x 6 MHz channel in the Boston area, even though we had additional funds available to spend.

In 2009, we became aware of an opportunity to acquire a satellite operator ( Company A ) with 20 MHz of broadband satellite spectrum. In 2010, we considered an acquisition of a different satellite operator ( Company B ), also with 20 MHz of broadband satellite spectrum. We engaged an investment banker, executed nondisclosure agreements with Company A and Company B and conducted due diligence with the counterparties over a number of months. During this time, the MetroPCS board and the finance committee of the MetroPCS board, which was charged with assisting MetroPCS management in evaluating strategic transactions, were involved in reviewing the two strategic alternatives, including by discussing the two strategic alternatives with MetroPCS management and our investment banker at multiple MetroPCS board and finance committee meetings. In early 2011, after MetroPCS management determined that Company A s spectrum was more attractive to MetroPCS than Company B s spectrum, the MetroPCS board authorized MetroPCS management to make a binding offer to acquire Company A. Notwithstanding the competitive bid made by MetroPCS, Company A accepted an offer from another company ( Company C ). Company A s investment banker advised us that Company C s offer was higher than our proposed purchase price. We ultimately decided not to pursue Company B because we believed Company A s and Company B s spectrum was more valuable to a single operator than if each was held separately and because Company B s spectrum was less desirable spectrum on its own. Company C then also acquired Company B. MetroPCS executives also met with Company C executives to discuss possible strategic transactions between MetroPCS and Company C, including a potential sale of spectrum, a joint venture or the contribution of Company C s satellite spectrum in exchange for equity in MetroPCS. The MetroPCS board and finance committee discussed the possible strategic transactions on multiple occasions, and the MetroPCS board authorized management to make several proposals to Company C, which MetroPCS did through a series of telephonic and in-person meetings. However, we were unable to agree with Company C on the terms of any such transaction.

During this period, in light of our inability to make a larger spectrum acquisition at Auction 73 and our failed bid for Company A, we concluded that we would need additional capital if we wanted to acquire sufficient spectrum to meet our growing customer demand. Accordingly, in early 2011, we raised approximately \$1 billion in the public debt markets for general corporate purposes, including opportunistic spectrum acquisitions, which, together with our existing resources, provided us with approximately \$1.5 billion to acquire spectrum.

On March 25, 2011, MetroPCS management met with senior executives of another wireless company ( Company D ) to discuss possible strategic transactions, including the acquisition of all or part of Company D by MetroPCS or the acquisition of some of Company D s spectrum. From time to time thereafter until the execution of the business combination agreement with Deutsche Telekom, we and Company D held discussions regarding potential transactions that would increase our spectrum holdings. In late 2011, pursuant to the MetroPCS board s authorization, we sent Company D s chief executive officer a sizeable non-binding written indication of interest to acquire certain spectrum assets from Company D. In response, Company D proposed alternative structures for the sale of certain of its spectrum assets on different economic terms. Thereafter, we continued to negotiate the terms of a potential transaction from time to time, including the spectrum and geographic areas to be included in such a transaction and the related economic terms, but had not reached an agreement by the time we entered into the business combination agreement with Deutsche Telekom.

During this same period, a broker contacted a senior executive of MetroPCS regarding a sale by another wireless carrier ( Company E ) of its excess spectrum in certain geographic areas where we did not provide service at that time and some geographic areas that overlapped existing MetroPCS service areas. In May 2011, pursuant to the authorization of the finance committee, we delivered a non-binding oral indication of interest to Company E for the acquisition of spectrum in a number of metropolitan areas. Over the next month, we negotiated for the purchase of Company E s excess spectrum and submitted additional bids. In June 2011, the broker informed us that Company E had chosen to sell its excess spectrum to one of our larger competitors.

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During generally the same period, we were invited to submit a bid to acquire spectrum from another seller of spectrum, but we ultimately determined not to bid on the spectrum because we concluded that the assets were not sufficiently compatible with our existing network.

Beginning in mid-2011, we approached another wireless company ( Company F ) to inquire about the potential acquisition of selected spectrum and/or other assets of a wireless company that Company F had agreed to acquire. In connection with these discussions, MetroPCS, Company F and the wireless company to be acquired by Company F entered into a nondisclosure agreement which included a standstill provision that terminated in the event that we became a party to, or publicly announced, a change of control transaction with a third party. MetroPCS' general practice is to include a standstill provision in our nondisclosure agreements when MetroPCS would be disclosing confidential information to a counterparty that the counterparty could use to attempt an unsolicited acquisition of MetroPCS. We then exchanged information, and principals of MetroPCS and Company F met numerous times over several months regarding a possible transaction. MetroPCS engaged Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse, which we had retained in connection with prior unrelated transactions, and another financial advisor to advise us on the possible transaction. The MetroPCS board and finance committee reviewed the possible alternative transactions on multiple occasions, and the MetroPCS board authorized MetroPCS management to make a series of non-binding proposals to Company F. In connection with these non-binding proposals, we and Company F exchanged draft term sheets outlining the principal terms of the possible transaction and negotiated the significant deal points during the fall of 2011. Nevertheless, Company F ultimately did not pursue a transaction with MetroPCS.

In light of the numerous unsuccessful attempts to secure a meaningful amount of additional spectrum and with limited prospects for the acquisition of significant additional spectrum from third parties or FCC spectrum auctions, the MetroPCS board and management periodically discussed whether a combination with another wireless telecommunications company, either as the acquirer or the target, would provide us with the scale and resources, including spectrum, to better meet our long-term strategic objectives and enhance stockholder value. The MetroPCS board and management weighed the potential benefits and risks of such a combination against the benefits and risks of remaining a stand-alone company with uncertain opportunities for acquiring additional spectrum.

In late September 2011, while we were still in discussions with Company F, another wireless company ( Company G ) contacted us regarding possible strategic transactions, including a possible acquisition of MetroPCS or commercial resale arrangement. We are a party to a roaming agreement with Company G and had previously discussed a variety of potential commercial transactions with Company G, including a resale arrangement. In September 2011, the finance committee of the MetroPCS board authorized MetroPCS management to proceed with discussions with Company G to explore a possible acquisition of MetroPCS by Company G. We and Company G then entered into a mutual nondisclosure agreement. However, we agreed that until we reached an agreement on economic terms for the acquisition, neither MetroPCS nor Company G would conduct due diligence and Company G would not be required to enter into a standstill agreement with us.

During this period, senior executives of MetroPCS met in person with senior executives of Company G in Dallas, Texas, and communicated that we were willing to discuss a potential transaction with Company G but that MetroPCS was not otherwise for sale and would not commit to engage in a more detailed due diligence process until Company G and MetroPCS agreed upon a value for MetroPCS. Senior executives of MetroPCS conducted several in-person meetings and teleconferences with senior executives of Company G over the next six weeks to discuss various matters relating to MetroPCS. During these discussions, Company G expressed a preference for an all-stock deal, while we expressed a preference for a mix of consideration consisting of stock and cash.

We began to consult with J.P. Morgan Securities LLC, which we refer to as JPMorgan, whom we had retained in connection with prior unrelated transactions, as our financial advisor regarding the potential

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transaction with Company G. JPMorgan, at our direction, met with Company G's financial advisor in October 2011 to discuss matters relating to a potential combination.

During this period, MetroPCS management apprised the MetroPCS board of the discussions with Company G, and the directors were supportive of moving forward with selected preliminary due diligence to determine whether Company G would make an attractive offer. At a MetroPCS board meeting on November 10, 2011, management briefed the directors on the status of discussions with Company G, and the directors and management discussed MetroPCS' continued need to acquire additional spectrum and that a combination with Company G could satisfy that need. The MetroPCS board also discussed the other strategic discussions taking place with Company F and Company D at that same time.

On November 16, 2011, senior executives of Company G and MetroPCS held an in-person meeting in Dallas, Texas, at which Company G offered to acquire all of the outstanding shares of MetroPCS common stock in exchange for cash and a fixed value of stock of Company G in a ratio of 60% stock and 40% cash equating to aggregate consideration valued at approximately \$12 per share of MetroPCS common stock based on Company G's stock price at that time.

On November 19, 2011, the MetroPCS board met to consider Company G's proposal, and, following discussion and consultation with JPMorgan, including a discussion of various financial aspects of Company G's proposal, the MetroPCS board's initial consensus was that the proposed price implied by Company G's proposal was too low at that time, did not take into account a variety of factors supporting a higher value for MetroPCS and contained a percentage of cash consideration that was insufficient given our projected cash balance at the time of a possible closing. The directors also discussed our strategic alternatives to the potential sale, including potential opportunities to acquire additional spectrum, either through private market transactions or FCC auctions, including the continuing discussions with Company F and Company D, and the opportunities and execution risks related to remaining a stand-alone company. While the directors had not made the decision to sell MetroPCS, the directors nonetheless discussed with JPMorgan appropriate ways for MetroPCS to determine whether other parties were interested in acquiring MetroPCS and might be willing to pay a higher price than Company G and the appropriate time to contact such parties if the discussions with Company G were to continue. The MetroPCS board and JPMorgan discussed several factors related to whether we should contact other parties at that time and, if so, which third parties to contact. These factors included (a) the identity of the parties viewed as most likely to be interested, (b) the perceived ability of such parties to engage in a transaction or pay a higher price for MetroPCS than Company G, (c) the risk of a leak of the discussions by the contacted parties and how the risk of a leak likely increases as a greater number of parties is contacted, (d) the likelihood that a leak might discourage Company G from continuing its discussions or increasing its proposal and (e) the likelihood that contacting other parties could create pressure on Company G to increase its offer. Following discussion with JPMorgan regarding other potential acquirers of MetroPCS and the uncertainty of meaningful other strategic or financial interested buyers surfacing at that time due to the regulatory environment and various other factors, and in light of the MetroPCS board not having made any decision to sell MetroPCS or commence a process to do so at that time, the MetroPCS board determined, after discussions with JPMorgan, to see if a deal with Company G could be firm-ed-up and then revisit whether to approach other potential buyers. Consequently, the MetroPCS board directed JPMorgan to meet with Company G's financial advisor to explain the MetroPCS board's perspective on the appropriate valuation for MetroPCS and provide analysis to Company G's financial advisor demonstrating that a higher price than Company G's proposed price was appropriate.

On November 21, 2011, JPMorgan met with Company G's financial advisor to discuss the economic terms of Company G's proposal and the MetroPCS board's rationale supporting a higher price.

On November 22, 2011, the MetroPCS board met again to discuss Company G's offer and to receive feedback from JPMorgan regarding its meeting with Company G's financial advisor. Following discussion and consultation with JPMorgan, the MetroPCS board directed management to deliver a counteroffer to Company G consisting of cash and Company G stock equating to aggregate consideration valued at \$15.50 per share of



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MetroPCS common stock based on Company G's stock price at that time, which included a fixed exchange ratio of Company G stock and \$6.20 per share in cash and would have equated to a 60/40 equity to cash ratio. MetroPCS management delivered the counteroffer to Company G.

On November 28, 2011, a senior executive of Company G contacted Mr. Roger Linquist, chief executive officer and chairman of the MetroPCS board, and proposed a purchase price of \$5.00 per share in cash and an amount of Company G stock which equated to an aggregate purchase price of between \$12.11 and \$13.09 per share based on Company G's stock price at that time.

On December 1, 2011, the MetroPCS board met to discuss Company G's new proposal. Attorneys from Akin Gump Strauss Hauer & Feld LLP, which the MetroPCS board had retained as special counsel to the MetroPCS board, were present at the meeting. Following discussion and consultation with JPMorgan, the MetroPCS board continued to believe that Company G had failed to value MetroPCS appropriately for the reasons described in the prior meetings and instructed management and JPMorgan to make another proposal to Company G for \$6.20 per share in cash with a higher exchange ratio range for the stock component of the consideration, which equated to an aggregate value of approximately \$15.13 per share based on Company G's stock price at that time. On December 5, 2011, Mr. Linquist communicated the counteroffer to a senior executive of Company G.

On December 13, 2011, a senior executive of Company G contacted Mr. Linquist and conveyed a revised offer of \$5.50 per share in cash and a fixed exchange ratio of Company G stock, for an aggregate value of approximately \$13.39 per share based on Company G's stock price at that time. Mr. Linquist requested that Company G make its proposal to MetroPCS in writing, which the Company G senior executive agreed to do.

On December 15, 2011, the MetroPCS directors met to consider the most recent proposal from Company G, which the directors, in consultation with JPMorgan, determined was still too low. The directors again discussed with management strategic alternatives available to us, including the status of discussions with Company D and Company F at that time. After consultation with JPMorgan, the directors authorized MetroPCS management to make a counteroffer of \$5.50 per share in cash and a higher fixed exchange ratio, for an aggregate value of approximately \$13.69 per share based on Company G's stock price at that time, after it received the written offer from Company G. The MetroPCS directors also instructed MetroPCS management to commence due diligence activities in the event of acceptance of the counterproposal by the Company G board and the execution by Company G of a standstill agreement with MetroPCS.

In addition, at the December 15, 2011 MetroPCS board meeting, the MetroPCS board considered the formal engagement of JPMorgan as the MetroPCS board's financial advisor. With the assistance of Akin Gump, the MetroPCS board examined JPMorgan's potential conflicts of interest vis-à-vis Company G. The MetroPCS board approved the engagement of JPMorgan, subject to confirmation that JPMorgan did not have any disqualifying conflict of interest. In accordance with the MetroPCS board's direction, following further communications by Akin Gump and MetroPCS management with JPMorgan regarding potential conflicts, we and JPMorgan subsequently executed an engagement letter with respect to JPMorgan's services (including JPMorgan's services previously described). The engagement letter with JPMorgan provided for JPMorgan to receive total compensation payable at closing based on a percentage of the consideration received by the MetroPCS stockholders in any transaction and fixed cash fees payable upon the announcement of a transaction and rendering of an opinion, if any, with respect thereto, in each case credited against the total compensation.

On December 21, 2011, Deutsche Telekom contacted Credit Suisse, which had represented MetroPCS in connection with a previous transaction in which Deutsche Telekom had been involved, and requested that Credit Suisse convey to MetroPCS that Deutsche Telekom was interested in meeting with MetroPCS to discuss potential strategic opportunities involving Deutsche Telekom's subsidiary T-Mobile and MetroPCS. Later that day, Credit Suisse conveyed Deutsche Telekom's interest to a senior executive of MetroPCS. We thereafter

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began to consult with Credit Suisse as a MetroPCS financial advisor regarding a potential transaction with Deutsche Telekom and, in January 2012, regarding the potential transaction with Company G.

MetroPCS management discussed the communication from Deutsche Telekom with the members of the finance committee of the MetroPCS board, who encouraged MetroPCS management to meet with the Deutsche Telekom representatives to obtain more information regarding Deutsche Telekom's interest.

On December 22, 2011, in response to Mr. Linquist's December 1<sup>st</sup> request that Company G submit its proposal in writing, a senior executive of Company G provided a written summary of Company G's proposal of \$5.50 per share in cash and the fixed exchange ratio of Company G stock, for an aggregate value of approximately \$13.39 per share based on Company G's stock price at that time. The next day, pursuant to the MetroPCS board's prior authorization, Mr. Linquist contacted the senior executive of Company G by telephone and conveyed the MetroPCS board's counteroffer of \$5.50 per share in cash plus Company G stock at a higher exchange ratio, for an aggregate value of approximately \$13.69 per share based on Company G's stock price at that time.

On January 3, 2012, the senior executive of Company G and Mr. Linquist had a conversation in which Mr. Linquist indicated that any further progress on the transaction would be subject to reaching agreement on the economic terms of the transaction and confirmation that Company G's board was supportive of the transaction.

In anticipation that we and Company G would reach agreement on the economic terms and the Company G board would confirm its support of the transaction, over the next several days, we and Company G negotiated an amendment to our mutual nondisclosure agreement that added a standstill provision that would terminate upon MetroPCS becoming a party to, or publicly announcing, a change of control transaction with another party, with the understanding that such amendment would not be executed unless and until the parties reached agreement on the economic terms.

On January 6, 2012, Mr. Linquist talked by telephone with the chief executive officer of Company G regarding the potential transaction and Company G's internal approval process for the potential transaction.

On January 13, 2012, Mr. Linquist, together with Mr. J. Braxton Carter, chief financial officer of MetroPCS, and Mr. Thomas Keys, president and chief operating officer of MetroPCS, met with senior executives of Deutsche Telekom in Germany to discuss potential strategic opportunities, including a potential combination of MetroPCS and T-Mobile. At that meeting, the MetroPCS senior executives discussed our business, management team, and capital structure, including our cash-on-hand. The MetroPCS senior executives expressed an interest in combining MetroPCS with T-Mobile in a transaction that would permit MetroPCS to control the combined company. MetroPCS noted the strength of its management team, advocating that if MetroPCS controlled a combined MetroPCS/T-Mobile enterprise, we would be able to generate improved returns for Deutsche Telekom's investment. Following the meeting, Mr. Linquist shared the content of the discussions with Deutsche Telekom with the members of the finance committee of the MetroPCS board.

On January 16, 2012, Mr. Linquist met in-person with the chief executive officer of Company G in Dallas, Texas, to discuss the potential transaction between the parties.

On January 19, 2012, we sent a draft mutual nondisclosure agreement between MetroPCS and T-Mobile to Deutsche Telekom which included a standstill provision that would terminate upon our becoming a party to, or publicly announcing, a change of control transaction with another party. The parties executed the agreement on February 3, 2012.

On January 19, 2012, a senior executive of Company G informed Mr. Linquist that Company G had agreed to move forward with due diligence and to pursue the proposed acquisition of MetroPCS on the basis of our last proposal. The next day, Mr. Linquist reported the conversation to the MetroPCS board, and the MetroPCS board

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approved moving forward with due diligence and the negotiation of definitive agreements, subject to confirmation that the board of Company G had approved the economic terms of our most recent proposal. On January 20, 2012, Company G sent us a draft of an agreement and plan of merger. On January 21, 2012, Mr. Linnquist sought assurances from Company G that its board had approved in principle the transaction on the economic terms of our most recent proposal. On January 23, 2012, a senior executive of Company G confirmed to Mr. Linnquist that its board had agreed to move forward with the transaction on our economic terms provided that Company G could conclude that the transaction would be accretive and that integration would not be materially problematic. On that basis, we began to engage in due diligence and the negotiation of definitive agreements with Company G.

On January 25, 2012, Deutsche Telekom communicated to MetroPCS that it would like to begin due diligence immediately. At the special meeting of the MetroPCS board on January 26, 2012, Mr. Linnquist described Deutsche Telekom's interest in commencing due diligence and making a proposal to MetroPCS. The MetroPCS board requested that Mr. Linnquist communicate to Deutsche Telekom that, if it planned to make a proposal, it should submit it quickly.

On January 26, 2012, Gibson Dunn & Crutcher, LLP, which we refer to as Gibson Dunn, counsel to MetroPCS, provided comments on Company G's draft agreement and plan of merger to Company G's counsel. Over the next several weeks, we and Company G and our respective counsel negotiated the terms of definitive transaction agreements and continued our due diligence.

On January 31, 2012, Mr. Linnquist contacted Mr. René Obermann, the chief executive officer of Deutsche Telekom, and informed him that, due to timing constraints relating to other strategic transactions being considered by MetroPCS, if Deutsche Telekom planned to make a proposal, we would need to receive such proposal from Deutsche Telekom by no later than mid-February. The next day, Mr. Thorsten Langheim, senior vice president of M&A of Deutsche Telekom telephoned Mr. Carter and informed him that Deutsche Telekom's internal governance processes would make delivery of a proposal to us by mid-February extremely difficult.

The MetroPCS board met on February 7, 2012. At this meeting, MetroPCS management updated the MetroPCS directors on the final terms of the engagement of JPMorgan and recommended that the MetroPCS board also approve the engagement of Credit Suisse as a second financial advisor. After consulting with Akin Gump, special counsel to the MetroPCS board, the MetroPCS board considered the benefits of engaging a second financial advisor in connection with the proposed transaction with Company G. The MetroPCS board approved the engagement of Credit Suisse in connection with the proposed transaction with Company G, subject to confirmation that Credit Suisse did not have any disqualifying conflict of interest relating to a potential transaction with Company G. In accordance with the MetroPCS board's direction, following further communications by Akin Gump and MetroPCS management with Credit Suisse regarding potential conflicts, we entered into an engagement letter with Credit Suisse with respect to Credit Suisse's services in connection with the proposed transaction with Company G. The engagement letter with Credit Suisse provided for Credit Suisse to receive a fixed amount of cash compensation for delivery of a fairness opinion if requested by the MetroPCS board and a separate fixed amount of cash compensation upon closing of a transaction. At this meeting, MetroPCS management also reported to the MetroPCS board regarding the ongoing negotiations with Company G and the discussions with Deutsche Telekom. In addition, during the meeting, Akin Gump reviewed for the MetroPCS directors their fiduciary duties in the context of the potential transaction with Company G.

On February 12, 2012, at the request of Deutsche Telekom, Messrs. Linnquist and Carter met with Messrs. Obermann and Langheim in Dallas, Texas, and discussed a potential combination of MetroPCS and T-Mobile. Messrs. Obermann and Langheim conveyed Deutsche Telekom's preliminary view that Deutsche Telekom should own between 72% and 75% of the equity in a combined MetroPCS/T-Mobile company, with MetroPCS stockholders owning the remainder. Deutsche Telekom's proposal also contemplated that the combined company would be capitalized with \$1.4 billion of cash and \$18.4 billion of debt, consisting of

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\$8.0 billion of new third party debt and \$10.4 billion of intercompany debt, and that the combined company would pay a \$500 million dividend each year. Deutsche Telekom also explained that under its proposal it would receive a cash payment at closing of approximately \$4.3 billion, which was important to Deutsche Telekom because it provided Deutsche Telekom a partial liquidity event with respect to its investment in T-Mobile, and the MetroPCS stockholders would receive no cash at closing. They also discussed the potential merits of combining Company E with the combined MetroPCS/T-Mobile business. On February 13, 2012, Mr. Linquist communicated a summary of the Deutsche Telekom proposal to the MetroPCS board.

On February 17, 2012, the MetroPCS board held a meeting at which the timing of a possible transaction with Company G and the proposal by Deutsche Telekom were discussed. In addition, the directors were updated on the status of the negotiations and open issues related to the Company G merger agreement and related legal documents. JPMorgan and Credit Suisse also updated the directors with respect to the financial aspects of the Company G transaction.

During this period, MetroPCS, Company G and our respective counsel completed negotiations of the definitive transaction agreements and our mutual due diligence investigations. At this time, we also agreed that the Company G board would vote on the transaction on February 22, 2012, and the MetroPCS board would vote on the transaction on February 23, 2012.

On February 22, 2012, the MetroPCS board and the Company G board each held separate meetings to consider the final terms of the transaction between MetroPCS and Company G. At the MetroPCS board meeting, the MetroPCS directors reviewed with JPMorgan and Credit Suisse the terms of the Company G transaction. The directors also discussed with Credit Suisse the terms of the transaction proposed by Deutsche Telekom, and the MetroPCS board and its advisors discussed various related matters, including the conditionality and uncertainties of Deutsche Telekom's proposal, the dilutive nature of Deutsche Telekom's proposal versus the accretive nature of Company G's proposal, the synergies and execution risks associated with each proposal, the large upfront amount of financing needed under the Deutsche Telekom proposal, the fact that the merger agreement with Company G had been fully negotiated and the potential risk of losing the transaction with Company G in the event of a delay, as well as the provisions in the merger agreement with Company G that allowed MetroPCS board to exercise its fiduciary duties if Deutsche Telekom or another party made a superior proposal. In light of these factors, the MetroPCS board determined that the interests of the MetroPCS stockholders would not be served by delaying execution of the merger agreement with Company G in order to pursue discussions with Deutsche Telekom. Akin Gump also reviewed for the directors their fiduciary duties relative to considering the two alternative transactions. The MetroPCS board then adjourned until February 23, 2012, without taking any action to approve the proposed transaction with Company G, pending receipt of information from Company G that its board had approved the transaction. Later on February 22, 2012, a senior executive of Company G called Mr. Carter to inform him that the board of Company G had determined not to proceed with an acquisition of MetroPCS. Management of MetroPCS then informed the MetroPCS directors of Company G's decision not to proceed with the proposed transaction.

The next day, the MetroPCS directors held a meeting to discuss Company G's decision not to proceed. The directors revisited their analysis of our strategic alternatives, including our viability as a stand-alone company and prospects for obtaining spectrum other than through a business combination transaction. The consensus of the directors remained that acquiring additional spectrum was essential to being a viable competitor in the industry and enhancing stockholder value, but we were limited in our opportunities to acquire additional spectrum. Acknowledging the challenges in acquiring meaningful additional spectrum, the directors authorized MetroPCS management to explore further whether a combination of MetroPCS and T-Mobile could be accomplished on attractive terms. In accordance with this authorization, MetroPCS management worked with JPMorgan and Credit Suisse for several weeks to determine a potential counterproposal to convey to Deutsche Telekom.

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Shortly after Company G's decision not to proceed, various news outlets reported that MetroPCS and Company G had been in advanced discussions for a transaction in which Company G was to have acquired MetroPCS, and MetroPCS had been agreeable to such a transaction, but Company G had determined not to proceed. We did not publicly acknowledge the information being reported in the various news outlets.

On March 2, 2012, the MetroPCS directors met to discuss a proposed counterproposal to Deutsche Telekom. The directors discussed a counterproposal that would have MetroPCS acquiring T-Mobile, with Deutsche Telekom receiving a 49% ownership interest in the combined company, \$10 billion in cash and \$7 billion in debt securities of the combined company, while stockholders of MetroPCS would receive no cash but instead would, in the aggregate, own 51% of the equity of the combined company. Retention by MetroPCS stockholders of a majority of the voting interest in MetroPCS was beneficial to MetroPCS stockholders and Deutsche Telekom because it would enable our existing debt to remain outstanding after the transaction because the change of control provisions under the agreements governing that debt would not be triggered and our low cost debt would not have to be refinanced. The proposal also contemplated that Deutsche Telekom might be permitted to sell down a portion of its ownership interest in the combined company at closing or shortly thereafter. MetroPCS management, JPMorgan and Credit Suisse discussed with the directors that this counterproposal was intended to convert the transaction contemplated by Deutsche Telekom's initial proposal, which envisioned Deutsche Telekom owning between 72% and 75% of the combined company and receiving an approximately \$4.3 billion cash payment and \$10.4 billion of combined company debt securities at closing, into a transaction whereby we would acquire T-Mobile and Deutsche Telekom would receive a larger cash payment and hold a reduced amount of intercompany debt from the combined company at closing, which would provide Deutsche Telekom with liquidity with respect to its T-Mobile investment. MetroPCS management and the MetroPCS board's financial advisors discussed with the MetroPCS board that the counterproposal would allow the combined company to take advantage of both (a) our capital structure by retaining our existing debt outstanding after closing because there would be no change of control and (b) additional third party debt capacity that JPMorgan and Credit Suisse believed would be available to the combined company to fund the larger cash payment. In connection with this discussion, the MetroPCS board requested more information from MetroPCS management on expected synergies from the transaction and projections for T-Mobile's business. The directors also emphasized that any future communication with Deutsche Telekom should make clear that MetroPCS was not for sale and was simply exploring whether a potential combination might be feasible on acceptable terms.

The MetroPCS directors met again on March 5, 2012, and MetroPCS management reported on T-Mobile's projections and its initial estimate of the expected synergies from a MetroPCS/T-Mobile combination. MetroPCS management preliminarily estimated that potential synergies could range between \$5.7 billion and \$8.7 billion, including as a result of MetroPCS not spending \$1.5 billion of its cash-on-hand that had been earmarked in the 2012 budget for spectrum acquisitions. The directors discussed various aspects of the synergies, including the time period required to realize the synergies and the likelihood of the synergies being realized. Following discussion and based on the projected synergies and projections, the directors authorized MetroPCS management to provide a counterproposal to Deutsche Telekom as previously discussed in the March 2, 2012 MetroPCS board meeting. On March 5, 2012, Mr. Linquist sent a letter to Mr. Obermann outlining MetroPCS's proposal.

On March 9, 2012, Messrs. Linquist and Carter met with Mr. Obermann and other senior executives of Deutsche Telekom in Bonn, Germany, to discuss MetroPCS's proposal. At the meeting, Deutsche Telekom discussed with the MetroPCS senior executives that Deutsche Telekom was seeking to sell certain of T-Mobile's tower assets. Deutsche Telekom proposed a counteroffer pursuant to which Deutsche Telekom would receive 63% of the ownership interest in the combined company assuming T-Mobile executed a transaction to sell its tower assets and Deutsche Telekom received the proceeds. MetroPCS proposed that Deutsche Telekom's voting interest in the combined company would be 49%, with the MetroPCS stockholders holding the remaining 51% voting interest, which Deutsche Telekom said it would consider. Further, the parties discussed that Deutsche Telekom could reduce its economic ownership interest in the combined company to 49% at a later stage. In addition, Deutsche Telekom proposed that (a) the combined company would commit to making a \$300 million annual distribution to stockholders, (b) a majority of the combined company's board would be appointed by

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MetroPCS stockholders other than Deutsche Telekom, (c) Deutsche Telekom would receive \$10 billion in cash at closing financed by fully committed third party debt of the combined company and (d) the combined company would issue \$7 billion in debt securities to Deutsche Telekom at closing on terms similar to the third party debt, to be refinanced by the combined company within three years after closing. Over the next several days, MetroPCS management discussed the Deutsche Telekom counteroffer with JPMorgan and Credit Suisse.

Also on March 9, 2012, a senior executive of Company F contacted Mr. Mark Stachiw, MetroPCS general counsel, and, referencing recent press reports regarding MetroPCS and Company G, inquired whether MetroPCS was for sale. Mr. Stachiw declined to acknowledge the accuracy of the press reports and stated that MetroPCS was not for sale at that time but that the MetroPCS board was always open to evaluating strategic alternatives. Later in March 2012, Mr. Linquist spoke with the chief executive officer of Company F, who conveyed that Company F was not interested in an acquisition of MetroPCS at that time.

On March 20, 2012, the MetroPCS directors held a special meeting to discuss the Deutsche Telekom counteroffer. After discussion and consultation with JPMorgan and Credit Suisse, the directors requested that MetroPCS management and the MetroPCS board's financial advisors discuss with them at a subsequent meeting additional financial aspects of the counteroffer to assist in their evaluation. The directors also examined the alternative of remaining a stand-alone company with the attendant prospects for obtaining additional spectrum and the relative merits and risks of remaining a stand-alone company versus engaging in a business combination transaction. In addition, Mr. Stachiw and Mr. Linquist reported on their respective discussions with representatives of Company F.

On March 21, 2012, Messrs. Linquist and Stachiw and the chairman of the board and another senior executive from Company C had a dinner meeting at the invitation of Company C. The Company C executives inquired whether the press reports regarding MetroPCS and Company G were true, whether MetroPCS was for sale and whether a potential transaction between Company C and MetroPCS would be possible on mutually acceptable terms. The senior executives of MetroPCS did not deny the press reports and indicated that MetroPCS was not for sale at that time but that we were in the process of evaluating strategic alternatives and that if Company C had a strategic alternative it wanted to propose, the senior executives of MetroPCS would bring it to the MetroPCS board. The chairman of the board of Company C conveyed to the MetroPCS senior executives that Company C would contact MetroPCS if Company C wanted to pursue the discussions further or propose a strategic alternative for the MetroPCS board to consider.

Beginning in March 2012 and extending through the summer of 2012, Mr. Linquist and other senior executives of MetroPCS engaged in conversations with the chief executive officer and other senior executives of another wireless company ( Company H ) regarding advanced wireless services, or AWS, and 700 MHz spectrum that Company H might be required to divest in connection with Company H's transaction with another company. We indicated to Company H that we were interested in purchasing such spectrum and that we had significant liquidity to do so, although we never extended a formal offer. Company H did not demonstrate any particular interest in selling the AWS spectrum to us. Ultimately Company H entered into an agreement to sell the spectrum to another company.

As a follow-up to the March 21, 2012 meeting, on March 23, 2012, the MetroPCS directors held another special meeting to discuss the Deutsche Telekom counteroffer. The directors discussed various financial aspects of the counteroffer with the MetroPCS board's financial advisors and the proposed economics of the transaction under both a scenario giving full effect to the estimated synergies and scenarios giving a reduced or no effect to the estimated synergies. After discussing various aspects of the valuation of the two companies, the directors authorized MetroPCS management to continue negotiations with Deutsche Telekom for a business combination pursuant to which (a) MetroPCS stockholders would retain between 40% and 45% of the ownership interest in the combined company, with the remainder of the ownership interest being held by Deutsche Telekom, (b) although Deutsche Telekom's equity interest would be over 50%, Deutsche Telekom's voting interest would not exceed 49% of the combined company and (c) Deutsche Telekom would not have the right to appoint a

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majority of the board members of the combined company. The directors and their advisors discussed that this structure would permit our existing low cost debt to remain in place after closing because no change of control provisions in the agreements governing the debt would be triggered, which would reduce the amount of debt to be financed at closing. The directors indicated they were generally in agreement with the other deal points previously proposed by Deutsche Telekom on March 9, 2012, but disagreed that the \$7 billion in debt securities to be issued to Deutsche Telekom should be required to be refinanced in three years. In addition, the directors agreed that the proceeds from the tower assets sale would be retained by Deutsche Telekom, subject to our review of and consent to the terms of the leases of the tower assets back to T-Mobile. In connection with the discussion of the potential transaction with Deutsche Telekom, the directors engaged in additional discussion regarding our strategic alternatives and the challenges facing us if we were to remain a stand-alone company, such as our difficulty in acquiring additional spectrum and competing against larger competitors with greater resources. In addition, Mr. Linquist reported on his contacts with Company C and Company H.

During the MetroPCS board meeting, the independent MetroPCS board members, comprising all directors other than Mr. Linquist, met in executive session. These directors discussed whether a special committee of the MetroPCS board should be formed to ensure that the negotiation process with Deutsche Telekom was conducted in the best interests of MetroPCS and the MetroPCS stockholders in light of the possibility that Mr. Linquist, a MetroPCS board member, and some members of MetroPCS management team could remain in senior positions with the combined company if an acquisition by MetroPCS of T-Mobile on the terms proposed by MetroPCS were to occur. Following the executive session, Mr. Linquist and other MetroPCS senior executives rejoined the board meeting, and Mr. James N. Perry, Jr. summarized the deliberations of the independent directors. He reported that, though the directors believed that the negotiations had been and would be conducted in the future in a manner favorable to MetroPCS and the MetroPCS stockholders, the directors determined that, in keeping with best corporate governance practices, they should establish a special committee consisting of all of the independent MetroPCS directors, with Mr. Perry being the chairman of the special committee, and that the establishment of such a special committee was in the best interests of MetroPCS and the MetroPCS stockholders. Consequently, the full MetroPCS board adopted resolutions establishing the special committee and granting the special committee the authority to, among other things, (a) evaluate, consider and respond to the potential transaction with Deutsche Telekom and any alternatives to such transaction, (b) monitor, direct and participate in the negotiations, (c) make or accept, reject or seek to modify the terms and conditions of the potential transaction with Deutsche Telekom or any alternatives to such transaction, (d) recommend to the full MetroPCS board whether the MetroPCS board should approve the potential transaction with Deutsche Telekom or any alternatives to such transaction and (e) engage, at our expense, the committee's own legal counsel and financial advisors.

Over the next several days, management of MetroPCS, JPMorgan and Credit Suisse discussed a potential counterproposal to Deutsche Telekom. On March 29, 2012, Messrs. Linquist and Carter met in person with Mr. Obermann and other senior executives of Deutsche Telekom to discuss terms and conditions for the potential transaction and proposed that Deutsche Telekom receive a 55% ownership interest in the combined company and MetroPCS stockholders retain a 45% ownership interest. In response, Mr. Obermann conveyed that Deutsche Telekom would accept no less than a 60% ownership interest in the combined company, but Deutsche Telekom would consider limiting Deutsche Telekom's voting interest to 49% of the voting interests in the combined company. However, MetroPCS and Deutsche Telekom had different expectations regarding the extent of Deutsche Telekom's consent rights with respect to actions of the combined company. Deutsche Telekom still contemplated that it would receive \$10 billion in cash at closing financed by fully committed third party debt of the combined company, the combined company would issue \$7 billion in debt securities to Deutsche Telekom at closing and Deutsche Telekom would retain all proceeds from the sale of T-Mobile's tower assets. The parties did not agree on the issue of whether the \$7 billion in debt securities issued to Deutsche Telekom would be required to be refinanced within three years after closing.

In addition, during this period, Mr. Perry, on behalf of the special committee, discussed the appointment of legal counsel and financial advisors for the special committee. After consultation with the other members of the special committee, Mr. Perry, on behalf of the special committee, engaged Akin Gump as the special

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committee's counsel based in part on that firm's prior role as independent legal counsel to the board during the discussions with Company G. In addition, Mr. Perry, on behalf of the special committee, engaged Evercore as the special committee's independent financial advisor based in part on Evercore's familiarity with the telecommunications industry in general, and with MetroPCS in particular. On behalf of the special committee, Akin Gump negotiated the terms of Evercore's engagement agreement. For a description of Evercore's compensation, see the section entitled "The Transaction" Opinion of the Financial Advisor to the MetroPCS Special Committee beginning on page 91.

On April 3, 2012, the MetroPCS directors met to discuss Deutsche Telekom's latest position on ownership in the combined company. Representatives of JPMorgan, Credit Suisse and Evercore summarized the terms of Deutsche Telekom's latest proposal, and the directors discussed the proposal with the MetroPCS board's and the special committee's financial advisors, including the proposed implied ownership ratio of the combined company based on various financial metrics. The directors also discussed other aspects of the proposed transaction, including the potential means to limit Deutsche Telekom's voting power to less than 50%, possible approaches to reduce Deutsche Telekom's ownership interest to less than 50% as soon as possible after closing, the terms of the debt securities to be issued to Deutsche Telekom and the combined company's annual dividend policy. In addition, the directors discussed the synergies that were likely to be created through the combination and the value for MetroPCS stockholders attributable to such synergies.

The special committee then met separately with its advisors to discuss the potential transaction. When the full MetroPCS board meeting reconvened, the special committee authorized management to proceed with the due diligence phase of the transaction on the basis of Deutsche Telekom's proposed terms of the 60/40 ownership ratio, \$10 billion of cash consideration to be paid to Deutsche Telekom funded by new third party debt of the combined company, \$7 billion of debt to be issued by the combined company to Deutsche Telekom, the limitation of Deutsche Telekom's voting interest to 49% of the combined company and Deutsche Telekom's inability to appoint a majority of the directors of the combined company. The special committee also instructed MetroPCS management to keep the special committee apprised of all developments in the potential transaction.

On April 5, 2012, Mr. Linquist discussed with Mr. Obermann the terms on which we were prepared to move forward with due diligence. Over the next two weeks, we exchanged due diligence request lists with Deutsche Telekom and worked on regulatory issues relating to the exchange of information.

On April 9, 2012, and through April 18, 2012, we sent drafts of the proposed transaction agreements prepared by Gibson Dunn to the MetroPCS special committee's legal and financial advisors for their input.

On April 18, 2012, Mr. Carter shared our first quarter financial results and initial revised long range forecast based on our first quarter financial results with senior executives of Deutsche Telekom. First quarter financial results included declines in net income of 63%, income from operations of 32% and adjusted EBITDA of 8% relative to the first quarter in the prior year, and the revised long range forecast showed markedly lower projected results. In addition, earnings per share for the first quarter dropped to \$0.06 per share from \$0.25 per share for the fourth quarter of 2011, a 76% decline. The first quarter financial results were significantly below analysts' expectations.

After taking into account the input of the special committee's advisors and JPMorgan and Credit Suisse, on April 19, 2012, we sent to Deutsche Telekom a proposed draft of a stock purchase agreement for the transaction and a term sheet setting forth other aspects of the proposed transaction.

We publicly announced our first quarter financial results on April 26, 2012, and the MetroPCS stock price dropped by approximately 16% over the next ten days.

On April 27, 2012, Mr. Langheim informed Mr. Carter that, due to our lower than anticipated first quarter results and the revised long range forecast, Deutsche Telekom was no longer interested in pursuing a transaction.



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on the economic terms previously discussed. Mr. Langheim also conveyed that Deutsche Telekom expected to retain consent rights with respect to certain actions of the combined company even if its voting interest in the combined company was less than 50% and that, if MetroPCS could not agree to grant these consent rights, Deutsche Telekom would have difficulty moving forward with a transaction. Mr. Carter shared Deutsche Telekom's reaction to our financial results with Mr. Linquist, who later that day contacted Mr. Obermann to request an in-person meeting to discuss the transaction in light of the first quarter results and revised long range forecast. On April 30, 2012, Messrs. Langheim and Carter talked again and agreed that the due diligence process should be put on hold pending further discussion and agreement between the parties on the economic terms of a potential transaction.

Over the next two weeks, MetroPCS management refined its long range forecast, and we exchanged financial information with Deutsche Telekom in an attempt to arrive at revised economic terms for a combination and discussed how the two companies should be valued. During these discussions, the proposed transaction changed substantially. Deutsche Telekom proposed that the ownership ratio in the combined company be adjusted significantly to 76% for Deutsche Telekom and 24% for the MetroPCS stockholders, with the MetroPCS stockholders to receive an aggregate cash payment of \$1.5 billion at the closing of the transaction, but that Deutsche Telekom would no longer be limited to a voting interest of 49%, Deutsche Telekom would be able to appoint a majority of the board of the combined company and Deutsche Telekom would determine the post-closing management composition of the combined company. As a result, according to the Deutsche Telekom proposal, the transaction would no longer be structured so that MetroPCS stockholders would control the combined company, and the transaction would trigger change of control provisions in certain of our existing debt agreements.

On May 16, 2012, Messrs. Linquist and Carter met with Mr. Obermann and other Deutsche Telekom senior executives in Boston, Massachusetts, to discuss the revised nature and terms of a potential transaction. At the meeting, Mr. Obermann referenced the approximately 30% decline in our stock price since Mr. Obermann's March 29, 2012 meeting with Messrs. Linquist and Carter and noted that T-Mobile had outperformed its budget during such period. Mr. Obermann communicated that Deutsche Telekom, in light of these changed circumstances, was revising its proposal to provide that MetroPCS stockholders would retain a 22.5% ownership stake in the combined company and receive \$1.5 billion in cash at the closing, Deutsche Telekom would receive economic and voting shares representing the remaining 77.5% interest in the combined company with no obligation to sell its shares, and Deutsche Telekom would appoint seven of nine directors to the board of the combined company (with the tenth director being the chief executive officer of the combined company) and have certain consent rights with respect to actions to be taken by the combined company. In addition, Mr. Obermann stated that Deutsche Telekom still desired that Mr. Linquist be named chairman and chief executive officer of the combined company and Mr. Carter be named chief financial officer of the combined company, and that the other senior leadership roles for the combined company be filled with the best alternatives from the ranks of the senior management of MetroPCS and T-Mobile. Mr. Obermann also indicated that, in light of our first quarter results and the downward adjustment to our long range forecast, Deutsche Telekom had determined to value MetroPCS based on analyst estimates of our 2012 financial performance rather than our internally generated forecast for 2012. The MetroPCS senior executives reacted negatively to the Deutsche Telekom economic proposal, and after considerable discussion at the meeting, Mr. Obermann revised his proposal and proposed that Deutsche Telekom would be willing to move forward with a deal that included a \$2 billion aggregate cash payment to MetroPCS stockholders at closing and MetroPCS stockholders retaining a 20% ownership stake in the combined company. Mr. Obermann also noted that Deutsche Telekom's proposal was conditioned upon Deutsche Telekom's obtaining third party refinancing of approximately \$15 billion of intercompany debt owed by T-Mobile to Deutsche Telekom to facilitate a liquidity event for Deutsche Telekom and that Deutsche Telekom would undertake such refinancing, including agreeing to the terms of the new debt, rather than MetroPCS. Finally, Mr. Obermann stated that Deutsche Telekom would not make any additional changes to its proposal and was willing to move forward only if we agreed to Deutsche Telekom's proposal in its entirety.

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On May 17, 2012, senior executives of MetroPCS met with senior executives of Company E at Company E's request and discussed whether the two companies should explore a strategic transaction, including a combination of their businesses. At the meeting, the senior executives discussed whether any discussions between MetroPCS and Company E regarding a potential combination of their operations would be worthwhile, and it was the consensus of the senior executives that such discussions would not be productive at that time.

On May 22, 2012, the MetroPCS directors discussed the updated proposal from Deutsche Telekom with JPMorgan, Credit Suisse and Evercore and the various benefits and risks of proceeding with a transaction with Deutsche Telekom versus pursuing other strategic alternatives or remaining a stand-alone company and each alternative's impact on stockholder value. The directors also discussed whether the Deutsche Telekom proposal truly represented Deutsche Telekom's final proposal as communicated by Mr. Obermann or whether it would be worthwhile for MetroPCS to make a counteroffer. After considerable discussion, the directors concluded that a counteroffer should be made to Deutsche Telekom on terms consisting of a 22.5% ownership stake for MetroPCS stockholders in the combined company and a \$2 billion cash payment to MetroPCS stockholders at closing. Mr. Linquist reported to the directors regarding the conversations with Company E, and the consensus of the directors was that further discussions with Company E were unlikely to be productive and could potentially complicate any potential transaction with Deutsche Telekom.

On May 25, 2012, Mr. Linquist spoke by telephone with Mr. Obermann and delivered the counteroffer approved by the MetroPCS board of 22.5% ownership of MetroPCS stockholders in the combined company plus the \$2 billion aggregate cash payment to MetroPCS stockholders.

On May 30, 2012, Messrs. Linquist and Obermann spoke by telephone, and Mr. Obermann conveyed that while Deutsche Telekom had some flexibility and could perhaps move to a 20.5% ownership interest for MetroPCS stockholders, Deutsche Telekom was unlikely to accept our counteroffer of 22.5%.

During this time, Messrs. Carter and Langheim had multiple conversations, and the parties considered presentations from several investment banking firms, regarding whether Deutsche Telekom could secure the commitments for third-party refinancing of the intercompany debt contemplated by its proposal and the terms of such financing and related commitments.

The MetroPCS board held its regular quarterly meeting on May 30, 2012, during which, among other things, Mr. Linquist updated the directors on the latest conversations with Deutsche Telekom. Over the next several weeks, senior executives and financial advisors of the MetroPCS board and Deutsche Telekom discussed the financing commitments that would be required to refinance the Deutsche Telekom/T-Mobile intercompany debt and the challenges presented by attempting to secure such financing.

On June 5, 2012, Wachtell, Lipton, Rosen & Katz, which we refer to as Wachtell Lipton, counsel to Deutsche Telekom, distributed to us and Gibson Dunn a draft business combination agreement and a term sheet outlining various aspects of proposed governance for the combined company reflecting Deutsche Telekom's proposal, which we provided to the special committee's advisors. The term sheet contemplated a governance structure for the combined company pursuant to which, among other things, Deutsche Telekom would have consent rights with respect to a number of specified actions by the combined company. On June 12, 2012, Mr. Stachiw and attorneys from Gibson Dunn and Wachtell Lipton discussed by telephone the legal issues presented in the draft business combination agreement. On June 14, 2012, Gibson Dunn distributed a revised draft of the business combination agreement to Deutsche Telekom.

On June 18, 2012, Messrs. Carter and Langheim met in Athens, Greece, and discussed the economic terms of the potential transaction further. Mr. Langheim indicated to Mr. Carter that, in a fundamental change from its prior proposal given Deutsche Telekom's previously stated interest in experiencing a liquidity event with respect to its T-Mobile investment, Deutsche Telekom was exploring the possibility that third party refinancing of T-Mobile's intercompany debt to Deutsche Telekom would not be a condition to closing the transaction due to

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unfavorable conditions in the credit markets; instead, Deutsche Telekom would convert all of its existing intercompany debt into new debt securities of the combined company and would receive no cash payment at closing. Messrs. Carter and Langheim discussed possible revised economic terms of the transaction in light of the refinancing issue, including that possibly MetroPCS stockholders could retain a 22.5% ownership interest in the combined company and receive a \$1.5 billion aggregate cash payment.

In June 2012, as part of our ongoing and occasional discussions with Company D regarding potential transactions, we participated in discussions with Company D and a substantial investor in Company D regarding potential strategic alternatives that would allow us to acquire spectrum from Company D or for Company D to be split between its investors and MetroPCS. These discussions continued thereafter from time to time but did not lead to an agreement by the time we executed the business combination agreement with Deutsche Telekom.

On June 19, 2012, Gibson Dunn discussed governance matters pertaining to the combined company with Wachtell Lipton and distributed to Wachtell Lipton a list of governance principles for use in the negotiations.

On June 20, 2012, a representative of Credit Suisse discussed with Mr. Langheim the rollover of the intercompany debt discussed by Messrs. Langheim and Carter in Athens. Mr. Langheim indicated that the financing matters he had discussed with Mr. Carter, which he said significantly changed the economics of the transaction for Deutsche Telekom because it would no longer receive a large cash payment at closing, were still under consideration by Deutsche Telekom.

On June 21, 2012, the MetroPCS directors held a special meeting to discuss the most recent developments in the negotiations with Deutsche Telekom. The MetroPCS directors and senior executives, together with the financial advisors for the MetroPCS board and the special committee, discussed whether the 22.5% / \$1.5 billion structure discussed between Messrs. Carter and Langheim constituted a firm proposal from Deutsche Telekom in light of the refinancing issue and, if so, whether the proposal represented a move backward in economic value for MetroPCS stockholders because, even though the ownership percentage had increased, the amount of the cash payment to MetroPCS stockholders had been reduced. The directors concluded that it was important to determine quickly whether the parties could resolve the open economic issues, particularly given Deutsche Telekom's statements regarding its concerns about the inability to refinance the intercompany debt, and whether the recent discussions between Messrs. Langheim and Carter represented a counterproposal from Deutsche Telekom. Mr. Linqvist agreed to contact Mr. Obermann and encourage him to agree to an in-person meeting where the parties could resolve the economic terms.

On June 22, 2012, Mr. Linqvist contacted Mr. Obermann and requested an in-person meeting to attempt to reach agreement on the economic terms of the proposed combination. Mr. Obermann responded that he was agreeable to a meeting. Mr. Obermann also indicated that, as a result of unfavorable conditions in the credit markets, the structure for the transaction previously contemplated, which provided that a significant amount of the Deutsche Telekom/T-Mobile intercompany debt was to be refinanced with third parties and Deutsche Telekom was to receive a substantial cash payment at closing, was no longer feasible and that the parties would need to work together to find an alternative structure that would permit Deutsche Telekom to experience a substantial liquidity event in connection with the transaction. The parties agreed to meet in person in Germany on July 9, 2012, to discuss further.

On June 25, 2012, Mr. Stachiw and attorneys from Gibson Dunn met with Mr. Axel Lütznier, in-house counsel at Deutsche Telekom, and attorneys from Wachtell Lipton in New York to discuss open issues under the proposed business combination agreement and relating to the governance of the combined company, including (a) the restrictions sought by Deutsche Telekom on the MetroPCS board's ability to engage in discussions with other potential acquirers after execution of the business combination agreement and to change its recommendation of the transaction with Deutsche Telekom, (b) Deutsche Telekom's view that we should not be permitted to terminate the business combination agreement in order to enter into an agreement with another party for a superior transaction prior to a stockholder vote, also known as a force-the-vote

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provision, (c) whether Deutsche Telekom would be required to pay a reverse break-up fee in the event the transaction could not close because of a regulatory impediment, (d) whether Deutsche Telekom would have, and the extent of, any Deutsche Telekom consent rights with respect to actions of the combined company, (e) the ability of either MetroPCS or Deutsche Telekom to obtain recourse post-closing for breaches of the business combination agreement and (f) the ability of Deutsche Telekom to sell a significant ownership stake in the combined company in the future without the other stockholders being entitled to participate in any control premium received in such a transfer. The parties discussed the issues at length, but they were unable to reach agreement on them. In addition, the parties acknowledged that the issues surrounding the refinancing of the Deutsche Telekom/T-Mobile intercompany debt and its implications for Deutsche Telekom's desire for a substantial liquidity event were significant and that further work and cooperation were necessary to resolve those issues. Mr. Lütznier agreed to discuss the open issues with his colleagues at Deutsche Telekom and get back to Mr. Stachiw.

On July 5, 2012, Messrs. Stachiw and Lütznier and attorneys from Gibson Dunn and Wachtell Lipton reconvened by telephone conference to discuss the major open issues in the transaction and Deutsche Telekom's responses to the issues raised by MetroPCS. In the discussion, Deutsche Telekom emphasized that, given its failed transaction to sell T-Mobile to AT&T, it wanted the maximum protections legally permissible in the business combination agreement to ensure that we would not be able to pursue alternative transactions or terminate the business combination agreement in favor of another transaction unless our stockholders failed to approve the Deutsche Telekom transaction. In addition, Deutsche Telekom sought a number of consent rights with respect to actions of the combined company, no reverse break-up fee for a regulatory failure, no post-closing indemnification and no formalized approval process for approval of combined company actions by the independent directors, other than as required by law or advisable in the judgment of the combined company's board of directors on a case-by-case basis. Finally, Deutsche Telekom argued that there should be no restrictions on its ability to sell its shares in the combined company or any requirement for it to afford the other stockholders an opportunity to participate in a significant sale and thereby participate in any resulting control premium.

On July 9, 2012, Messrs. Linquist and Carter met in person in Germany with Messrs. Obermann and Langheim and Mr. Timotheus Hötting, chief financial officer of Deutsche Telekom. Deutsche Telekom expressed that, in light of poor conditions in the financing markets, it was reluctantly willing to continue to be the lender under the Deutsche Telekom/T-Mobile intercompany debt and forego its desired liquidity event with respect to its T-Mobile investment in order to facilitate a transaction. As envisaged by Deutsche Telekom, the combined company would be capitalized with \$20.5 billion in debt, including \$3.5 billion of third-party debt to be raised by MetroPCS and fully committed at the signing of the business combination agreement with no back-stop from Deutsche Telekom, \$2.0 billion of existing MetroPCS senior notes that would remain outstanding with no back-stop from Deutsche Telekom and \$15.0 billion of debt owed by the combined company to Deutsche Telekom, which would contain market terms. Deutsche Telekom also proposed that MetroPCS stockholders would receive an aggregate cash payment of \$1.5 billion at the closing and retain a 22.5% ownership interest in the combined company, with Deutsche Telekom receiving a 77.5% ownership interest. In addition, Deutsche Telekom would retain all proceeds from the sale of T-Mobile's tower assets and all cash generated by T-Mobile prior to closing, and Deutsche Telekom's representation on the combined company's board would be proportionate to its ownership in the combined company. In addition, Deutsche Telekom again raised the concept of combining Company E with MetroPCS and T-Mobile concurrently with the combination of MetroPCS and T-Mobile, which we indicated we did not want to pursue in connection with the combination with T-Mobile.

On July 17, 2012, a senior executive of Company C contacted Mr. Stachiw, indicating that Company C was considering strategic alternatives and inquiring whether we would be interested in discussing a possible transaction with Company C. Mr. Stachiw conveyed that we were in the process of exploring strategic alternatives and if Company C made a proposal, Mr. Stachiw would convey it to the MetroPCS board. Over the next several days, the senior executive of Company C and Mr. Stachiw talked on several occasions, and the

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senior executive of Company C indicated that Company C was considering making a proposal to acquire MetroPCS on terms similar to the publicly rumored terms of the failed transaction between MetroPCS and Company G and that it would be helpful if Company C could have our 2012 budget and five year long range forecast. Mr. Stachiw indicated that he thought the MetroPCS board would be interested in considering such a proposal and would be meeting on July 24, 2012, but Company C should recognize that our stock was trading at a low price relative to its historical trading price and that the parties would need to execute a nondisclosure agreement before we could provide the requested information to Company C. The Company C senior executive also indicated that, if the requested information could be delivered promptly to Company C, he expected a proposal to be forthcoming later in the week.

On July 24, 2012, the MetroPCS directors conducted a telephone conference with JPMorgan, Credit Suisse and Evercore during which the financial advisors provided an update on the most recent Deutsche Telekom proposal. In particular, JPMorgan, Credit Suisse and Evercore described the proposed capital structure for the combined company, including potential terms for the debt securities to be issued by the combined company to Deutsche Telekom under its proposal. Mr. Stachiw described his conversations with the senior executive of Company C, and the directors discussed the possible offer from Company C and encouraged MetroPCS management to execute a nondisclosure agreement with Company C.

On that same day, we sent Company C a nondisclosure agreement containing a standstill that would terminate if we entered into, or publicly announced, a change of control transaction with a third party. After considerable negotiation, we entered into the nondisclosure agreement with Company C on July 31, 2012. Later that day, we sent our 2012 business plan and five year long range forecast to Company C.

On July 26, 2012, we announced our second quarter financial results, which included record-high adjusted EBITDA and strong performance in other financial metrics. In the next two days, the MetroPCS stock price climbed almost 44%.

Also on July 26, 2012, we executed an amendment to our engagement agreement with JPMorgan pursuant to which we agreed to pay a fee to JPMorgan equal to a percentage of the total consideration to be received by MetroPCS stockholders in any transaction with Deutsche Telekom.

The MetroPCS directors conducted a telephone conference on July 31, 2012. JPMorgan, Credit Suisse and Evercore discussed with the directors additional financial analysis regarding the latest Deutsche Telekom proposal, including Deutsche Telekom's intention to execute the sale of T-Mobile's tower assets as a prepaid lease transaction and its financial impact on the combined company. In particular, they discussed that Deutsche Telekom's proposed structure for the tower assets sale would result in the recording of an approximately \$2.4 billion financing obligation liability on the financial statements of the combined company, which might in the view of JPMorgan, Credit Suisse and Evercore adversely affect the expected market valuation and credit ratings of the combined company. Taking into account this new information regarding the expected structuring of the tower assets sale and its potential effect on the combined company's valuation and credit ratings, the directors discussed various alternative responses to the Deutsche Telekom proposal. The directors also discussed the potential offer from Company C, which had not been received. Ultimately the MetroPCS directors instructed MetroPCS management to obtain from Deutsche Telekom a 27.5% ownership interest in the combined company and \$1.5 billion in cash for the MetroPCS stockholders to reflect the consequences of the tower assets sale on the value and credit ratings of the combined company.

Later that day, Mr. Carter contacted Mr. Langheim by telephone and proposed a counteroffer of \$1.5 billion in cash and a 27.5% ownership interest in the combined company. Mr. Langheim responded that he did not believe Deutsche Telekom would agree to grant the MetroPCS stockholders more than a 25% ownership interest. Shortly thereafter, Mr. Linquist had a telephone conversation with Mr. Obermann in which Mr. Linquist relayed the counteroffer of \$1.5 billion and a 27.5% ownership interest. Mr. Obermann responded that Deutsche Telekom would agree to a compromise of \$1.5 billion and a 26% ownership interest. Mr. Linquist indicated that he would present that compromise to the MetroPCS board.

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The MetroPCS directors convened again on a conference call on August 3, 2012, and discussed Deutsche Telekom's response. JPMorgan, Credit Suisse and Evercore discussed the Deutsche Telekom proposal, and, after consulting with the MetroPCS board's and special committee's financial advisors, the MetroPCS directors authorized MetroPCS management to move forward with the transaction on the basis of the most recent proposal from Deutsche Telekom, conduct due diligence and negotiate the definitive agreements. On August 5, 2012, Mr. Carter contacted Mr. Langheim and communicated that the MetroPCS directors were prepared to move forward with the \$1.5 billion / 26% ownership interest transaction.

Also on August 3, 2012, we executed another engagement agreement with Credit Suisse with respect to the transaction with Deutsche Telekom which provided that Credit Suisse would receive a transaction fee based on a percentage of the enterprise value attributable to MetroPCS in any transaction with Deutsche Telekom.

On August 7, 2012, we received a written indication of interest from Company C stating that Company C was interested in acquiring MetroPCS for \$11 per share, payable 30% in cash and 70% in stock of Company C. The indication of interest was non-binding and subject to customary qualifications, including the need to conduct due diligence and negotiate definitive documentation for the transaction.

On August 10, 2012, the MetroPCS directors conducted a telephone conference to discuss the proposal from Company C. JPMorgan, Credit Suisse and Evercore discussed the Company C proposal and how it compared negatively to the proposed transaction with Deutsche Telekom on the basis of various financial metrics. In addition, the directors noted that the approximately \$1.2 billion of aggregate cash consideration offered by Company C was less than half of our projected year-end 2012 cash balance. Pursuant to the directors' instructions, later that day we responded to Company C in writing, stating that the proposal was timely because MetroPCS was currently evaluating other strategic options, but that the Company C proposal was not adequate, both in terms of absolute value as well as the cash consideration per share, particularly in light of MetroPCS' projected year-end cash balance, that we were open to Company C submitting an improved proposal, and that we were prepared to move quickly if an improved proposal that was attractive to the MetroPCS board was made.

Beginning in mid-August 2012, we and Deutsche Telekom engaged in customary due diligence, granting each other and our respective representatives access to electronic data rooms containing additional confidential materials regarding various business, financial, legal, regulatory, employee benefits and other matters regarding our respective businesses. We continued to exchange information and hold conference calls for due diligence purposes during the next six weeks.

On August 14, 2012, a senior executive of MetroPCS contacted a senior executive of Company G to discuss the Company G senior executive's publicly announced impending departure from Company G. In their conversation, the Company G senior executive told the MetroPCS senior executive that Company G was evaluating whether to make a proposal to acquire MetroPCS. The senior executive of Company G indicated that in his view the reasons for Company G's decision not to proceed with its proposed acquisition of MetroPCS earlier in the year were no longer applicable and that he was advocating to the board of Company G that Company G make an offer to acquire MetroPCS. The MetroPCS senior executive stated that it was important that any such offer be made very soon because we were considering a variety of alternatives. The Company G senior executive indicated that if Company G determined to make an offer, Company G could deliver its proposal to MetroPCS before the end of September.

On August 14, 2012, Wachtell Lipton distributed a revised draft of the business combination agreement and a draft of a stockholder's agreement between MetroPCS and Deutsche Telekom, which we distributed to the special committee's advisors. Wachtell Lipton and Gibson Dunn proceeded to negotiate aspects of the agreements over the following weeks. On August 22, 2012, Gibson Dunn sent to Wachtell Lipton a list of significant issues arising under the business combination and stockholder's agreements, which we distributed to the special committee's advisors. In general, the same major issues that had previously been discussed by the lawyers at their June 25, 2012 meeting in New York remained outstanding.

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On August 22, 2012, Mr. Carter spoke with a senior executive of Company C, who asked questions concerning our response to Company C's written indication of interest. The Company C senior executive indicated that Company C would discuss a potential revised offer for MetroPCS further internally and respond if Company C was interested in pursuing the matter further. In the conversation, the Company C senior executive noted the significant recent increase in our stock price and indicated that the increased stock price would likely make it more difficult for Company C to make an offer that would be acceptable to the MetroPCS board.

On August 23, 2012, Mr. Obermann informed Mr. Linquist that Deutsche Telekom had undertaken a search for a chief executive officer for T-Mobile and that the search had identified an individual for the position, but until the employment agreement was finalized, the individual's identity would remain confidential. At that time, Mr. Obermann expressed the desire to have Mr. Linquist become the non-executive chairman of the board of the combined company. Mr. Linquist indicated he would consider Mr. Obermann's proposal, but he was inclined not to accept it. Mr. Obermann also indicated to Mr. Linquist that Deutsche Telekom remained interested in having Mr. Carter be the chief financial officer of the combined company.

On August 27, 2012, Mr. Linquist spoke to the chairman of the board of Company C to determine Company C's interest in making an improved offer. The chairman of the board of Company C responded that he was focused on other business matters, but Company C was considering whether to submit an improved offer and understood our timing constraints.

On August 30, 2012, the MetroPCS board held its regular quarterly board meeting during which, among other things, it discussed the progress of the Deutsche Telekom transaction. The legal advisors reported on the major outstanding issues under the business combination and stockholder's agreements. Mr. Linquist reported on his conversation with the chairman of the board of Company C. To ensure that we would not forgo any superior opportunity by entering into a business combination transaction with Deutsche Telekom, the MetroPCS directors determined that Company G, which was viewed as the most likely alternative buyer to Deutsche Telekom, particularly in light of the recent conversation with the Company G senior executive, should be contacted to determine whether it was interested in making an offer to acquire MetroPCS and to emphasize further the importance of making any proposal quickly. There was also discussion regarding whether to contact Company F, but the consensus was that Company F was not interested in acquiring MetroPCS. Mr. Linquist also shared with the MetroPCS directors in executive session that Deutsche Telekom had selected a chief executive officer for T-Mobile and that Mr. Obermann had asked Mr. Linquist to be the non-executive chairman of the board of the combined company. Mr. Linquist indicated that he was considering declining any appointment to be the non-executive chairman of the board of the combined company, but the MetroPCS directors asked Mr. Linquist to reconsider, which he agreed to do. Mr. Linquist also advised the MetroPCS directors that Deutsche Telekom had indicated it wanted Mr. Carter to be the chief financial officer of the combined company.

On August 31, 2012, a member of the MetroPCS special committee contacted a Company G board member who was the chairman of Company G's finance committee and relayed that we were examining our strategic alternatives and were likely to make a decision in the near term. The Company G board member echoed what the senior executive of Company G previously had told the senior executive of MetroPCS regarding Company G's previously withdrawn proposal and further indicated that Company G was considering whether to make an offer to acquire MetroPCS.

On September 5, 2012, senior executives of MetroPCS and Deutsche Telekom, attorneys from Gibson Dunn and Wachtell Lipton, Deutsche Telekom's financial advisor, JPMorgan and Credit Suisse met in New York to conduct in-person negotiations regarding material transaction issues. The major issues under the business combination agreement included (a) a potential purchase price adjustment based on any deviation in T-Mobile's working capital, capital expenditures or marketing and subscriber acquisition costs from targeted amounts, (b) matters relating to the timing of filing the proxy statement and holding the MetroPCS stockholders meeting, (c) provisions limiting the ability of the MetroPCS board to pursue other transactions, terminate the business

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combination agreement to accept another proposal, and change its recommendation in favor of the Deutsche Telekom transaction, including the force-the-vote provisions, (d) conditions that were required to be satisfied in order for closing to occur, (e) whether there would be a reverse break-up fee payable by Deutsche Telekom to us in the event of a regulatory impediment to closing, (f) the amount of the termination fee payable by us to Deutsche Telekom under certain circumstances and (g) whether the business combination agreement would provide for post-closing indemnification for breaches of the agreement. Under the stockholder's agreement, the primary issues related to the extent of Deutsche Telekom's consent rights and Deutsche Telekom's ability to sell a large number of shares in the combined company without requiring that the other stockholders be given the opportunity to participate in the sale and thereby participate in any resulting control premium. The parties also began to negotiate the specific terms of the combined company's debt to be issued to Deutsche Telekom, a major commercial issue.

On September 10 and 11, 2012, Messrs. Linquist, Carter and Keys met with Messrs. Obermann, Langheim and Höttges and other senior executives of Deutsche Telekom in Bonn, Germany, to discuss potential business plans for the combined company and the governance framework for the combined company. At this meeting, Deutsche Telekom reported that it had hired a chief executive officer for T-Mobile and planned for him to serve as the chief executive officer of the combined company. Deutsche Telekom stated that it wanted Mr. Carter to be the chief financial officer of the combined company and Mr. Linquist to be the non-executive chairman of the board of the combined company and that it could not guarantee Mr. Keys a position with the combined company because it wanted the new chief executive officer to make decisions regarding the other members of the management team. Mr. Linquist indicated that he was not interested in being the non-executive chairman of the board of the combined company, but Mr. Obermann asked that Mr. Linquist reconsider, which he agreed to do. At this meeting, the parties also agreed that they would work to complete negotiations of the business combination agreement so that the transaction could be announced in the first week of October.

On September 13, 2012, the MetroPCS directors met by telephone to discuss developments from the meeting with Deutsche Telekom in Germany. Mr. Linquist reported that the parties made plans to meet again in New York in the following week with the goal of resolving major open issues at that time. During the executive session of the meeting, Mr. Linquist reiterated his position regarding the non-executive chairman's role with the combined company, and he further reported that, in addition to Deutsche Telekom's stated interest in naming Mr. Carter as the chief financial officer of the combined company, it had indicated that Mr. Keys might also have a senior leadership role but had not guaranteed him a position.

Senior executives, including Messrs. Linquist, Carter, Keys and Stachiw from MetroPCS and Messrs. Obermann, Langheim and Höttges from Deutsche Telekom, and legal teams for MetroPCS and Deutsche Telekom met again in New York on September 20, 2012, along with the newly appointed chief executive officer of T-Mobile. At the meeting, we negotiated and ultimately resolved major outstanding issues under the business combination and stockholder's agreements. Among other things, we and Deutsche Telekom agreed to (a) a one-way purchase price adjustment payable by Deutsche Telekom to the combined company in the event there was a shortfall in T-Mobile's working capital, capital expenditures or marketing and subscriber acquisition spending relative to targeted amounts, (b) grant MetroPCS the right under certain circumstances to delay its stockholders meeting, (c) grant MetroPCS more flexibility to consider other transactions and change its recommendation in favor of the Deutsche Telekom transaction but not permit MetroPCS to terminate the business combination agreement to enter into a superior proposal, (d) eliminate closing conditions relating to Deutsche Telekom's obtaining financing, (e) include a reverse break-up fee payable by Deutsche Telekom to MetroPCS in the event of a regulatory impediment to closing, (f) the amount of the termination fee payable by MetroPCS to Deutsche Telekom under certain circumstances, (g) not provide for post-closing indemnification for breaches of the agreement, (h) limit Deutsche Telekom's consent rights with respect to the combined company's operations post-closing, (i) include a provision in the stockholder's agreement providing that, in the event that Deutsche Telekom transferred 30% or more of its shares of the combined company to a transferee, Deutsche Telekom would require the transferee to make an offer to acquire all of the shares of the combined company not



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held by Deutsche Telekom on the same terms, (j) include a standstill provision in the stockholder's agreement whereby Deutsche Telekom could not acquire more than 80.1% of the combined company without making an offer to acquire the remainder of the combined company and (k) the terms of Deutsche Telekom's covenant not to compete with the combined company. In addition, at the meeting, Deutsche Telekom stated that it had agreed to back-stop the issuance of notes to refinance our \$2.5 billion credit facility and, if needed, to satisfy change in control put obligations in connection with our \$2.0 billion of outstanding senior notes. Deutsche Telekom also agreed to back-stop an additional \$1.0 billion of new senior notes issuable by MetroPCS on or before closing and to provide a \$500 million working capital facility to the combined company. Mr. Obermann again raised with Mr. Linquist the question of whether Mr. Linquist would serve as non-executive chairman of the board of the combined company, and Mr. Linquist declined. Mr. Obermann then requested that Mr. Linquist serve as a director of the combined company, which Mr. Linquist said he would consider.

Over the next two weeks, we and Deutsche Telekom and our respective representatives worked to complete mutual due diligence and finalize the terms of the business combination agreement, stockholder's agreement, the other acquisition-related agreements and the financing-related documents. In addition, we and Deutsche Telekom and our respective representatives met to discuss and negotiate terms of the combined company's debt.

On September 24, 2012, we provided drafts of the business combination and stockholder's agreements to the MetroPCS special committee and its financial and legal advisors.

On September 25, 2012, the MetroPCS directors met by telephone to discuss the most recent developments in negotiations with Deutsche Telekom and to discuss with the MetroPCS board's and the special committee's financial advisors the financial aspects of the transaction. In addition, Ernst & Young, which we had engaged to assist with the due diligence investigation of T-Mobile, delivered a detailed presentation of its findings to the directors. Akin Gump reviewed for the directors their fiduciary duties in connection with the proposed transaction. During a separate special committee meeting, the special committee discussed with Evercore in greater detail the terms of the proposed transaction and the proposed management of the combined company.

On September 26, 2012, Mr. Linquist called Mr. Obermann and told him that he had considered the offer to be a director but had decided to decline. However, Mr. Linquist indicated that if Mr. Obermann wanted Mr. Linquist to be available to assist with matters relating to the combined company post-closing, he would agree to a mutually acceptable consulting arrangement, but the terms of such consulting agreement were not discussed.

On September 29, 2012, we provided updated drafts of the business combination and stockholder's agreements, the amended and restated certificate of incorporation, the bylaws and the T-Mobile disclosure letter to the business combination agreement to the MetroPCS special committee and its financial and legal advisors. In addition, the parties met in New York to try to reach agreement on the commercial terms of the combined company's debt and the terms on which Deutsche Telekom would backstop certain financing transactions.

On October 2, 2012, various news outlets began reporting on a possible transaction involving Deutsche Telekom, T-Mobile and MetroPCS. In response to these reports, we and Deutsche Telekom and MetroPCS issued separate press releases confirming that discussions regarding such a transaction were occurring.

Also on October 2, 2012, we entered into an agreement with JPMorgan pursuant to which we agreed to pay JPMorgan a cash fee upon completion of the transaction with T-Mobile as consideration for JPMorgan's services evaluating various financing structures with respect to the transaction with T-Mobile and other transactions considered by MetroPCS.

Also on October 2, 2012, the parties reached agreement on the commercial terms of the combined company's debt and the terms on which Deutsche Telekom would backstop certain financing transactions.

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On the evening of October 2, 2012, the MetroPCS board and special committee met in person in New York to consider the final terms of the transaction with Deutsche Telekom. Representatives of MetroPCS management, JPMorgan, Credit Suisse, Evercore, Gibson Dunn and Akin Gump attended the meeting. Following some preliminary business, the MetroPCS board meeting was recessed to allow the special committee meeting to occur. Akin Gump opened the special committee meeting with a review for the directors of their fiduciary duties in the context of the proposed transaction. Management of MetroPCS then delivered a detailed report on T-Mobile's business. The special committee also discussed in detail the potential synergies from the combination with T-Mobile, as estimated by MetroPCS management to be \$6.7 billion of operational and capital synergies, with the opportunity for an additional approximately \$800 million of other synergies, including that the full realization of the synergies would take a number of years due to the time required to decommission our network and move our customers to the combined company's network. MetroPCS management also reviewed our long range forecast and the assumption that we would spend \$1.5 billion on spectrum acquisitions in 2012 if we remained a stand-alone company. JPMorgan and Credit Suisse also described to the special committee the financing arrangements for the transaction, including the material terms of the financing and the material steps to be accomplished to complete the financing. Gibson Dunn reviewed the material terms of the business combination agreement, stockholder's agreement and other material transaction documents. The directors on the special committee also received a summary of matters that arose in our due diligence investigation of T-Mobile. Evercore explained its analysis of the transaction to the special committee and rendered its oral opinion, subsequently confirmed in writing, that as of the date of the opinion and based on and subject to the assumptions, qualifications and limitations on the scope of the review undertaken by Evercore as discussed in its opinion, the transaction was fair, from a financial point of view, to MetroPCS and the MetroPCS stockholders (other than Deutsche Telekom and its affiliates).

During the special committee meeting, a senior executive of Company G contacted a senior executive of MetroPCS, and they engaged in a conversation by telephone. In that conversation, the senior executive of Company G conveyed that Company G was working on a transaction that would result in a large new investment of capital in Company G and that the Company G board was scheduled to hold a meeting at the end of the week, at which it would consider whether to move forward with a proposal to acquire MetroPCS. The senior executive of Company G also explained that, if the Company G board decided to move forward with an acquisition of MetroPCS, it would take several weeks for Company G to prepare a proposal. The Company G senior executive then mentioned that he had seen the recent news reports regarding a potential combination between MetroPCS and T-Mobile and hoped such a transaction would not occur, but, if MetroPCS did enter into an agreement to be acquired, he hoped any break-up fee payable by MetroPCS to pursue an alternative transaction would be reasonable.

The special committee then met in executive session with Akin Gump, Evercore and selected senior executives of MetroPCS. The senior executive of MetroPCS who had talked to the Company G senior executive earlier in the evening then summarized the telephone call for the special committee. The directors asked questions regarding the conversation and whether the MetroPCS board should wait for an offer that might come from Company G in lieu of approving the transaction with Deutsche Telekom. The directors weighed the fully negotiated transaction with Deutsche Telekom against the possibility of an offer from Company G, particularly in light of Company G's previous decision earlier in the year not to move forward with an acquisition of MetroPCS and the directors' conclusion that the termination fee in the business contribution agreement was reasonable. The directors also discussed MetroPCS's prospects as a stand-alone company and the absence of any alternative transactions known to the MetroPCS directors, management or their advisors that would be reasonably likely to result in a value to MetroPCS stockholders in excess of the value presented in the Deutsche Telekom transaction (including as a result of the outreach to other potentially interested parties that had previously occurred). At the conclusion of the presentations and related discussions, the special committee unanimously recommended that the MetroPCS board approve the transaction. Following receipt of this recommendation from the special committee, the MetroPCS board meeting was reconvened and the MetroPCS board unanimously approved the transaction with Deutsche Telekom and recommended that the MetroPCS stockholders vote FOR the proposals contained in this proxy statement.

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After the conclusion of the MetroPCS board meeting and the meeting of Deutsche Telekom's supervisory board, which also approved the transaction, MetroPCS and Deutsche Telekom executed the business combination agreement on the morning of October 3, 2012. Also on the morning of October 3, 2012, MetroPCS and Deutsche Telekom issued a joint press release announcing the execution and delivery of the business combination agreement.

### **Reasons for the Transaction; Recommendation of the MetroPCS Board and the Special Committee**

As described in Background of the Transaction, the MetroPCS board carefully evaluated our competitive position and determined that the acquisition of additional spectrum was critical to meet increasing customer demands for data services, continue customer growth, maintain quality of service, allow the deployment of new technologies and enhance stockholder value. In response to the MetroPCS board's directives, MetroPCS management attempted over the past four years to acquire a meaningful amount of spectrum to both expand MetroPCS' licensed area and to increase the amount of spectrum in its existing service areas. However, MetroPCS was unable to acquire a meaningful amount of additional spectrum and has concluded that it faces limited prospects in the future for the acquisition of significant additional spectrum from third parties or FCC spectrum auctions. In light of these circumstances, the MetroPCS board evaluated the combination with T-Mobile, which would substantially increase MetroPCS' spectrum assets and improve its competitive position. In evaluating whether to recommend that you vote for the proposals and whether MetroPCS should enter into the business combination agreement and the transaction, including the MetroPCS stock issuance and the new certificate of incorporation, the MetroPCS board, including the special committee, consulted with MetroPCS management and its legal, financial and other advisors, and also considered numerous factors, including the following factors that each of the MetroPCS board and the special committee viewed as supporting its decision to approve the business combination agreement and the transaction:

the implied value of the consideration to be received by the MetroPCS stockholders, calculated with the assistance of its financial advisors, which represents a compelling valuation for MetroPCS and its stockholders;

the MetroPCS stockholders receiving in the aggregate \$1.5 billion (or approximately \$4.08 per share calculated on a pre-reverse stock split basis), allowing the MetroPCS stockholders an opportunity to realize certain value for a significant portion of their investment immediately upon completion of the transaction;

the MetroPCS equityholders immediately prior to the completion of the transaction collectively continuing to own 26% of the fully-diluted MetroPCS common stock (before taking into account any stock options that are subsequently cashed out in connection with the transaction) immediately upon completion of the transaction, allowing the MetroPCS stockholders to participate in any future earnings or growth of the combined company, synergies and cost savings, and future appreciation in the value of the combined company's common stock;

Deutsche Telekom's agreement to provide the financing in connection with the transaction, as more fully described under the caption Summary of the Financing beginning on page 112;

the creation, by combining MetroPCS and T-Mobile, of a leading value carrier in the U.S. wireless telecommunications industry that will benefit from its increased size and resources, including benefits from a more diverse customer base, increased spectrum assets, network coverage and capacity and improved marketing and purchasing scale;

the expectation that the combined company will roll out an LTE network that includes at least 20x20 MHz in a number of major metropolitan areas;

the complementary nature of MetroPCS' and T-Mobile's networks and spectrum assets that will facilitate the migration of MetroPCS' subscribers onto T-Mobile's network and, once combined, create a nationwide network footprint and greater customer value and choice;



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management's estimate, consistent with Deutsche Telekom's and T-Mobile's estimate, that the transaction could result in between \$6 billion and \$7 billion in cost synergies;

the combined company having a highly experienced management team with extensive experience in the wireless telecommunications industry, and the combined company being able to draw upon the intellectual capital, technical expertise and experience of a deeper and more diverse workforce;

the expectation that the combined company would have an attractive growth profile and increased financial flexibility and continuing access to public capital markets;

MetroPCS might initially appoint at least two directors to the combined company's board of directors and the expectation that two executive officers of MetroPCS will be executive officers of the combined company, which may facilitate continuity between MetroPCS and the combined company;

the MetroPCS board's and the special committee's belief that the transaction is more favorable to the MetroPCS stockholders than the alternatives to the transaction, including remaining a stand-alone company, which belief was based on the MetroPCS board's and the special committee's review, with the assistance of its financial advisors, of the strategic alternatives available to MetroPCS after the MetroPCS board's, the special committee's and management's discussions with other likely acquirers, as more fully described under the section entitled "Background of the Transaction" beginning on page 64;

the MetroPCS board's and the special committee's understanding of the business, operations, financial condition, earnings and prospects of MetroPCS, including the challenges faced by MetroPCS in acquiring spectrum assets necessary to be a viable stand-alone company and MetroPCS's other challenges and risks as a stand-alone company, as more fully described under the section entitled "The Transaction" "Background of the Transaction" beginning on page 64;

the presentation to the special committee on October 2, 2012, and financial analysis reviewed therewith, of Evercore, and the opinion, dated October 2, 2012 of Evercore, addressed to the special committee in its capacity as such, to the effect that, as of that date and based on, and subject to, assumptions made (including the payment by MetroPCS to its stockholders of the cash payment), matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the MetroPCS stock issuance equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment in consideration for the acquisition by MetroPCS from a subsidiary of Deutsche Telekom of the T-Mobile shares, is fair, from a financial point of view, to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates) as more fully described in the section entitled "The Transaction" "Opinion of the Financial Advisor to the MetroPCS Special Committee" beginning on page 91;

the likelihood that the transaction would be completed, based on, among other things:

the MetroPCS board's and the special committee's belief, after consultation with its internal and outside legal counsel, that the transaction is likely to receive necessary regulatory approvals without material adverse conditions within the outside date for termination of the business combination agreement;

the business combination agreement's provisions that, in the event of a failure of the transaction only for regulatory reasons, Deutsche Telekom will pay MetroPCS a \$250 million termination fee;

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Deutsche Telekom's inability to terminate the business combination agreement due to a decline in MetroPCS business, assets, liabilities, prospects, outlook, financial condition or results of operations unless such decline has a material adverse effect on us;

Deutsche Telekom's inability to pursue alternative acquisition proposals for T-Mobile under the business combination agreement;

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Deutsche Telekom's commitment to provide all necessary financing in order to complete the transaction pursuant to the terms of the business combination agreement and the fact that Deutsche Telekom does not have the ability to terminate the business combination agreement for a failure to obtain such financing;

MetroPCS's ability, under certain circumstances pursuant to the business combination agreement, to obtain specific performance to prevent breaches of the business combination agreement by Deutsche Telekom, Global, Holding or T-Mobile and to enforce specifically the terms of the business combination agreement, including Deutsche Telekom's obligations to provide financing in connection with the transaction;

the belief that the outside date (as defined in the business combination agreement) will likely allow sufficient time to complete the transaction; and

the strong commitment on the part of the parties to complete the transaction pursuant to their respective obligations under the terms of the business combination agreement;

the provisions of the business combination agreement allowing a recommendation change by the MetroPCS board if MetroPCS receives a superior proposal (as described in the section entitled "Summary of the Business Combination Agreement - No Solicitation of Alternative Proposals" beginning on page 142) from a third party or experiences an intervening event and if, in either case, the MetroPCS board determines that a failure to make a recommendation change would be reasonably likely to be inconsistent with its fiduciary obligations to MetroPCS and/or its stockholders under applicable law, subject to MetroPCS obligation to pay Deutsche Telekom a termination fee of \$150 million upon termination of the business combination agreement under certain circumstances;

the restrictions within the stockholder's agreement on Deutsche Telekom's ability to transfer any shares of the combined company's common stock for six months after the closing of the transaction or Deutsche Telekom's ability to transfer any shares of the combined company's common stock at any time after such period in any transaction that would result in the transferee owning 30% or more of the combined company's common stock unless such transferee offers to acquire all of the then outstanding shares of the combined company's common stock at the same price and on the same terms and conditions as the proposed transfer, thereby helping to ensure the public stockholders share the benefits of any sale-of-control transaction;

the provisions of the stockholder's agreement requiring that certain post-closing matters (including determinations with respect to working capital adjustments) will be made by the combined company's directors who are not affiliated with Deutsche Telekom;

the prohibition within the stockholder's agreement on Deutsche Telekom acquiring more than 80.1% of the outstanding shares of the combined company's common stock unless Deutsche Telekom were to make an offer to acquire all of the then remaining outstanding shares of the combined company's common stock at the same price and on the same terms and conditions as the proposed acquisition from all other stockholders of the combined company, thereby helping to ensure the public stockholders obtain a fair price in any squeezeout transaction;

the restrictions within the stockholder's agreement on Deutsche Telekom's ability to engage in certain competing activities with the combined company in the territory during the period beginning on the date of the closing of the transaction and ending on the date that is two years after the date on which Deutsche Telekom beneficially owns less than 10% of the outstanding shares of the combined company's common stock;

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the terms of the trademark license, including the provisions permitting the combined company to continue to use the T-Mobile trademarks, the exclusive nature of the license in the territory, the provision maintaining the royalty payment the same for five years, Deutsche Telekom's obligation



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to indemnify the company against trademark infringement claims with respect to certain licensed T-Mobile trademarks and the wind down period after termination or expiration of the trademark license;

the prohibitions in the business combination agreement against Deutsche Telekom asserting claims against the combined company or its subsidiaries regarding any intellectual property owned by Deutsche Telekom and used by T Mobile or any of its subsidiaries immediately prior to the closing date;

the restrictions within the stockholder s agreement on Deutsche Telekom s (and Deutsche Telekom s director designees ) ability to, support, enter into or vote in favor of any transaction between, or involving both (A) the combined company and (B) Deutsche Telekom or an affiliate of Deutsche Telekom, unless such transaction is approved by a majority of the directors on the combined company s board, which majority includes a majority of the directors on the combined company s board that are not affiliates of Deutsche Telekom;

the inclusion in the new certificate of incorporation of a number of provisions that are more favorable to stockholders than the comparable provisions in MetroPCS existing certificate of incorporation; for example, the new certificate of incorporation will provide for a declassified board, stockholder rights to call a special meeting and act by written consent, and a lower stockholder voting threshold to amend the combined company s bylaws;

the special committee s retention of independent legal and financial advisors; and

the contractual benefits that MetroPCS management and its advisors were able to obtain as a result of extensive negotiations with Deutsche Telekom, which the MetroPCS board and the special committee concluded reflected the best terms that Deutsche Telekom would be willing to provide at that time.

The MetroPCS board and the special committee also considered a variety of potentially negative factors in their deliberations concerning the business combination agreement and the transaction, including the MetroPCS stock issuance and the new certificate of incorporation, including the following:

forecasts of future results of operations and synergies are necessarily estimates based on assumptions, and that for these and other reasons there is a risk of not capturing anticipated operational synergies and cost savings between MetroPCS and T-Mobile and the risk that other anticipated benefits might not be realized;

because MetroPCS stockholders are receiving a significant amount of cash in the transaction, they will have a smaller ongoing equity participation in the combined company and, therefore, will receive less of the benefit of any synergies or any increase in the value of the combined company;

the amount of MetroPCS common stock to be issued to Holding or its designee in the transaction is a fixed percentage, meaning Deutsche Telekom s and the existing MetroPCS stockholders relative ownership of the combined company immediately following the closing may not reflect changes in the relative values of T-Mobile and MetroPCS between signing and closing;

the fact that certain of MetroPCS existing management team, including Roger D. Linquist, are not expected to continue as officers of the combined company;

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the substantial costs to be incurred in connection with the transaction, including the substantial cash and other costs of integrating the businesses of MetroPCS and T-Mobile, as well as the transaction expenses arising from the transaction and the delayed nature of the anticipated cost and capital expenditure savings and synergies of the transaction versus when the costs to create such cost and capital expenditure savings and synergies will be incurred by the combined company;

the substantial time and effort of management required to complete the transaction and related disruptions to the operations of MetroPCS business, and the risk of diverting management resources for an extended period of time to accomplish this combination;

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the potential adverse effect of the transaction on MetroPCS' business and relationships with employees, customers, suppliers, distributors, dealers, retailers, regulators and the communities in which it operates;

the risk that uncertainties about the completion of the transaction and contractual restrictions in the business combination agreement involving the operation of MetroPCS' business could disrupt MetroPCS' operations, limit its ability to take advantage of attractive opportunities, including purchasing spectrum and making changes to its business, or have an adverse effect on its business and results of operations;

the risk that governmental entities may not approve the transaction or may impose conditions on the parties to the business combination agreement in order to gain approval for the transaction that may adversely impact the ability of the combined enterprise to realize the synergies that are projected to occur in connection with the transaction;

the possibility that the transaction may not be completed, or that completion may be unduly delayed, for reasons beyond the control of the parties to the business combination agreement;

the \$150 million termination fee that MetroPCS may be required to pay to Deutsche Telekom under certain circumstances upon the termination of the business combination agreement;

the potential that the termination fee provisions of the business combination agreement and the requirement that the MetroPCS board call and hold the special meeting, regardless of whether or not the MetroPCS board has made a recommendation change, could affect a bona fide alternative proposal for MetroPCS;

the inclusion of the non-solicitation restrictions in the business combination agreement that could limit, in whole or in part, MetroPCS' ability to negotiate or enter into an alternative transaction;

the restrictions in the business combination agreement preventing MetroPCS from terminating the business combination agreement to accept a superior proposal until after the special meeting and only then if the MetroPCS stockholders do not approve the stock issuance proposal and the new certificate of incorporation proposal;

that Deutsche Telekom will be a controlling stockholder of the combined company immediately upon completion of the transaction, and will have approval rights with respect to certain actions of the combined company (see the section entitled "Summary of Ancillary Agreements - Stockholders' Agreement" beginning on page 154), each of which could have a negative impact on the combined company's stock price;

that Deutsche Telekom will own a substantial amount of the combined company's indebtedness, certain actions, including amendments and waivers with respect to the combined company's indebtedness and may be accomplished only if Deutsche Telekom consents to such action;

the combined company's lack of ownership of the T-Mobile trademarks and Deutsche Telekom's ability to terminate the trademark license under certain circumstances;

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that Deutsche Telekom's substantial equity and debt ownership in the combined company could cause it to take actions for its own benefit that could be adverse to the interests of the combined company's stockholders;

the absence of a contractual right of the combined company to make indemnification claims against Deutsche Telekom for the breach of any representations and warranties or covenants made by Deutsche Telekom or its subsidiaries in the business combination agreement;

the vesting of all outstanding annual cash performance awards, stock options and restricted stock for all directors, employees and officers of MetroPCS as a result of the transaction;

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the risks described in the sections entitled Risk Factors beginning on page 33 and Cautionary Note Regarding Forward-Looking Statements beginning on page 209; and

that MetroPCS directors and executive officers have interests in the transaction that may be different from, or in addition to, those of MetroPCS stockholders (see the section entitled Interests of MetroPCS Directors and Officers in the Transaction beginning on page 118).

This discussion of the information and factors considered by each of the MetroPCS board and the special committee in reaching its conclusions and recommendation includes the material factors considered by the MetroPCS board and the special committee, respectively, but is not intended to be exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the transaction and the complexity of these matters, the MetroPCS board did not find it practicable, and it did not attempt, to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the business combination agreement and the transaction and to recommend that MetroPCS stockholders vote in favor of the MetroPCS stock issuance and the new certificate of incorporation. The MetroPCS board and the special committee conducted an overall analysis of the factors described above, including through discussions with, and questioning of, MetroPCS management and outside legal, financial and other advisors regarding certain of the matters described above. In considering the factors described above, individual members of the MetroPCS board or the special committee may have given differing weights to different factors.

The MetroPCS board, acting upon the recommendation of the special committee, unanimously approved the business combination agreement and has determined that the transaction, including the MetroPCS stock issuance and the new certificate of incorporation, is appropriate, advisable and in the best interests of MetroPCS and its stockholders. **The MetroPCS board, acting upon the recommendation of the special committee, unanimously recommends that MetroPCS stockholders vote FOR the stock issuance proposal and FOR the new certificate of incorporation proposal.**

**Opinion of the Financial Advisor to the MetroPCS Special Committee**

In April 2012, Evercore was retained by MetroPCS on behalf of the special committee of the MetroPCS board to act as financial advisor to the special committee with respect to potential strategic transactions. On October 2, 2012, at a meeting of the special committee, Evercore delivered to the special committee an oral opinion, which opinion was confirmed by delivery of a written opinion dated October 2, 2012, to the effect that, as of that date and based on and subject to assumptions made (including the payment by MetroPCS to its stockholders of the cash payment), matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the MetroPCS stock issuance equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment (the shares of MetroPCS common stock to be so issued in the MetroPCS stock issuance being referred to as the business combination consideration) in consideration for the acquisition, which we refer to as the business combination, by MetroPCS from a subsidiary of Deutsche Telekom of the T-Mobile shares, is fair, from a financial point of view, to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates). A copy of Evercore's written opinion was also provided by the special committee to the MetroPCS board, in its capacity as such, in connection with the MetroPCS board's evaluation of the transaction and receipt of the special committee's recommendation to the MetroPCS board.

**The full text of Evercore's written opinion, dated October 2, 2012, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex B to this proxy statement and is incorporated by reference in its entirety into this proxy statement. Evercore's opinion was directed to the special committee, in its capacity as such, and addresses only the fairness to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates), from a financial point of view, assuming payment of the cash payment, of MetroPCS issuance of the business combination consideration in consideration for the T-Mobile shares. The opinion does not address any other term or aspect of the**

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**business combination agreement or the transaction or any term or aspect of any other agreement or instrument contemplated by the business combination agreement or entered into or amended in connection with the transaction and does not constitute a recommendation to the special committee or to any other persons in respect of the business combination agreement or the transaction, including as to how any holder of shares of MetroPCS common stock should vote or act in respect of the business combination agreement or the transaction.**

In connection with rendering its opinion, Evercore, among other things:

reviewed certain publicly available business and financial information relating to MetroPCS and T-Mobile that Evercore deemed to be relevant;

reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS;

reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to T-Mobile prepared by the management of Deutsche Telekom and T-Mobile and furnished to Evercore by MetroPCS;

reviewed certain non-public projected financial data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS;

reviewed certain non-public projected financial data relating to T-Mobile prepared by the management of Deutsche Telekom and T-Mobile, which we refer to as the T-Mobile management projected financial data, furnished to Evercore by MetroPCS as well as certain adjustments thereto made at the direction of MetroPCS management, or, as so adjusted, the adjusted T-Mobile projected financial data;

reviewed certain non-public projected operating data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS;

reviewed certain non-public projected operating data relating to T-Mobile prepared by the management of Deutsche Telekom and T-Mobile, which we refer to as the T-Mobile management projected operating data, furnished to Evercore by MetroPCS as well as certain adjustments thereto made at the direction of MetroPCS management, or, as so adjusted, the adjusted T-Mobile projected operating data;

discussed the past and current operations, financial projections and current financial condition of MetroPCS and T-Mobile with the management of MetroPCS (including their views on the risks and uncertainties of achieving such projections);

discussed the past and current operations, financial projections and current financial condition of MetroPCS and T-Mobile with the management of Deutsche Telekom and T-Mobile (including their views on the risks and uncertainties of achieving such projections);

reviewed the amount and timing of the cost savings and operating synergies estimated by MetroPCS management to result from the business combination, which we refer to as the estimated synergies;

reviewed the amount, timing and use of certain tax attributes of the combined company as estimated by management of MetroPCS;

reviewed the reported prices and the historical trading activity of the MetroPCS common stock;

compared the financial performance of MetroPCS and its stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;

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reviewed certain valuation multiples relating to the business combination with those of certain other transactions that Evercore deemed relevant;

reviewed a draft of the business combination agreement dated October 1, 2012; and

performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate. For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumed no liability therefor. With respect to the projected financial and operating data relating to MetroPCS, Evercore assumed that they had been reasonably prepared on bases reflecting the best available estimates and good faith judgments of management of MetroPCS as to the matters covered thereby. Evercore expressed no view as to any projected financial or operating data relating to MetroPCS or the assumptions on which they were based. With respect to T-Mobile management projected financial data and the T-Mobile management projected operating data, Evercore assumed that they had been reasonably prepared on bases reflecting the best available estimates and good faith judgments of management of Deutsche Telekom and T-Mobile as to the matters covered thereby. With respect to adjusted T-Mobile projected financial data and the adjusted T-Mobile projected operating data, Evercore assumed that the adjustments which MetroPCS management directed Evercore to make to the T-Mobile management projected financial data and the T-Mobile management projected operating data had been reasonably determined by MetroPCS management on bases reflecting the best available estimates and good faith judgments of management of MetroPCS as to the matters covered thereby. Evercore expresses no view as to any projected financial or operating data relating to T-Mobile (whether prepared by management of Deutsche Telekom or T-Mobile, or as adjusted at the direction of management of MetroPCS) or the assumptions on which they are based. Evercore also assumed that the estimated synergies were reasonably obtainable, were estimated on bases reflecting the best currently available estimates and good faith judgments of the future competitiveness, operating and regulatory environments and related financial performance of MetroPCS and T-Mobile and will be realized in the amounts and at the times indicated thereby. Evercore expressed no view as to the estimated synergies or the assumptions on which they were based. With respect to the amount, timing and use of the tax attributes of the combined company estimated by management of MetroPCS, Evercore assumed that such estimates are reasonable and will be realized, although Evercore expressed no view as to such estimates or the assumptions on which they were based. For purposes of Evercore's analysis and opinion, at the request of the special committee, Evercore relied on the projections prepared by the management of MetroPCS with respect to projected financial and operating data of MetroPCS, including the estimated synergies and estimates as to the amount, timing and use of tax attributes of the combined company, and on the adjusted T-Mobile projected financial data and the adjusted T-Mobile projected operating data.

For purposes of rendering its opinion, Evercore assumed that the executed business combination agreement will be the same in all respects material to its analysis as the draft dated October 1, 2012 reviewed by Evercore, that the representations and warranties of each party contained in the business combination agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the business combination agreement and that all conditions to the completion of the transaction will be satisfied without material waiver or modification thereof. Evercore also assumed with the consent of the special committee that the terms of the Deutsche Telekom notes and the working capital revolving credit facility (including any fees payable to Deutsche Telekom in connection therewith) are on terms no less favorable to MetroPCS than could be obtained from an unaffiliated third party lender. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the completion of the transaction will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on MetroPCS, T-Mobile or the completion of the business combination or materially reduce the benefits to MetroPCS of the transaction.



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Evercore did not make or assume any responsibility for making any physical inspection, independent valuation or appraisal of the assets or liabilities of MetroPCS or T-Mobile, nor was Evercore furnished with any such valuation or appraisals, nor did Evercore evaluate the solvency or fair value of MetroPCS or T-Mobile under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Evercore assumed that the outcome of any current and pending litigation affecting MetroPCS or T-Mobile will not be material to its analysis. Evercore's opinion was necessarily based upon information made available to it as of the date of its delivery and financial, economic, market and other conditions as they existed and as could be evaluated as of such date. Evercore noted that subsequent developments may affect Evercore's opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than, assuming payment of the cash payment, whether MetroPCS's issuance of the business combination consideration in consideration for the T-Mobile shares is fair, from a financial point of view, to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates). Evercore did not express any view on, and its opinion did not address, any other term or aspect of the business combination agreement or the transaction or any term or aspect of any other agreement or instrument contemplated by the business combination agreement or entered into or amended in connection with the transaction, including, without limitation, (i) the fairness of the reverse stock split or of the cash payment or any other consideration to be received in connection therewith by the holders of MetroPCS common stock or any other securities or creditors or constituencies of MetroPCS, (ii) the terms of the Deutsche Telekom notes and the working capital revolving credit facility (including the amount and nature of the fees payable to Deutsche Telekom in connection therewith) or (iii) the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of MetroPCS, or any class of such persons, whether relative to the reverse stock split, the cash payment, the business combination consideration or otherwise.

Evercore assumed that any modification to the structure of the transaction would not vary in any respect material to its analysis. Evercore's opinion does not address the relative merits of the transaction as compared to other business or financial strategies that might be available to MetroPCS, nor does it address the underlying business decision of MetroPCS to engage in the business combination or any other portion of the transaction, including the reverse stock split and the cash payment. In arriving at its opinion, Evercore was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the MetroPCS common stock or other extraordinary transaction involving MetroPCS. Evercore's opinion does not constitute a recommendation to the special committee, the MetroPCS board or to any other persons in respect of the business combination agreement or the transaction, including as to how any holder of shares of MetroPCS common stock should vote or act in respect of the transaction. Evercore expressed no opinion as to the price at which shares of MetroPCS common stock will trade at any time. Evercore is not legal, regulatory, accounting or tax experts and has assumed the accuracy and completeness of assessments by MetroPCS, T-Mobile and their respective advisors with respect to legal, regulatory, accounting and tax matters. The issuance by Evercore of its opinion was approved by an Opinion Committee of Evercore.

***Summary of Evercore's Financial Analysis***

Set forth below is a summary of the material financial analyses conducted by Evercore and reviewed with the special committee on October 2, 2012, in connection with Evercore's opinion dated October 2, 2012.

Except as described above under the section entitled *Opinion of the Financial Advisor to the Special Committee*, the special committee imposed no instructions or limitations on Evercore with respect to the investigations made or the procedures followed by Evercore in rendering its opinion. Evercore's opinion was only one of many factors considered by the special committee in its evaluation of the transaction and should not be viewed as determinative of the views of the special committee, MetroPCS board or MetroPCS management with respect to the transaction or the business combination consideration. See the section entitled *The Transaction Reasons for the Transaction; Recommendation of the MetroPCS Board and the Special Committee* beginning on page 86.

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The business combination consideration was determined through negotiations between MetroPCS, Deutsche Telekom, Holding and T-Mobile and was approved by the special committee and the MetroPCS board. Evercore did not recommend any specific business combination consideration nor did it indicate that any given business combination consideration constituted the only appropriate business combination consideration.

In connection with the review of the transaction by the special committee, Evercore performed a variety of financial and comparative analyses, which are summarized below, for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described below, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore's opinion. In arriving at its determination, Evercore considered the results of all the analyses summarized below and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may have considered various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should therefore not be taken to be Evercore's view of the value of MetroPCS or T-Mobile. No company used in the analyses summarized below as a comparison is identical to MetroPCS or T-Mobile, and no transaction used is identical to the transaction. Accordingly, such analyses may not necessarily utilize all companies or transactions that could be deemed comparable to MetroPCS, T-Mobile or the business combination. Further, Evercore's analysis involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of MetroPCS, Deutsche Telekom or T-Mobile.

Evercore conducted the analysis summarized below for the purpose of providing an opinion to the special committee as to the fairness to MetroPCS and its stockholders (other than Deutsche Telekom and its affiliates), from a financial point of view, of MetroPCS's issuance of the business combination consideration in consideration for the T-Mobile shares, assuming payment of the cash payment. This analysis does not purport to be appraisals or to necessarily reflect the prices at which the business or securities of MetroPCS or T-Mobile actually may trade or be sold. Estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such estimates. Accordingly, estimates used in, and the results derived from, the analyses summarized below are inherently subject to substantial uncertainty, and Evercore does not assume any responsibility if future results are materially different from those forecasted in such estimates.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 2, 2012, and is not necessarily indicative of current or future market conditions.

**The following summary of financial analyses includes information presented in tabular format. These tables alone do not constitute a complete description of the financial analyses and must be read together with the text of each summary in order to understand fully the financial analyses. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of such financial analyses.**

In conducting its analysis, Evercore used various methodologies to review the valuation of each of MetroPCS and T-Mobile on a stand-alone basis and MetroPCS and T-Mobile on a relative basis, to assess the fairness of the business combination consideration to be issued by MetroPCS in consideration for the T-Mobile shares, assuming payment of the cash payment. Specifically, Evercore conducted analyses of historical share price, research analyst price targets, selected publicly traded companies, selected precedent transactions,

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discounted cash flow, implied percentage ownership based upon selected publicly traded companies and discounted cash flow analyses, relative contribution to the combined company and has / gets analysis. However, Evercore only relied upon the analyses of implied percentage ownership based upon selected publicly traded companies and discounted cash flow analyses, relative contribution to the combined company and has / gets analysis for purposes of its opinion. For purposes of each valuation methodology applied to MetroPCS, Evercore assumed that MetroPCS will spend \$1.5 billion on spectrum in 2012. For purposes of each valuation methodology (other than the discounted cash flow analysis) applied to T-Mobile, Evercore included \$2.4 billion related to tower financing obligations in its calculation of net debt.

### ***Stand-Alone Valuation Analyses***

*Analysis of Selected Publicly Traded Companies Generally.* Evercore compared certain financial and operating information and commonly used valuation measurements for MetroPCS and T-Mobile to corresponding information and measurements for a group of five publicly traded comparable companies that participate predominantly in the wireless communications industry, referred to as the selected comparable companies, in order to derive implied per share equity value reference ranges for MetroPCS and T-Mobile. The selected comparable companies were:

Sprint

U.S. Cellular

Leap Wireless

Atlantic Tele-Network

nTelos

Evercore selected the companies listed above because, based on Evercore professional judgment and experience in the wireless communications industry, their businesses and operating profiles are relevant to that of MetroPCS. However, because of the inherent differences between the businesses, operations and prospects of MetroPCS and the businesses, operations and prospects of the selected comparable companies, no comparable company is exactly the same as MetroPCS. Therefore, Evercore believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis. Accordingly, Evercore also made qualitative judgments (as more fully explained in the subsequent sentence) based on its experience in the wireless communications industry concerning differences between the financial and operating characteristics and prospects of MetroPCS and the selected comparable companies that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, capital structures, growth prospects, profitability levels and degrees of operational risk of MetroPCS and the selected comparable companies.

Evercore reviewed, among other things, enterprise values, calculated as equity value based on closing stock prices on September 26, 2012, plus debt, preferred stock and minority interests, less cash and cash equivalents and investments, as a multiple of the estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, of the selected comparable companies for calendar years 2012 and 2013. Financial forecasts for MetroPCS and T-Mobile were based on (i) certain non-public projected financial data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS and (ii) certain non-public projected financial data relating to T-Mobile prepared by the management of Deutsche Telekom and T-Mobile furnished to Evercore by MetroPCS as adjusted at the direction of MetroPCS management. Evercore also used publicly available information concerning historical and projected financial performance for the selected comparable companies, including published historical financial information and publicly available third-party research.

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*Analysis of Selected Publicly Traded Companies As Applied to MetroPCS.* Evercore then applied ranges of selected enterprise value to EBITDA (post stock-based compensation expense) multiples derived from the selected comparable companies (the mean and median of which was 5.3 and 5.5 respectively for 2012 Estimated EBITDA and 5.1 and 5.2 respectively for 2013 Estimated EBITDA) to corresponding financial data of MetroPCS based on certain non-public projected financial data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS. The high and low of the relevant multiples derived for each of the selected comparable companies is reflected in the column of the chart titled *All selected comparable companies*. Based on the multiple ranges for the selected comparable companies, Evercore selected the range of multiples reflected in the column of the chart below titled *Selected Valuation Multiple Ranges for MetroPCS*, which Evercore judged, based on their financial advisory experience, to be most appropriate in order to perform their analysis of MetroPCS. This analysis indicated the following implied equity value per share valuation reference ranges for MetroPCS as presented below:

Valuation Methodology	All Selected Comparable Companies		Selected Valuation Multiple Ranges for MetroPCS		Implied Equity Value per share Valuation Reference Range for MetroPCS	
<b>Enterprise Value as a Multiple of:</b>						
2012 Estimated EBITDA	4.2	6.3x	5.0	6.5x	\$	7.55 \$12.98
2013 Estimated EBITDA	4.2	5.6x	4.75	5.75x	\$	7.01 \$10.71

*Analysis of Selected Publicly Traded Companies As Applied to T-Mobile.* In order to provide a basis for certain of the other analyses performed by Evercore and described below under *Relative Valuation Analyses*, Evercore then applied ranges of selected enterprise value to EBITDA multiples derived from the selected comparable companies (the mean and median of which was 5.3 and 5.5 respectively for 2012 Estimated EBITDA and 5.1 and 5.2 respectively for 2013 Estimated EBITDA) to corresponding financial data of T-Mobile based on information and projections provided by T-Mobile and Deutsche Telekom management as adjusted by MetroPCS management. Based on the multiple ranges for the selected comparable companies (the high and low of such multiples being reflected in the column of the chart below titled *All selected comparable companies*), Evercore selected the range of multiples reflected in the column of the chart below titled *Selected Valuation Multiple Ranges for T-Mobile* that Evercore judged, based on their financial advisory experience, to be most appropriate in order to perform their analysis of T-Mobile. This analysis indicated the following implied equity value reference ranges for T-Mobile:

Valuation Methodology	All Selected Comparable Companies		Selected Valuation Multiple Ranges for T-Mobile		Implied Equity Value Valuation Reference Ranges for T-Mobile (\$ in millions)	
<b>Enterprise Value as a Multiple of:</b>						
2012 Estimated EBITDA	4.2	6.3x	5.0	6.5x	\$	7,843 \$15,416
2013 Estimated EBITDA	4.2	5.6x	4.75	5.75x	\$	6,979 \$12,111

None of the selected comparable companies utilized as a comparison is identical to MetroPCS or T-Mobile. Accordingly, Evercore believes the analysis of publicly traded comparable companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Evercore's opinion, concerning differences in financial and operating characteristics and other factors that could affect the public trading value of the selected comparable companies to which MetroPCS and T-Mobile are compared.

*Discounted Cash Flow Analysis of MetroPCS.* As part of its analysis, and in order to estimate the implied present value of the equity value per share for MetroPCS, Evercore prepared a discounted cash flow analysis for MetroPCS.

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A discounted cash flow analysis is a valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows to be generated by the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Evercore performed a discounted cash flow analysis for MetroPCS by adding (1) the present value of MetroPCS projected after-tax unlevered free cash flows for fiscal years 2013 through 2016 to (2) the present value of certain net operating losses of MetroPCS to (3) the present value of the terminal value of MetroPCS as of the end of fiscal year 2016. For each year, unlevered free cash flow was derived as follows: EBITDA plus certain non-cash adjustments less taxes less capital expenditures less changes in working capital, where changes in working capital can either be positive or negative. Terminal value refers to the value at a particular point in time of all future cash flows to be generated by an asset.

Evercore estimated a range of terminal values as of the end of fiscal year 2016 calculated based on multiples of 4.5x to 5.5x, which Evercore selected based on its professional judgment and experience in the wireless telecommunications industry. Evercore performed a discounted cash flow analysis using a range of discount rates from 8% to 9%. The discount rates were based on calculations of the weighted average cost of capital of MetroPCS, which Evercore derived based on MetroPCS estimated cost of equity (derived using the Capital Asset Pricing Model) and MetroPCS estimated cost of debt at an assumed target capital structure. Evercore calculated per share equity values by first determining a range of enterprise values of MetroPCS by adding the present values of the after-tax unlevered free cash flows, certain net operating losses and terminal values for each terminal value multiple and discount rate scenario, and then subtracting from the enterprise values the net debt, calculated as total debt minus cash and investments, of MetroPCS, and then dividing those amounts by the number of fully diluted shares of MetroPCS. Based on financial estimates provided by MetroPCS management, this analysis indicated the following implied per share equity value reference ranges for MetroPCS:

Valuation Methodology	Implied per Share Equity Value Reference Ranges for MetroPCS	
	Discounted Cash Flow Analysis	\$

*Discounted Cash Flow Analysis of T-Mobile.* In order to provide a basis for certain of the other analyses performed by Evercore and described below under Relative Valuation Analyses, Evercore prepared a discounted cash flow analysis for T-Mobile of after-tax unlevered free cash flows for fiscal years 2013 through 2016, using projections provided by T-Mobile and Deutsche Telekom management as adjusted by MetroPCS management. Evercore performed a discounted cash flow analysis for T-Mobile by adding (1) the present value of T-Mobile's projected after-tax unlevered free cash flows for fiscal years 2013 through 2016 to (2) the present value of certain net operating losses of T-Mobile to (3) the present value of the terminal value of T-Mobile as of the end of fiscal year 2016. For each year, unlevered free cash flow was derived as follows: EBITDA less certain tower lease related adjustments less taxes less capital expenditures less changes in working capital, whereas changes in working capital can either be positive or negative.

Evercore estimated a range of terminal values as of the end of fiscal year 2016 calculated based on multiples of 4.5x to 5.5x, which Evercore selected based on its professional judgment and experience in the wireless telecommunications industry. Evercore performed a discounted cash flow analysis using a range of discount rates from 8% to 9%. Evercore calculated equity values of T-Mobile by adding the present values of the after-tax unlevered free cash flows, certain net operating losses and terminal values for each terminal value multiple and discount rate scenario. Based on financial estimates provided by T-Mobile and Deutsche Telekom management as adjusted by MetroPCS management, this analysis indicated the following equity value reference ranges for T-Mobile:

Valuation Methodology	Equity Value Reference Ranges for T-Mobile (\$ in millions)	
	Discounted Cash Flow Analysis	\$

**Table of Contents****Relative Valuation Analyses**

*Implied Percentage Ownership Analysis.* Based on the implied valuations for each of MetroPCS and T-Mobile derived above under Analysis of Selected Publicly Traded Companies As Applied to MetroPCS, Analysis of Selected Publicly Traded Companies As Applied to T-Mobile, Discounted Cash Flow Analysis of MetroPCS and Discounted Cash Flow Analysis of T-Mobile, Evercore calculated an implied equity ownership range for MetroPCS in the combined company, which we refer to as the MetroPCS implied equity ownership range, and compared it to the proposed equity ownership for MetroPCS in the combined company to result from the transaction.

For each of the analyses referred to above, Evercore calculated the low end of each MetroPCS implied equity ownership range assuming the lowest implied per share equity value for MetroPCS and the highest implied equity value for T-Mobile derived from each of the foregoing valuation analyses. Evercore then calculated the high end of each MetroPCS implied equity ownership range assuming the highest implied per share equity value for MetroPCS and the lowest implied equity value for T-Mobile derived from each of the foregoing valuation analyses. Evercore also calculated the midpoint implied equity ownership assuming the midpoint implied per share equity value for both MetroPCS and T-Mobile derived from each of the foregoing analyses. In each of these calculations, Evercore assumed that MetroPCS had made the cash payment to its stockholders.

The proposed equity ownership percentage of holders of shares of MetroPCS common stock in the combined company after giving effect to the transaction was compared to MetroPCS implied equity ownership utilizing the non-public projected financial data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS, as set forth below:

<b>Method</b>	<b>MetroPCS Implied Equity Ownership Range</b>		<b>MetroPCS Implied Equity Ownership Midpoint</b>
<i>Selected Publicly Traded Companies Analysis</i>			
2012 EBITDA	7.6%	29.4%	16.3%
2013 EBITDA	8.1%	25.8%	15.5%
<i>Discounted Cash Flow Analysis</i>	15.8%	28.8%	21.7%

Evercore observed that the proposed aggregate equity ownership percentage of holders of shares of MetroPCS Common Stock in the combined company of 26% fell above or within each of the implied equity ownership ranges set forth above.

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*Contribution Analysis.* Evercore analyzed the respective contributions of MetroPCS and T-Mobile to the revenue and EBITDA of the combined company for estimated fiscal year 2012 through estimated fiscal year 2014. This analysis did not include any estimated synergies and was based on (i) certain non-public projected financial data relating to MetroPCS prepared and furnished to Evercore by the management of MetroPCS and (ii) certain non-public projected financial data relating to T-Mobile prepared by the management of Deutsche Telekom and T-Mobile furnished to Evercore by MetroPCS as adjusted at the direction of MetroPCS management. For purposes of this analysis, Evercore assumed that the pro forma company is valued at a range of 2013 combined estimated EBITDA of 5.0x to 5.5x, which Evercore selected based on its professional judgment and experience in the wireless telecommunications industry. Evercore then calculated each of MetroPCS and T-Mobile's enterprise value based on their respective relative contribution of estimated revenue and EBITDA. Evercore subtracted net debt, calculated as total debt minus cash and cash equivalents, from enterprise value to derive the equity value for each of MetroPCS and T-Mobile. For MetroPCS, Evercore deducted the cash payment from MetroPCS calculated equity value. These equity values were used to calculate the implied equity ownership of MetroPCS in the combined company. This analysis was compared to the proposed aggregate 26% equity ownership in the combined company by current holders of shares of MetroPCS common stock assuming payment by MetroPCS to its stockholders of the cash payment and after giving effect to the business combination. The following table presents the results of this analysis:

Metric	Implied MetroPCS Ownership		
	5.0x	2013E EBITDA Multiple 5.25x	5.50x
<b>Revenue</b>			
2012	14.1%	15.1%	15.8%
2013	20.0%	20.4%	20.6%
2014	22.8%	22.9%	22.9%
<b>EBITDA</b>			
2012	14.3%	15.3%	16.0%
2013	14.6%	15.5%	16.2%
2014	25.0%	24.9%	24.8%

**Has / Gets Analysis**

Evercore also reviewed the following metrics for MetroPCS both on a stand-alone and pro forma basis:

Implied per share equity value based on discounted cash flow analysis

Implied per share equity value based on multiples analysis

With respect to the implied per share equity value based on discounted cash flow analysis, Evercore assumed an 8.5% weighted average cost of capital and 5.0x terminal multiple for both MetroPCS and T-Mobile, which were based on Evercore's professional judgment and experience in the wireless telecommunications industry. The pro-forma implied equity value per share was equal to the quotient obtained by dividing (A) the sum of (1) 26% multiplied by an amount equal to the sum of (i) MetroPCS stand-alone discounted cash flow implied equity value, plus (ii) T-Mobile's stand-alone discounted cash flow implied equity value, plus (iii) the present value of the estimated synergies, plus (iv) the after-tax value of the avoided spectrum cost assumed by MetroPCS in its stand-alone projections, less (v) the net present value of the loss of certain net operating losses as a result of the business combination, less (vi) estimated transaction expenses, less (vii) the cash payment, and (2) the cash payment by (B) the fully diluted shares outstanding of MetroPCS common stock. For illustrative purposes, Evercore calculated pro forma equity value assuming three different scenarios: (1) no realization of the estimated synergies; (2) realization of 50% of the estimated synergies or net present value of \$3.3 billion; and (3) realization of 100% of the estimated synergies or net present value of \$6.7 billion.

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With respect to the implied per share equity value based on multiples analysis, the stand-alone value is based on the share price as of September 25, 2012. The pro-forma implied equity value per share was equal to the quotient obtained by dividing (A) the sum of (1) 26% multiplied by an amount equal to the sum of (i) the pro forma equity value calculated by applying 5.25x multiple, which Evercore selected based on its professional judgment and experience in the wireless telecommunications industry, to the estimated pro forma 2013 EBITDA and deducting estimated net debt of both MetroPCS and T-Mobile, plus (ii) the present value of the estimated synergies, less (iii) the estimated transaction expenses, less (iv) the cash payment, and (2) the cash payment by (B) the fully diluted shares outstanding of MetroPCS common stock. For illustrative purposes, Evercore calculated pro forma equity value assuming three different scenarios: (1) no realization of estimated synergies; (2) realization of 50% of the estimated synergies or net present value of \$3.3 billion; and (3) realization of 100% of the estimated synergies or net present value of \$6.7 billion. In addition, based on its professional judgment and experience in the wireless telecommunications industry, Evercore calculated pro forma equity value utilizing (i) a range of (a) weighted average cost of capital from 8.0% to 9.0% and (b) terminal value multiples from 4.5x to 5.5x, in the case of its discounted cash flow has / gets analysis, and (ii) a range of multiples from 4.75x to 5.75x, in the case of its multiples has / gets analysis.

The comparison of stand-alone implied per share equity values to the pro forma implied equity values using both discounted cash flow analysis and multiples analysis indicated that, based on the 26% ownership split provided in the business combination agreement, pro forma implied per share values were higher than stand-alone implied per share values.

*Discounted Cash Flow Has / Gets Analysis*

<b>Valuation Methodology</b>	<b>Status Quo</b>	<b>No Estimated Synergies</b>	<b>\$3.3bn Estimated Synergies (50%)</b>	<b>\$6.7bn Estimated Synergies (100%)</b>
MetroPCS Share of Combined Company DCF plus Cash Payment	\$ 15.31	\$ 17.90	\$ 20.11	\$ 22.32

*Multiples Has / Gets Analysis*

<b>Valuation Methodology</b>	<b>Status Quo</b>	<b>Not Including Estimated Synergies</b>	<b>\$3.3bn Estimated Synergies (50%)</b>	<b>\$6.7bn Estimated Synergies (100%)</b>
Total Value per a Share of MetroPCS Common Stock	\$ 11.25	\$ 12.83	\$ 15.10	\$ 17.33

**Other Information**

*Historical Share Price.* Evercore noted that the trailing low and high 52-week closing trading prices for shares of MetroPCS common stock, as of October 2, 2012, were \$5.59 per share and \$12.01 per share, respectively.



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*Research Analyst Price Targets.* Evercore reviewed publicly available research analyst reports for MetroPCS published on or after July 25, 2012 that were available to it as of October 2, 2012. The table below sets forth (i) the name of each firm that published such a report, (ii) the date on which it issued such report, (iii) the price target for MetroPCS set forth in such report, if any, and (iv) if set forth in such report, the period of time set forth in such report for achieving such price target:

<b>Firm Name</b>	<b>Report Date</b>	<b>Target Price (\$)</b>	<b>Target Period (Months)</b>
JPMorgan	10/01/12	11.00	12
Credit Suisse	09/28/12	9.00	
Sanford C. Bernstein & Co	09/28/12	9.00	12
Guggenheim Securities LLC	09/28/12	8.25	12
Wells Fargo Securities, LLC	09/20/12		
Piper Jaffray	09/17/12	8.00	12
Macquarie	09/07/12	9.50	12
Oppenheimer & Co	09/07/12		
Canaccord Genuity Corp	08/29/12	12.00	12
BMO Capital Markets	08/22/12	10.00	
Robert W. Baird & Co	08/22/12	8.00	12
Nomura	08/22/12	6.00	12
EVA Dimensions	08/20/12		
Argus Research Corp	08/01/12		
FBR Capital Markets	07/30/12	11.00	12
Deutsche Bank	07/27/12	12.00	12
RBC Capital Markets	07/27/12	7.00	12
Jefferies	07/27/12	10.00	12
Raymond James	07/27/12		
Pirotal Research Group LLC	07/27/12	7.50	12
Goldman Sachs	07/26/12	10.00	12
Pacific Crest Securities	07/26/12		
William Blair & Co	07/26/12		
National Securities	07/26/12		
Barclays	07/25/12	8.00	

Note: Neither Evercore nor MetroPCS is adopting the foregoing price targets for any purpose by including such price targets in this proxy statement, and neither Evercore nor MetroPCS has expressed, and does not express, any view as to any such target prices or as to the manner or basis upon which they were derived by any research analyst. Evercore provided such price target information to the special committee for informational purposes only. Such information was not utilized or relied upon by Evercore for valuation purposes.

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*Review of Selected Precedent Transactions.* Evercore reviewed the financial terms, to the extent publicly available, of nine merger and acquisition transactions announced between June 2008 and August 2012 of companies that Evercore, based on its professional experience with merger and acquisition transactions in the wireless telecommunications industry, deemed relevant. Evercore chose the transactions, referred to as the selected precedent transactions, based on the similarity of the target companies in the transactions to MetroPCS in terms of the size, mix, margins and other characteristics of their businesses. However, given the unique structure of the business combination, Evercore concluded that no single selected precedent transaction was truly representative of the transaction and, as a result, Evercore did not utilize its analysis of selected precedent transactions in arriving at its opinion. The selected precedent transactions were:

<b>Acquirer</b>	<b>Target</b>	<b>Date Transaction Announced</b>
AT&T, Inc.	NextWave Wireless Inc.	August 2012
AT&T, Inc.	T-Mobile USA, Inc.	March 2011
Sprint Nextel Corporation	iPCS, Inc.	October 2009
Sprint Nextel Corporation	Virgin Mobile USA, Inc.	July 2009
Atlantic Tele-Network, Inc.	Verizon Wireless (Divestiture of Alltel Corporation Assets)	June 2009
AT&T, Inc.	Verizon Wireless (Divestiture of Alltel Corporation Assets)	May 2009
Verizon Communications Inc.	AT&T, Inc. (Divestiture of Centennial Communications Corp. Assets)	May 2009
AT&T, Inc.	Centennial Communications Corp.	November 2008
Verizon Communications Inc.	Alltel Corporation	June 2008

For each of the selected precedent transactions, Evercore calculated certain financial multiples for the target company derived from certain publicly available information for the target company. Specifically, in performing this analysis, Evercore determined the multiples of enterprise value to the forward twelve months of EBITDA (the mean of which was 5.8x and the median of which was 6.7x) for the selected precedent transactions. Evercore then used these multiples to estimate the implied per share equity value reference ranges for MetroPCS. Based on financial estimates provided by MetroPCS management, this analysis indicated the following implied per share equity value reference ranges for MetroPCS:

<b>Valuation Methodology</b>	<b>Selected Valuation Multiple Range for MetroPCS</b>	<b>Implied Equity Value per share Valuation Reference Range for MetroPCS</b>
<b>Enterprise Value as a Multiple of:</b>		
2013 Estimated EBITDA	5.00 7.00x	\$ 7.93 \$15.34

Because the reasons for, and the circumstances surrounding, each of the selected precedent transactions analyzed were so diverse, and because of the inherent differences between the operations and the financial condition of MetroPCS and the companies involved in the selected precedent transactions, Evercore believes that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in the opinion of Evercore, concerning differences between the characteristics of these transactions and the transaction that could affect the value of the subject companies and MetroPCS.

**General**

Evercore is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and



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acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. The special committee selected Evercore because of its expertise, reputation and experience in the wireless telecommunications industry generally and because its investment banking professionals have had substantial experience in transactions comparable to the business combination.

As provided under the terms of Evercore's engagement, MetroPCS has paid Evercore an aggregate fee of \$4.0 million, of which \$1.5 million was paid upon execution of Evercore's engagement letter, \$2.0 million was paid upon delivery by Evercore of its opinion without regard to the conclusions reached therein, and \$500,000 was paid as an additional discretionary amount that the special committee elected to pay to Evercore in its sole discretion. MetroPCS also agreed to reimburse Evercore's expenses and to indemnify Evercore against certain liabilities arising out of its engagement. During the two year period prior to the date of its opinion, no material relationship existed between Evercore and its affiliates and Deutsche Telekom, T-Mobile or MetroPCS, pursuant to which compensation was received by Evercore or its affiliates as a result of such a relationship. Evercore may provide financial or other services to Deutsche Telekom, T-Mobile or MetroPCS in the future and in connection with any such services Evercore may receive compensation.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of MetroPCS, Deutsche Telekom or T-Mobile and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

### **Certain Unaudited MetroPCS Forecasts**

Although MetroPCS periodically may issue limited public guidance concerning its expected financial performance, MetroPCS does not as a matter of course publicly disclose detailed financial forecasts. However, in the course of due diligence in connection with the negotiation of the transaction, MetroPCS provided certain non-public financial forecasts for the years ending December 31, 2012, 2013, 2014 and 2015, which we refer to as the MetroPCS forecasts, to its financial advisors and to Deutsche Telekom and its financial advisors. The MetroPCS forecasts were prepared by MetroPCS management based upon certain internal financial forecasts that are based on reasonable expectations, beliefs, opinions and assumptions of MetroPCS management at the time they were made and are subjective. While the MetroPCS forecasts are being included in this proxy statement, the MetroPCS forecasts were not prepared with a view toward complying with published guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In the view of MetroPCS management, the MetroPCS forecasts were prepared on a reasonable basis and reflected the best then-currently available estimates and judgments of MetroPCS management. The inclusion of the MetroPCS forecasts in this proxy statement should not be regarded as an indication that MetroPCS or any other recipient of this information considered, or now considers, this information to be necessarily predictive of actual future results, and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions and assumptions that underlie such MetroPCS forecasts remain the same as of the date of this proxy statement, and readers are cautioned not to place undue reliance on the prospective financial information.

This prospective financial information has been prepared by, and is the responsibility of, MetroPCS management. Neither MetroPCS independent auditor nor any other independent accountant have examined, compiled, or performed any procedures with respect to the prospective financial information and, accordingly, none have expressed an opinion or any other form of assurance with respect thereto. MetroPCS independent auditor's report included in MetroPCS 2011 Annual Report on Form 10-K incorporated by reference herein relates to MetroPCS historical financial information and does not extend to the prospective financial information and should not be read to do so. The MetroPCS forecasts:

were based upon numerous expectations, beliefs, opinions and assumptions, as further described below, many of which are beyond the control of MetroPCS and may not prove to be accurate and that MetroPCS management at the time believed to be reasonable;

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were originally prepared in the second quarter of 2012;

do not necessarily reflect current estimates or expectations, beliefs, opinions or assumptions management of MetroPCS may have about prospects for MetroPCS business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;

may not reflect estimates, beliefs, opinions or analysis about any other financial period and may not reflect current results, which may be significantly more favorable or less favorable than as set forth below; and

are not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the MetroPCS forecasts will be achieved.

Key assumptions underlying the MetroPCS forecasts include:

Strong revenue growth from 2012 to 2016, largely driven by return to net subscriber growth in 2013 and anticipated increase in ARPU driven by 4G LTE service plans. ARPU represents (a) service revenues less pass through charges for the measurement period, divided by (b) the sum of the average monthly number of customers during such period.

Return to EBITDA margin expansion from 2012 to 2016, largely driven by revenue growth, moderate reduction in churn and declines to cost per gross customer addition and cost per user per month due primarily to scale.

Acquisition of additional spectrum for \$1.5 billion in 2012.

The expected decline in capital expenditures in 2013 onwards due the expected completion of MetroPCS 4G/LTE network build-out.

All of the financial information contained in this section entitled *Certain Unaudited MetroPCS Projections* is forward-looking in nature. This information relates to multiple future years and such information by its nature becomes less predictive with each succeeding year. Actual future financial results may materially vary from the forward-looking information presented above. The financial information is based on assumptions, beliefs and opinions at the time made, which MetroPCS believed to be reasonable at that time.

The information above does not take into account any circumstances or events occurring after the respective dates on which it was prepared. MetroPCS does not intend to update or revise any of the information presented above. The information presented above constitutes forward-looking statements. For additional information on factors which may cause actual future financial results to materially vary from the information presented above, see the sections entitled *Cautionary Note Regarding Forward-Looking Statements* and *Risk Factors* beginning on pages 29 and 33, respectively.

***MetroPCS Forecasts Provided by MetroPCS***

The following information was included in the MetroPCS forecasts:

	2012	2013	2014	2015
(\$ in millions)				
Service Revenue	\$ 4,549	\$ 4,746	\$ 5,047	\$ 5,366
EBITDA (1)	\$ 1,331	\$ 1,359	\$ 1,556	\$ 1,736
Capital Expenditures	\$ 990	\$ 930	\$ 892	\$ 855

- (1) EBITDA is defined as consolidated net income plus depreciation and amortization; gain (loss) on disposal of assets; stock-based compensation expense; gain (loss) on extinguishment of debt; provision for income taxes; interest expense; minus interest and other income and non-cash items increasing consolidated net income.

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**Table of Contents*****Possible Benefits of the Transaction***

In connection with MetroPCS and Deutsche Telekom's respective evaluations of the transaction, representatives of MetroPCS and Deutsche Telekom discussed various potential benefits to MetroPCS of the transaction, including, among other things, potential capital expenditure and operating cost savings (including from reduced operating expenses relating to towers, backhaul and roaming, savings in capacity and expansion capital expenditures, the cost advantage of HSPA+ over CDMA, and savings from procurement and back office efficiencies and common platform efficiencies), potential synergies from expanding the business (including from leveraging technologies from both companies, leveraging market-development and other complementary business capabilities), potential tax synergies, potential operating efficiencies and other benefits.

MetroPCS has disclosed that it expects that the transaction could result in total cost synergies having a net present value of up to \$6 billion to \$7 billion. In particular, MetroPCS expects that the combined company will be able to realize cost synergies with an annual run rate of approximately \$1.2 billion to \$1.5 billion, including (i) approximately \$600 million to \$700 million in annual run rate savings resulting from reduced operating expenses relating to towers, backhaul and roaming, (ii) approximately \$400 million to \$500 million in annual run rate savings resulting from savings in capacity and expansion capital expenditures, (iii) approximately \$200 million to \$300 million in annual run rate savings resulting from the cost advantage of HSPA+ over CDMA and savings from procurement and back office efficiencies, and (iv) up to \$50 million in annual run rate savings resulting from common platform efficiencies. Both MetroPCS and Deutsche Telekom were aware that the amounts of any benefits to the combined company as a result of the transaction were estimates, that they may change, and that achieving any of the benefits would be subject to a number of uncertainties. For additional information related to limitations on these benefits, see the section entitled "Risk Factors" beginning on page 33.

**Certain Unaudited T-Mobile Forecasts**

Although Deutsche Telekom periodically may issue limited public guidance concerning T-Mobile's expected financial performance, Deutsche Telekom does not as a matter of course publicly disclose detailed financial forecasts for T-Mobile. However, in the course of due diligence in connection with the negotiation of the transaction, Deutsche Telekom provided certain non-public financial forecasts with respect to T-Mobile for the years ending December 31, 2012, 2013, 2014 and 2015, which we refer to as the T-Mobile forecasts, to its financial advisors and to MetroPCS and its financial advisors. The T-Mobile forecasts were prepared by Deutsche Telekom and T-Mobile's management based upon certain internal financial forecasts that are based on reasonable expectations, beliefs, opinions and assumptions of Deutsche Telekom and T-Mobile management at the time they were made and are subjective. While the T-Mobile forecasts are being included in this proxy statement, the T-Mobile forecasts were not prepared with a view toward complying with published guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In the view of Deutsche Telekom and T-Mobile's management, the T-Mobile forecasts were prepared on a reasonable basis and reflected the best then-currently available estimates and judgments of Deutsche Telekom and T-Mobile's management. The inclusion of the T-Mobile forecasts in this proxy statement should not be regarded as an indication that Deutsche Telekom, T-Mobile, MetroPCS or any other recipient of this information considered, or now considers, this information to be necessarily predictive of actual future results, and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions and assumptions that underlie such T-Mobile forecasts remain the same as of the date of this proxy statement, and readers are cautioned not to place undue reliance on the prospective financial information.

This prospective financial information has been prepared by, and is the responsibility of, Deutsche Telekom and T-Mobile's management. Neither T-Mobile's independent auditor nor any other independent accountant have examined, compiled, or performed any procedures with respect to the prospective financial information and, accordingly, none have expressed an opinion or any other form of assurance with respect thereto. T-Mobile's independent auditors' report included in this proxy statement relates to T-Mobile's historical

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information. It does not extend to the prospective financial information and should not be read to do so. The T-Mobile forecasts:

were based upon numerous expectations, beliefs, opinions and assumptions, as further described below, many of which are beyond the control of Deutsche Telekom and T-Mobile and may not prove to be accurate;

were finalized on August 30, 2012;

do not necessarily reflect current estimates or expectations, beliefs, opinions or assumptions management of Deutsche Telekom and T-Mobile may have about prospects for T-Mobile's business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;

are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below; and

are not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the T-Mobile forecasts will be achieved.

Key assumptions underlying the T-Mobile forecasts include:

Service revenues return to growth starting in 2014 driven by positive branded contract net customer additions by the end of 2013. Branded contract gross customer additions increases are driven by investment in the growth of the Business-to-Business segment, increases in customer volumes related to bring your own device programs enabled by spectrum refarming from T-Mobile's network modernization program and the launch of unlimited data offerings. Churn is expected to decline across all segments over the planning period as a result of network coverage improvements as part of the network modernization program, and continuing churn reduction program quality improvements, as well as a stronger phone line-up. Deeper investment in the Company's prepaid product line-up and ability to host Mobile Virtual Network Operators also contributes to service revenue growth.

EBITDA improvement trends begin in 2014, driven by growing contract customer revenue, the expansion of the T-Mobile USA Value plan across all channels which will reduce cost per gross addition, a decrease in churn from network modernization and other programs, and continued benefits from cost savings programs.

Capital expenditures will be elevated in 2012 and 2013 due to T-Mobile's network modernization program which has a target LTE deployment of 35,000 network sites by the end of the second quarter of 2013. Capital expenditures are expected to decrease in 2014 and 2015 as the network modernization program ends.

***T-Mobile Forecasts Provided by Deutsche Telekom***

The following information was included in the T-Mobile forecasts:

2012	2013	2014	2015
(in millions)			



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Service Revenue	\$ 17,326	\$ 16,639	\$ 17,041	\$ 17,902
EBITDA Base Case (1)	\$ 4,919	\$ 4,559	\$ 5,084	\$ 5,500
EBITDA Adjusted (1),(2)	\$ 4,919	\$ 5,009	\$ 5,084	\$ 5,500
Capital Expenditures	\$ 3,297	\$ 3,085	\$ 2,485	\$ 2,185

- (1) EBITDA is a non-GAAP financial measure, which T-Mobile defines as earnings before interest, income taxes, depreciation, amortization and impairment charges. T-Mobile adjusts EBITDA to exclude transactions that are not reflective of T-Mobile's ongoing operating performance.
- (2) 2013 includes additional adjustments for an aggregate amount of \$450 million related to non-recurring costs and the effects of customer churn, marketing and cost management programs.

**Table of Contents****Adjustments to T-Mobile Forecasts by MetroPCS Management**

MetroPCS management made certain adjustments to the T-Mobile forecasts provided by Deutsche Telekom based on its judgment and experience in the wireless communications industry. The following table sets forth such adjustments:

	2012	2013	2014	2015
	(in millions)			
<b>Service Revenue:</b>				
From T-Mobile Forecast	\$ 17,326	\$ 16,639	\$ 17,041	\$ 17,902
Adjustment(1)	0	(338)	(495)	(318)
<b>Service Revenue</b>	<b>\$ 17,326</b>	<b>\$ 16,301</b>	<b>\$ 16,546</b>	<b>\$ 17,584</b>
<b>EBITDA:</b>				
From T-Mobile Forecast	\$ 4,919	\$ 4,559	\$ 5,084	\$ 5,500
Adjustment(2)	130	573	(165)	(134)
<b>EBITDA Adjusted</b>	<b>\$ 5,049</b>	<b>\$ 5,132</b>	<b>\$ 4,919</b>	<b>\$ 5,366</b>
<b>Capital Expenditures:</b>				
From T-Mobile Forecast	\$ 3,297	\$ 3,085	\$ 2,485	\$ 2,185
Adjustment(1)	0	(63)	(76)	(42)
<b>Capital Expenditures</b>	<b>\$ 3,297</b>	<b>\$ 3,022</b>	<b>\$ 2,409</b>	<b>\$ 2,143</b>

Note: All T-Mobile forecasts were provided by Deutsche Telekom, and all adjustments were made by MetroPCS management.

- (1) Service Revenue and Capital Expenditures were adjusted by MetroPCS management to reflect possible upside adjustments to T-Mobile's forecast of customer churn, customer acquisition costs and customer additions based on MetroPCS management's experience and discussions with T-Mobile and Deutsche Telekom.
- (2) EBITDA was adjusted by MetroPCS management to reflect (a) possible upside adjustments to customer churn, customer acquisition costs and customer additions based on MetroPCS management's experience and discussions with T-Mobile and Deutsche Telekom, (b) potential upside to the 2013 EBITDA forecast based on MetroPCS management's view of the performance of T-Mobile based on discussions with T-Mobile management, (c) the effects of GAAP adjustments related to the T-Mobile tower transaction and (d) certain non-recurring costs.

**Listing of MetroPCS Common Stock Issued in the Transaction**

It is a condition to the completion of the transaction that the shares of MetroPCS common stock that will be issued to Holding or its designee in the transaction will have been approved for listing on the NYSE, subject to official notice of issuance.

**Regulatory Approvals**

The parties have agreed to use their reasonable best efforts to obtain all authorizations, consents, orders or other approvals required from governmental entities to complete the transaction.

**Federal Communications Commission**

Under the Communications Act of 1934, as amended, which we refer to as the Communications Act, as a condition to, and before the completion of, the transaction, the FCC must approve the transfer of control of MetroPCS's licenses and authorizations in connection with the transaction, which will result from 74% of the fully-diluted shares of MetroPCS common stock being owned by Deutsche Telekom following the completion of the transaction. In connection with such approval, the FCC must determine whether Deutsche Telekom is

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qualified to control MetroPCS licenses and authorizations and whether the transfer of control of such licenses is consistent with the public interest, convenience and necessity. Since Deutsche Telekom, upon completion of the transaction, will be the beneficial owner of MetroPCS common stock held by Holding and Deutsche Telekom and Holding are not incorporated in the United States, the FCC must also issue a declaratory ruling pursuant to Section 310 of the Communications Act that the foreign ownership of MetroPCS is not inconsistent with the public interest. MetroPCS and T-Mobile filed transfer of control applications with the FCC on October 18, 2012.

### ***United States Antitrust Laws***

Under the HSR Act and the rules promulgated under that act by the FTC, the transaction may not be completed until notifications have been given and information furnished to the FTC and to the Antitrust Division, and the specified waiting period has been terminated or has expired without the commencement of a lawsuit. MetroPCS and T-Mobile each filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on October 19, 2012. On November 19, 2012, MetroPCS and Deutsche Telekom received a request for additional information, which we refer to as the second request, from the Antitrust Division. The effect of the second request is to extend the waiting period imposed by the HSR Act until 30 days after MetroPCS and Deutsche Telekom have substantially complied with the second request, unless that period is extended voluntarily by the parties or terminated sooner by the Antitrust Division. At any time before or after completion of the transaction, the FTC or the Antitrust Division could act under the antitrust laws to prevent a substantial lessening of competition or the creation of a monopoly, including by seeking to enjoin completion of the transaction or seeking divestiture of substantial assets, businesses or product lines of MetroPCS or T-Mobile.

The transaction could also be the subject of challenges by private parties or state attorneys general under the state or federal antitrust laws.

### ***Committee on Foreign Investment in the United States***

Under the Exon-Florio Amendment to the Defense Production Act of 1950, the President of the United States has the authority to investigate and, where necessary, suspend or prohibit any foreign acquisition, merger or takeover of companies engaged in U.S. interstate commerce or determined to threaten U.S. national security. By executive order, the President has delegated his investigatory powers under the Exon Florio Amendment to the CFIUS, an interagency committee chaired by the U.S. Treasury Department. Deutsche Telekom anticipates filing a voluntary notification of the transaction with the CFIUS in early 2013, seeking confirmation that the transaction contemplated by the business combination agreement does not threaten national security. The CFIUS has 30 days from the date of that filing to determine whether to pursue further investigation of the transaction.

### ***Other Telecommunications Approvals***

MetroPCS and T-Mobile may make filings with state public utility commissions, domestic regulatory authorities, and, if required, foreign regulatory authorities in order to complete the transaction.

### ***Litigation Relating to the Transaction***

Since the announcement on October 3, 2012 of the execution of the business combination agreement, MetroPCS, Deutsche Telekom, Global, Holding, T-Mobile (we refer to Deutsche Telekom, Global, Holding and T-Mobile, collectively, herein as the T-Mobile defendants) and the members of the MetroPCS board, which we refer to as the MetroPCS board members, including an officer of MetroPCS, have been named as defendants in multiple putative stockholder derivative and class action complaints challenging the transaction.

As of the date of this proxy statement, the lawsuits include:

a putative class action lawsuit filed by Paul Benn, an alleged MetroPCS stockholder, on October 11, 2012 in the Delaware Court of Chancery, *Paul Benn v. MetroPCS Communications, Inc. et al.*, Case No. C.A. 7938-CS, which we refer to as the Benn action;

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a putative class action lawsuit filed by Joseph Marino, an alleged MetroPCS stockholder, on October 11, 2012 in the Delaware Court of Chancery, *Joseph Marino v. MetroPCS Communications, Inc. et al.*, Case No. C.A. 7940-CS, which we refer to as the Marino action;

a putative class action lawsuit filed by Robert Picheny, an alleged MetroPCS stockholder, on October 22, 2012 in the Delaware Court of Chancery, *Robert Picheny v. MetroPCS Communications, Inc. et al.*, Case No. C.A. 7971-CS, which we refer to as the Picheny action;

a putative class action filed by James S. McLearie, an alleged MetroPCS stockholder, on November 5, 2012 in the Delaware Court of Chancery, *James McLearie v. MetroPCS Communications, Inc. et al.*, Case No. C.A. 8009-CS, which we refer to as the McLearie action, and together with the Benn action, the Marino action and the Picheny action, the Delaware actions;

a putative class action and shareholder derivative action filed by Adam Golovoy, an alleged MetroPCS stockholder, on October 10, 2012 in the Dallas, Texas County Court at Law, *Adam Golovoy et al. v. Deutsche Telekom et al.*, Cause No. CC-12-06144-A, which we refer to as the Golovoy action; and

a putative class action and shareholder derivative action filed by Nagendra Polu and Fred Lorquet, who are alleged MetroPCS stockholders, on October 10, 2012 in the Dallas, Texas County Court at Law, *Nagendra Polu et al. v. Deutsche Telekom et al.*, Cause No. CC-12-06170-E, which we refer to as the Polu action, and together with the Golovoy action, the Texas actions.

The various plaintiffs in the lawsuits allege that the individual defendants breached their fiduciary duties by, among other things, failing to (i) obtain sufficient value for the MetroPCS stockholders in the transaction, (ii) establish a process that adequately protected the interests of the MetroPCS stockholders, and (iii) adequately ensure that no conflicts of interest occurred. The plaintiffs also allege that the individual defendants breached their fiduciary duties by agreeing to certain terms in the business combination agreement that allegedly restricted the defendants' ability to obtain a more favorable offer, including certain of the provisions described in the sections entitled Summary of the Business Combination Agreement No Solicitation of Alternative Proposals, Change in the MetroPCS Board's Recommendation and Effect of Termination beginning on pages 142, 144 and 152, respectively, and that those provisions, together with the support agreement and rights agreement amendment described in the sections entitled Summary of Ancillary Agreements Voting and Support Agreement and Rights Agreement Amendment beginning on pages 158 and 160, respectively, constitute breaches of the individual defendants' fiduciary duties. The plaintiffs seek injunctive relief, unspecified damages, an order rescinding the business combination agreement, unspecified punitive damages, attorney's fees, other expenses, and costs. All of the plaintiffs seek a determination that their alleged claims may be asserted on a class-wide basis. In addition, the plaintiffs in the Texas actions assert putative derivative claims, as stockholders on behalf of MetroPCS, against the individually named defendants for breach of fiduciary duty, abuse of control, gross mismanagement, unjust enrichment and corporate waste in connection with the transaction.

On November 5, 2012, the plaintiff in the Golovoy action filed a motion seeking to restrain and enjoin the MetroPCS and the MetroPCS board members, which we refer to collectively as the MetroPCS defendants, from complying with the force-the-vote provision in the business combination agreement and from declaring a distribution date under, or issuing rights certificates in conjunction with, MetroPCS rights agreement. On November 12, 2012, the MetroPCS defendants filed a motion to dismiss or stay the Texas actions based on a mandatory forum selection provision in the MetroPCS bylaws, which requires that all derivative claims and all claims for breach of fiduciary duty against the MetroPCS board members must be filed and litigated only in the Delaware Court of Chancery, and sought dismissal for failure to plead standing to pursue derivative claims on behalf of MetroPCS.

On November 16, 2012, the trial court issued a temporary restraining order, which we refer to as the TRO order, restraining the MetroPCS defendants from complying with the force the vote provision in the business combination agreement and from declaring a distribution date under, or issuing rights certificates in conjunction

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with, MetroPCS rights agreement, and set a temporary injunction hearing for November 29, 2012. On November 19, 2012, the MetroPCS defendants and the T-Mobile defendants filed a petition for writ of mandamus and a motion to stay with the Court of Appeals for the Fifth District at Dallas, which we refer to as the appellate court, to stay and overturn the TRO order based on the mandatory forum selection provision in the MetroPCS bylaws which requires that the claims in the Texas actions must be dismissed and pursued only in the Delaware Court of Chancery, and to stay the temporary injunction hearing. On November 20, 2012, the appellate court stayed the trial court's ruling, cancelled the scheduled temporary injunction hearing, and ordered briefing on the issues raised in the petition for writ of mandamus. All briefs have been filed. No hearing has been scheduled.

On November 28, 2012, the plaintiff in the Marino action filed an amended class action complaint alleging breach of fiduciary duty by the MetroPCS board members in connection with the terms of the business combination agreement, as well as alleging that MetroPCS has failed to make full and fair disclosure of all information and analyses presented to and considered by the MetroPCS board members, and alleging that the T-Mobile defendants aided and abetted such claimed breaches of fiduciary duty, and motions seeking expedited proceeding and discovery and to enjoin the defendants from taking any action to consummate the business combination between MetroPCS and the T-Mobile defendants. No hearing has been set on these motions. On November 30, 2012, all of Delaware actions were consolidated into a single action, now captioned *MetroPCS Communications, Inc. Shareholder Litigation*, Consolidated C.A. No. 7938-CS.

The MetroPCS defendants plan to defend vigorously against the claims made in the Delaware actions and the Texas actions.

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**SUMMARY OF THE FINANCING**

The transaction is expected to be financed by the issuance by Wireless or T-Mobile of senior unsecured notes in an aggregate principal amount of up to \$18.5 billion as follows:

\$15.0 billion of senior unsecured notes, which we refer to as the \$15.0 billion notes, to be issued by T-Mobile and purchased by Deutsche Telekom to refinance certain intercompany indebtedness owed by T-Mobile and its subsidiaries to Deutsche Telekom and its subsidiaries (excluding T-Mobile and its subsidiaries);

\$2.5 billion of senior unsecured notes, which we refer to as the \$2.5 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which we intend to use to refinance the Wireless existing senior credit facility; and

\$1.0 billion of senior unsecured notes, which we refer to as the \$1.0 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which we intend to use for general corporate purposes, including to fund in part the cash payment.

In addition to the notes issued to finance the transaction, Deutsche Telekom (or one of its subsidiaries if the obligations of such subsidiary thereunder are unconditionally guaranteed by Deutsche Telekom) will make available for the benefit of T-Mobile and its subsidiaries, on the closing date of the transaction, an unsecured revolving credit facility with a maximum principal amount of no less than \$500 million to be used for working capital and other general corporate purposes, on terms substantially as set forth on Exhibit H to the business combination agreement, which we refer to as the working capital revolving credit facility.

Deutsche Telekom has committed, pursuant to the terms of the business combination agreement, to purchase (or to cause one or more of its subsidiaries to purchase) (i) the \$15.0 billion notes and (ii) any portion of the \$2.5 billion notes and the \$1.0 billion notes that are not sold to third-party investors. The economic terms, including the interest rate, the tenor, the no-call period and the redemption premium, of each series of notes to be purchased by Deutsche Telekom, which we refer to as the Deutsche Telekom notes, will be determined as set forth in the Deutsche Telekom notes pricing schedule, attached as Exhibit F to the business combination agreement. The proceeds of any issuances of debt securities by MetroPCS, or any of its subsidiaries, including Wireless, to third parties following the date of the business combination agreement will reduce the commitments of Deutsche Telekom in respect of the \$2.5 billion notes and the \$1.0 billion notes in the manner and to the extent described in the financing backstop terms and conditions schedule, attached as Exhibit I to the business combination agreement.

Each series of senior unsecured notes that may be offered by Wireless to third-party investors on or prior to the closing of the transaction, which we refer to as the permitted Wireless notes, will (a) have a maturity date of not less than seven and not more than twelve years from the date of issuance thereof, (b) have a call protection pricing schedule that is customary for high yield debt securities, (c) have a non-call period for permitted Wireless notes (i) with maturities of seven years, of not more than three years from the date of issuance, (ii) with maturities of greater than seven years and not greater than nine years, of not more than four years from the date of issuance, (iii) with maturities of greater than nine years and not greater than eleven years, of not more than five years from the date of issuance, and (iv) with maturities of greater than eleven years, of not more than six years from the date of issuance, (d) have an effective yield to maturity, at time of issuance thereof (taking into account any issuance fees, including underwriting fees, or original issue discount thereon), that is not greater than the initial yield that would be applicable to non-reset Deutsche Telekom notes of the same tenor, if such Deutsche Telekom notes were to be issued on the same date as such permitted Wireless notes, as calculated in accordance with the Deutsche Telekom notes pricing schedule, attached as Exhibit F to the business combination

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agreement, (e) expressly permit the transaction and the related transactions (without the need to obtain any waiver, pay any fee, or make any offer to purchase), and (f) otherwise be on the terms set forth in the description of notes attached as Exhibit G to the business combination agreement; provided, further, that the proceeds of any permitted Wireless notes will be used solely as permitted in the business combination agreement.

On December 5, 2012, in connection with the consent solicitation and the entry by Wireless into the revised supplemental indentures, MetroPCS and Deutsche Telekom entered into a letter agreement, which we refer to as the Deutsche Telekom notes letter agreement, that, among other things, amended Exhibit G to the business combination agreement to reflect certain of the amendments to the covenants, events of default and other non-economic terms that were made applicable to the Wireless existing notes as a result of the consent solicitation. As a result, to the extent set forth in the Deutsche Telekom notes letter agreement, any notes issued by MetroPCS or its subsidiaries after the date of the business combination agreement that will be assumed by T-Mobile at the closing are required to have covenants, events of default and other non-economic terms that match those that were made applicable to the Wireless existing notes as a result of the consent solicitation (to the extent such revisions will continue to be effective as to the Wireless existing notes following the completion of the transaction).

**\$15.0 Billion Notes to Refinance T-Mobile-Deutsche Telekom Intercompany Indebtedness, and up to \$3.5 Billion Notes as Backstop for \$2.5 Billion Wireless Credit Agreement Refinancing and \$1.0 Billion Wireless New Notes**

The \$15.0 billion notes will be issued by T-Mobile to Deutsche Telekom or a subsidiary of Deutsche Telekom pursuant to an indenture, which we refer to as the Deutsche Telekom notes indenture, containing the terms set forth in the description of notes attached as Exhibit G to the business combination agreement, as amended by the Deutsche Telekom notes letter agreement. The Deutsche Telekom notes will be unsecured. The Deutsche Telekom notes will be guaranteed by the combined company (the direct parent of T-Mobile following the transaction) and by all of T-Mobile's wholly-owned domestic restricted subsidiaries (other than immaterial subsidiaries), all of T-Mobile's restricted subsidiaries that guarantee certain of T-Mobile's indebtedness, and any future subsidiary of the combined company that directly or indirectly owns any of T-Mobile's equity interests.

The \$15.0 billion notes will have maturities ranging from six to eleven years. In addition, the \$15.0 billion notes will be divided into (i) six series of senior unsecured notes having interest rates that remain constant through maturity, which we refer to as the non-reset notes, and (ii) six series of senior unsecured notes, one-third of which will be re-priced every six months, beginning two years after the date of issuance and ending three years after the date of issuance, which we refer to as the reset notes. The no-call period with respect to each series of non-reset notes will range from two to five years after the issuance thereof. The no-call period with respect to each series of reset notes will range from four to six years after the issuance thereof, or two or three years after the applicable reset date of such series. Each series of the \$15.0 billion notes will be in a principal amount of \$1.25 billion. In addition, to the extent Deutsche Telekom purchases the \$2.5 billion notes or the \$1.0 billion notes, which we refer to, collectively, as the additional notes (described further below), such notes will be divided equally into non-reset notes and reset notes, and will have maturities varying between three and eight years.

Both the reset notes and non-reset notes will be priced at the closing of the transaction, and the reset notes will be re-priced at the applicable time, according to a formula, the first component of which is a reference yield which is based upon (i) three indices of high-yield bonds issued by telecommunications companies (50% weight (or 2/3s weight, if qualifying securities of the type described in either (but not both) of the following clauses (ii) and (iii) are not available at the time of calculation, or 100% weight, if qualifying securities of the type described in both of the following clauses (ii) and (iii) are not available at the time of calculation)), (ii) the prices of comparable bonds issued by Sprint Nextel Corporation or any successor or assign thereof (25% weight (or 1/3 weight, if qualifying securities of the type described in the following clause (iii) are not available at the time of calculation or zero weight if qualifying securities of the type described in this clause (ii) are not available at the time of calculation)) and (iii) the prices of Wireless securities (25% weight (or 1/3 weight, if qualifying securities

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of the type described in the previous clause (ii) are not available at the time of calculation or zero weight if qualifying securities of the type described in this clause (iii) are not available at the time of calculation)), all as of the applicable time (and provided that the yield of each index, bond or other qualifying security shall be increased (or decreased) for purposes of this calculation by 12.5 basis points per year, calculated to the day, by which the effective tenor of such index, bond or security (calculated as the tenor resulting in the yield to worst) is less than (or greater than) eight years. The reference yield will then be adjusted as follows: (1) *plus* 100 basis points for reset notes or 187.5 basis points for non-reset notes, (2) *plus* or *minus* 12.5 basis points per year, calculated to the day, by which the remaining tenor of the series of notes being repriced is longer or shorter than eight years; (3) *plus* a distribution fee of 200 basis points (spread in the coupon based upon the tenor of the applicable note).

By way of example, in the case of the \$15.0 billion notes, if the transaction closed on [ ] (based on applicable prices for the indices and securities described in clauses (i) through (iii) above assuming such a closing date):

The series of non-reset notes with the shortest tenor of six years would have a coupon of [ ]% per annum and a no-call period of two years, would be redeemable at a premium equal to half of the coupon in year three, at a premium of a quarter of the coupon in year four and would be redeemable at par in years five and six.

The series of non-reset notes with the longest tenor of eleven years would have a coupon of [ ]% per annum and a no-call period of five years, would be redeemable at a premium equal to half of the coupon in year six, at a premium of a third of the coupon in year seven, at a premium of a sixth of the coupon in year eight and would be redeemable at par in years nine through eleven.

The series of reset notes with the shortest tenor of six years would initially have a coupon of [ ]% per annum, which coupon would reset on the second anniversary of the issuance thereof. This series of notes would be no-call through the reset date and for a period of two years thereafter, would be redeemable at a premium equal to half of the coupon in year five and would be redeemable at par in year six.

The series of reset notes with the longest tenor of eleven years would initially have a coupon of [ ]% per annum, which coupon would reset on the third anniversary of the issuance thereof. This series of notes would be no-call through the reset date and for a period of three years thereafter, would be redeemable at a premium equal to half of the coupon in year seven, at a premium of a quarter of the coupon in year eight and would be redeemable at par in years nine through eleven.

In the case of the additional notes, if the transaction closed on [ ] (based on applicable prices for the indices and securities described in clauses (i) through (iii) above assuming such a closing date):

The series of non-reset notes with the shortest tenor of three years would have a coupon of [ ]% per annum and would be no-call through maturity.

The series of non-reset notes with the longest tenor of eight years would have a coupon of [ ]% per annum and a no-call period of four years, would be redeemable at a premium equal to half of the coupon in year five, at a premium of a quarter of the coupon in year six, and would be redeemable at par in years seven and eight.

The series of reset notes with the shortest tenor of three years would initially have a coupon of [ ]% per annum, which coupon would reset on the second anniversary of the issuance thereof (or, under some circumstances, depending on the amounts of additional notes issued, six months after the second anniversary of the issuance thereof, as described in Exhibit F to the business combination agreement). This series of notes would be no-call through maturity.



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The series of reset notes with the longest tenor of eight years would initially have a coupon of [ ]% per annum, which coupon would reset on the second anniversary of the issuance thereof (or, under

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some circumstances, depending on the amounts of additional notes issued, six months after the second anniversary of the issuance thereof, or on the third anniversary of the issuance thereof, as described in Exhibit F to the business combination agreement). This series of notes would be no-call through the reset date and for a period of three years thereafter (or, in the case of reset notes with an eight year tenor that reset on the third anniversary of the issuance thereof, for a period of two years thereafter), would be redeemable at a premium equal to half of the coupon in the first year after the end of the no-call, at a premium of a quarter of the coupon in the succeeding year, and would be redeemable at par thereafter.

The Deutsche Telekom notes indenture will contain customary events of default, covenants and other terms, including, among other things, covenants that restrict the ability of the issuer and its subsidiaries to, *inter alia*, pay dividends and make certain other restricted payments, incur indebtedness and issue preferred stock, create liens on assets, sell or otherwise dispose of assets, enter into transactions with affiliates and enter new lines of business, all as described in the description of notes attached as Exhibit G to the business combination agreement. These covenants include certain customary baskets, exceptions and incurrence-based ratio tests. The Deutsche Telekom notes indenture will not contain any financial maintenance covenants.

Pursuant to an agreement to be entered into by T-Mobile and Deutsche Telekom on the closing date and described on Exhibit J to the business combination agreement, Deutsche Telekom, as holder of the Deutsche Telekom notes, will have certain special rights, and will be subject to certain special restrictions, that do not apply to other holders of those notes, including among other things (i) a more broadly defined change in control put right, (ii) restrictions on its ability to tender shares into a change in control offer following a change in control resulting from a transfer of common stock of T-Mobile by Deutsche Telekom unless all holders of common stock are required or entitled to participate on the same terms, (iii) a right to consent to equity issuances the proceeds of which would be used to redeem notes held by Deutsche Telekom, and (iv) a right to consent to any redemption of the Deutsche Telekom notes held by Deutsche Telekom with the proceeds of any equity issuance by T-Mobile or the combined company.

**\$2.5 Billion to Refinance Wireless Credit Agreement**

It is currently contemplated that the \$2.5 billion notes will be issued and the proceeds will be used to pay off the approximately \$2.5 billion in principal amount of indebtedness, which we refer to as the credit agreement refinancing, currently owed by Wireless under the Third Amended and Restated Credit Agreement, dated as of March 17, 2011, among Wireless, as Borrower, the Guarantors party thereto, the Lenders from time to time parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as modified by the Incremental Commitment Agreement, dated as of May 10, 2011 and as further amended and restated, supplemented or modified from time to time, which we refer to as the Wireless existing senior credit facility. Wireless, in consultation with Deutsche Telekom, is permitted to offer and sell permitted Wireless notes in an amount sufficient for the credit agreement refinancing at any time prior to the closing of the transaction. In the event that the credit agreement refinancing has not been consummated for the full principal amount of the Wireless existing senior credit facility indebtedness on or prior to the closing of the transaction, Deutsche Telekom will purchase additional Deutsche Telekom notes at the closing of the transaction in an amount necessary to repay the Wireless existing senior credit facility in full, up to a maximum amount of \$2.5 billion. Any additional Deutsche Telekom notes would be issued under the Deutsche Telekom notes indenture described above with the maturities and pricing described above.

Deutsche Telekom will be entitled to a commitment fee, payable by T-Mobile within one business day after the closing of the transaction, equal to 150 basis points of the \$2.5 billion Deutsche Telekom commitment amount; provided that T-Mobile, as the wholly-owned subsidiary of the combined company following the transaction, will be entitled to a fee reduction equal to (1) 100 basis points of the amount of Deutsche Telekom's commitment that is reduced with proceeds from the issuance of permitted Wireless notes, which we refer to as the take-out proceeds, within four and one-half months after pro forma financial statements giving effect to the

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transaction are available (which pro forma financials shall be deemed to be available after this proxy statement is filed in definitive form with the SEC) or (2) 50 basis points of the amount of Deutsche Telekom's commitment that is reduced with take-out proceeds between four and one-half months and seven and one-half months following the availability of the pro forma financials.

**\$1.0 Billion Wireless New Notes**

In addition, the business combination agreement permits Wireless or its direct parent company, in consultation with Deutsche Telekom, to issue up to \$1.0 billion of additional permitted Wireless notes prior to the closing of the transaction. In the event that the \$1.0 billion notes are not sold to third party investors by the closing of the transaction or are sold to third party investors in an aggregate principal amount of less than \$1.0 billion, Deutsche Telekom will purchase additional Deutsche Telekom notes at the closing of the transaction in an amount equal to such shortfall. Any additional Deutsche Telekom notes would be issued under the Deutsche Telekom notes indenture described above with the maturities and pricing described above. It is currently anticipated that the proceeds of the \$1.0 billion notes will be used for general corporate purposes, including to fund in part the cash payment due from Wireless in connection with the transaction.

Deutsche Telekom will be entitled to a commitment fee, payable by T-Mobile within one business day after the closing of the transaction, equal to 150 basis points of the \$1.0 billion Deutsche Telekom commitment amount; provided that T-Mobile, as the wholly-owned subsidiary of the combined company following the transaction, will be entitled to a fee reduction equal to (1) 100 basis points of the amount of Deutsche Telekom's commitment that is reduced with take-out proceeds within nine months after the signing of the business combination agreement or (2) 50 basis points of the amount of Deutsche Telekom's commitment that is reduced with take-out proceeds between nine and twelve months after the signing of the business combination agreement.

**\$500 Million Working Capital Revolving Credit Facility**

The business combination agreement further provides that Deutsche Telekom or one of its subsidiaries will make the working capital revolving credit facility available to T-Mobile and its subsidiaries on the closing date of the transaction. The working capital revolving credit facility will be unsecured but guaranteed by the combined company and by all of T-Mobile's wholly-owned domestic restricted subsidiaries (other than immaterial subsidiaries), all of T-Mobile's restricted subsidiaries that guarantee certain of T-Mobile's indebtedness, and any future subsidiary of the combined company that directly or indirectly owns any of T-Mobile's equity interests.

The working capital revolving credit facility will have an availability period of up to five years. Borrowings under the working capital revolving credit facility will bear interest at a variable rate based on the London Interbank Offered Rate *plus* a spread of between 250 and 300 basis points, to be determined by reference to the borrower's debt-to-cash flow ratio. Also in connection with the working capital revolving credit facility, T-Mobile will pay Deutsche Telekom (1) an upfront fee equal to 50 basis points of the maximum principal amount of the working capital revolving credit facility, payable within one business day after the closing of the transaction, and (2) an unused commitment fee, payable quarterly, ranging from 25 to 50 basis points of any undrawn portion of the working capital revolving credit facility, to be determined by reference to the borrower's debt-to-cash flow ratio.

The working capital revolving credit facility will contain events of default, representations, warranties, covenants and other terms that are customary and substantially consistent with the Wireless existing senior credit facility, with changes to reflect certain baskets and exceptions and other terms provided in the Deutsche Telekom notes indenture. The working capital revolving credit facility will also include a financial covenant requiring that the borrower's debt-to-cash flow ratio shall not exceed 4.0 to 1.0, which applies as a condition to borrowing (tested at the time of the borrowing giving pro forma effect to the borrowing) and at any time there are borrowings outstanding (tested on a quarterly basis).

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**Consent Solicitation for Amendments to Wireless Existing Notes**

On December 5, 2012, Wireless commenced the consent solicitation, seeking to amend the indentures governing each series of the Wireless existing notes. On December 14, 2012, following the receipt of the requisite consents in the consent solicitation, Wireless, the guarantors named therein and the trustee entered into revised supplemental indentures that now govern the Wireless existing notes. Among other things, the revised supplemental indentures modified the definition of "Change in Control" so that the consummation of the transaction will not be considered a change in control under the indentures governing the Wireless existing notes. The revised supplemental indentures also conformed the covenants, events of default and other non-economic terms previously applicable to the Wireless existing notes to certain covenants, events of default and other non-economic terms that are anticipated to apply to the Deutsche Telekom notes. Further, the supplemental indentures also made certain other changes to the covenants, events of default and other non-economic terms of the Wireless existing notes that will apply only until such time, if any, as such notes are assumed by T-Mobile upon the consummation of the transaction, but that will be permanent if the transaction is not consummated. As required under the terms of the business combination agreement, Deutsche Telekom consented to the proposed amendments to the indentures governing the Wireless existing notes.

As a result of the consummation of the consent solicitation and the entry into the revised supplemental indentures relating to the Wireless existing notes, Deutsche Telekom's commitment, pursuant to the business combination agreement, to purchase additional notes in an amount sufficient to satisfy such change of control obligations, has been terminated, and the commitment fee of 150 basis points of the \$2.0 billion Deutsche Telekom commitment with respect to the Wireless existing notes has been reduced by 100 basis points and the remaining 50 basis points will be paid by T-Mobile at the closing of the transaction.

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**INTERESTS OF METROPCS DIRECTORS AND OFFICERS IN THE TRANSACTION**

In considering the recommendation of the MetroPCS board that you vote to approve the stock issuance proposal and the new certificate of incorporation proposal, you should be aware that some of MetroPCS directors and officers have interests in the transaction that are different from, or in addition to, those of MetroPCS stockholders generally. The MetroPCS board and the special committee were aware of and considered these potential interests, among other matters, in evaluating the business combination agreement and the transaction, and in recommending to you that you approve the MetroPCS stock issuance and the amendment and restatement of MetroPCS certificate of incorporation in connection with the transaction.

**Certain Director Relationships**

James N. Perry, Jr., a member of the MetroPCS board, is a managing director of Madison Dearborn Partners, LLC, a private equity firm, which is an affiliate of Madison Dearborn, one of MetroPCS greater than 5% stockholders, and a general partner of various investment funds affiliated with Madison Dearborn. Madison Dearborn entered into the support agreement with Deutsche Telekom relating to the transaction, which is described in Summary of the Ancillary Agreements Voting and Support Agreement beginning on page 158.

**Positions after Completion of the Transaction**

Following the completion of the transaction, two existing members of the MetroPCS board, who are expected to be James N. Perry, Jr. and John (Jack) F. Callahan, Jr., will continue to be directors of MetroPCS, and it is anticipated that certain of the executive officers of MetroPCS will continue to be executive officers of the combined company, as described under the section entitled Board of Directors and Management after the Transaction beginning on page 126. Any executive officer, including the named executive officers, who is not identified prior to the closing of the transaction to be an executive officer of the combined company following the closing will not be deemed to be an executive officer of the combined company following the closing.

For at least one year after the completion of the transaction, the combined company will, and Deutsche Telekom will cause the combined company to, provide any of the combined company's continuing employees with compensation (other than equity compensation), severance pay and employee benefits that are substantially comparable, in the aggregate, to the existing compensation (other than equity compensation), severance pay and benefits currently provided by MetroPCS. In addition, each continuing employee of the combined company will receive service credit under any new combined company benefit plans to the extent credited under MetroPCS existing benefit plans for all purposes of determining eligibility to participate, vesting and level of benefits, including for purposes of vacation, severance and paid time off benefits (but not for benefit accrual purposes, for the purpose of qualifying a subsidized early retirement benefit, or if such credit would result in a duplication of benefits). After the closing, the combined company agreed to use its reasonable best efforts to make a decision whether to continue the employment of any combined company employee and communicate such decision within one year of closing to such combined company employee. The business combination agreement further provides that employees are not third-party beneficiaries of such agreement.

**Severance Pay Plan**

MetroPCS board previously adopted a severance pay plan, which we refer to as the severance plan, that provides for severance benefits to all officers of MetroPCS, including its executive officers. Eligible officers will not receive any compensation under the severance plan solely due to the completion of the transaction.

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The severance plan provides that an eligible officer listed in the table below will be entitled to a severance payment in accordance with the guidelines indicated below if his or her employment is terminated by MetroPCS without cause or by the eligible officer for good reason.

<b>Tier</b>	<b>Position</b>	<b>Severance Payment</b>	<b>Severance Period</b>
Tier 1	Chief Executive Officer	2.0 times Annual Compensation (as defined below)  + Pro-Rata Additional Payment	24 months
Tier 2	President and Chief Operating Officer, Vice Chairmen, Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents who report directly to the Chief Executive Officer	1.5 times Annual Compensation  + Pro-Rata Additional Payment	18 months
Tier 3	All other Vice Presidents who are officers of MetroPCS, with the exception of those Vice Presidents who report directly to the Chief Executive Officer (and not including staff vice presidents or regional vice presidents)	.75 times Annual Compensation  + Pro-Rata Additional Payment	9 months

For purposes of the calculation of the severance payments, Annual Compensation is an amount equal to the annualized base salary for the eligible officer, plus the eligible officer's Pro-Rata Additional Payment, which is the product, pro-rated for the number of days the eligible officer was employed by MetroPCS or an affiliate of MetroPCS during the calendar year in which his or her employment was severed, of the percentage set forth below for the eligible officer multiplied by the eligible officer's annualized base salary. Additionally, the eligible officer would receive a one-time payment equal to the eligible officer's Pro-Rata Additional Payment attributable to the year in which the termination of employment occurs.

<b>Tier</b>	<b>Position</b>	<b>Additional Payment</b> (percentage of annualized base salary)
Tier 1	Chief Executive Officer	140%
Tier 2	President and Chief Operating Officer	90%
	Vice Chairman, Chief Financial Officer	80%
	Vice Chairman, General Counsel & Secretary	75%
	Senior Vice Presidents	65%
	Vice Presidents who report directly to the Chief Executive Officer	40%
	Vice President, Regional General Manager	50%
Tier 3	Vice Presidents other than Regional General Managers and Vice Presidents who report directly to the Chief Executive Officer	40%

For a Tier 1, Tier 2 or Tier 3 officer to be deemed an eligible officer and receive the benefits described above in full, the officer must have been continuously employed by MetroPCS or an affiliate of MetroPCS for a period of two or more years following the officer's hire date. In certain circumstances, new officers and other officers who have not been in continuous service with MetroPCS for a period of two years will be entitled to a pro-rata portion of the severance payments described above based on the officer's length of service with MetroPCS.

In addition to the severance payments described above, an eligible officer will also be entitled to an amount equal to the sum of all accrued and unpaid salary as of the date of termination, any reimbursement of business

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expenses incurred prior to termination, any accrued vacation pay not paid, any vested and unpaid annual cash performance awards and any vested or accrued other benefits, plus a reimbursement in an amount equal to the aggregate applicable monthly premiums required for the eligible officer and his or her dependents to continue health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, which we refer to as COBRA, during the eligible officer's applicable severance period as set forth in the chart above.

Under the terms of the severance plan, the severance payments and the COBRA reimbursements will be paid monthly in substantially equal increments in accordance with MetroPCS's normal payroll practices during the eligible officer's applicable severance period as set forth in the chart above. The first such monthly payment will be made on the 60th day following the eligible officer's termination of employment. The payment of the severance payments and the COBRA reimbursements is conditioned upon the eligible officer's execution and delivery of a customary release agreement in favor of MetroPCS and certain affiliated parties. In addition to customary release language, the release agreement includes a non-compete provision applicable for a period equal to the eligible officer's applicable severance period. If the eligible officer elects to accept employment with a listed MetroPCS competitor or otherwise breaches the non-compete provisions of the release agreement, MetroPCS may stop making severance payments and reimbursing for COBRA coverage.

Upon a termination by MetroPCS without cause or by the eligible officer for good reason, the eligible officer's outstanding awards under MetroPCS's equity incentive compensation plans will receive the following treatment:

All unvested stock option awards granted pursuant to the Second Amended and Restated MetroPCS, Inc. 1995 Stock Option Plan, as amended, which we refer to as the 1995 Plan, the Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan, which we refer to as the 2004 Plan, and the MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan, which we refer to as the 2010 Plan and which we refer to, collectively with the 1995 Plan and the 2004 Plan, as the MetroPCS equity incentive compensation plans, will be immediately forfeited without any further payment;

All vested but unexercised stock option awards granted pursuant to the 1995 Plan shall remain exercisable by the eligible officer for a period of three months following the eligible officer's termination of employment;

All vested but unexercised stock option awards granted pursuant to the 2004 Plan or the 2010 Plan shall remain exercisable by the eligible officer for a period of six months following termination of employment;

All unvested restricted stock granted pursuant to the MetroPCS equity incentive compensation plans shall be immediately forfeited without further payment;

Any unvested annual performance awards granted pursuant to the MetroPCS equity incentive compensation plans shall be immediately forfeited without further payment; and

All other awards under the MetroPCS equity incentive compensation plans shall be immediately forfeited without further payment.

## **Change in Control Agreements**

In 2010, MetroPCS entered into change in control agreements that provide for payments to be made to certain key officers, including all of the MetroPCS named executive officers, whose employment is terminated by MetroPCS without cause or as a condition to the completion of a change in control transaction, or by the employee for good reason, during the 18 month period following a change in control (which includes the completion of the transaction), which we refer to as the protection period. The benefits payable to any executive officer under the change in control agreements are in lieu of any other payments or benefits payable under any other severance plan, policy or arrangement maintained by MetroPCS, including the severance pay plan described above.





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Executive officers will generally be entitled to the following severance benefits if their employment is terminated during the protection period by MetroPCS or the combined company without cause or by the executive officers for good reason:

<b>Position</b>	<b>Lump Sum Severance Payment</b>	<b>Benefits Coverage Period</b>
Chief Executive Officer	2.5 times annual base salary + Bonus (as defined in the Change in Control Agreement)	30 months
Vice Chairman, Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents who report directly to the Chief Executive Officer	2 times annual base salary + Bonus	24 months
All other Vice Presidents	1 times annual base salary + Bonus	12 months

In addition to the lump-sum severance payment described above, each officer and his or her dependents will be entitled to health and dental benefits coverage for the stated severance benefit period following termination and any amounts owed to such officer as of the date of termination, including among other things, accrued and unpaid salary, reimbursement of expenses, accrued vacation pay and any pro-rata portion of his or her annual cash incentive award for the year in which he or she was terminated. The change in control agreements also provide that any payments made pursuant to such agreements will be reduced to the minimum extent necessary (but not below zero) to avoid the characterization of any such payments (together with any other payments or benefits payable under plans, programs, or agreements of MetroPCS) as excess parachute payments under Sections 280G of the Code. The severance benefits are payable on the 60 day following the officer's termination and are conditioned upon the officer's execution and delivery of a customary release agreement in favor of MetroPCS and certain affiliated parties. In addition to customary release language, the release agreement includes a non-compete provision applicable for a certain period following termination. If the officer elects to accept employment with a listed competitor of MetroPCS or otherwise breaches the non-compete provisions, the officer will be required to re-pay certain of the severance benefits payable under the change in control agreement and MetroPCS shall be entitled to cease providing any health or dental benefit coverage on a prospective basis.

In addition to the cash payment and benefits describe above, any outstanding equity awards and incentive compensation awards held by the officer under any MetroPCS equity incentive compensation plans will immediately vest and become exercisable upon the closing of the transaction (without regard to any termination of employment). In addition, any annual cash performance awards attributable to each officer will immediately vest and be deemed earned in full at the target level as of the date of the completion of the transaction without regard to any applicable performance cycle, restriction or condition being completed or satisfied or without regard to any termination of employment. Such vesting and payment is not conditioned on a termination of employment after the completion of the transaction.

**Retention Agreements**

The business combination agreement provides that, during the period between the date of the business combination agreement and the closing of the transaction, MetroPCS may, subject to certain conditions, enter into retention agreements with officer and non-officer employees in an aggregate amount not to exceed \$25 million. Neither the overall size of these retention payments nor the allocations to particular participants has been determined. Under the business combination agreement, any retention payment to any officer, including a named executive officer, is subject to Deutsche Telekom's consent.

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### **Equity Incentive Compensation Plans**

The business combination agreement provides that during the period between the date of the business combination agreement and the closing of the transaction, MetroPCS may, subject to certain conditions, make (a) grants of stock options or restricted stock under the MetroPCS equity incentive compensation plans to officers and employees of MetroPCS and its subsidiaries hired or promoted in each case after the date of the business combination agreement consistent with past practice and in the ordinary course of business and (b) annual grants of stock options and restricted stock under the MetroPCS equity incentive compensation plans to officers, employees and directors in such amounts as are consistent with past practice and in the ordinary course of business provided that the total amount of such awards made pursuant to clause (a) and (b) does not exceed 5,750,000 shares of MetroPCS common stock.

Effective as of the completion of the MetroPCS stock issuance, all outstanding annual cash performance and equity awards under MetroPCS equity incentive compensation plans, including each outstanding stock option and each share of restricted stock, will automatically vest and (in the case of stock options) become exercisable and will remain outstanding. The annual cash performance awards will be paid upon the completion of the transaction at the target payment amount for such award.

In addition, except as provided below, at the time the amendment of MetroPCS certificate of incorporation becomes effective, each outstanding option to acquire MetroPCS common stock will be adjusted to take into account the reverse stock split and the cash payment. The number of shares of MetroPCS common stock to be acquired pursuant to outstanding options will be reduced to reflect the reverse stock split and the exercise price of the options will be increased to reflect the reverse stock split, with the per share amount of the cash payment deducted from the options adjusted per-share exercise price. Restricted stock will be adjusted to account for the reverse stock split in the same manner as all other MetroPCS common stock, and holders of restricted stock will share in the cash payment.

Notwithstanding and in lieu of the above, holders of stock options with an exercise price that is less than the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment, which we refer to as in-the-money stock options, may elect to receive cash in lieu of their in-the-money stock options during the five days following the closing of the transaction at a price per share equal to the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment minus the exercise price of the option, less required tax withholding. Any in-the-money stock options issued under the 1995 Plan that have an exercise price equal to or less than the per share amount of the cash payment (or approximately \$4.08 per share calculated on a pre-reverse stock split basis), which we refer to as low exercise price stock options, will be automatically cashed-out in the same manner. Any stock options that are not cashed out at the closing of the transaction, including any in-the-money stock options (other than low exercise price stock options) for which the holder thereof does not elect to receive cash at closing, will be adjusted for the reverse stock split and the per share amount of the cash payment as described above and will remain outstanding, 100% vested and exercisable in accordance with its terms. Holders of stock options will not receive any portion of the cash payment.

### **Director and Officer Indemnification and Insurance**

From and after the completion of the transaction, the combined company will assume and honor the obligations of MetroPCS with respect to all rights to indemnification and exculpation from liabilities, including advancement of expenses, for acts or omissions occurring at or prior to the completion of the transaction now existing in favor of the current or former directors or officers of MetroPCS. In addition, MetroPCS will purchase directors and officers liability insurance policies for all current and former MetroPCS directors and officers for a period of six years following the closing of the transaction for events arising at or prior to the closing of transaction, subject to certain limitations on the amount of premiums payable under such policies.

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**Quantification of Change in Control and Termination Payments and Benefits to the MetroPCS Named Executive Officers**

The following table sets forth the amount of payments and benefits that each MetroPCS named executive officer would receive in connection with or otherwise related to the transaction, assuming the completion of the transaction occurred on October 31, 2012 and (except as provided otherwise in the footnotes to the table) the employment of the named executive officer was terminated other than for cause or the named executive officer resigned for good reason, in each case on such date, and the named executive officer received no additional annual cash performance awards or additional stock options or shares of restricted stock on or after October 31, 2012. The actual payment may vary significantly depending upon the date the transaction closes. The payments and benefits are subject to a non-binding, advisory vote of MetroPCS stockholders. For additional details regarding the terms of the payments quantified below, see the section entitled "Interests of MetroPCS Directors and Officers in the Transaction" beginning on page 118.

**Table of Contents****CHANGE IN CONTROL AND TERMINATION COMPENSATION**

Named Executive Officer	Cash (1)	Equity (2)	Pension/ NQDC	Perquisites / Benefits (3)	Tax Reimburse- ment	Other (4)	Total (5)
Roger D. Linquist	\$ 8,180,561	\$ 18,727,307	\$	\$ 30,764	\$	\$	\$ 26,938,632
Thomas C. Keys	3,204,360	5,069,332		36,570			8,310,262
J. Braxton Carter	2,740,870	3,812,593		36,122			6,589,585
Mark A. Stachiw	2,149,725	4,243,735		36,570			6,430,030
Dennis T. Currier	1,392,325	921,377		36,570			2,350,272

- (1) As described above, this amount represents the double trigger lump-sum cash severance payment that the named executive officer would be entitled to receive under the change in control agreements following a qualifying termination of employment after the completion of the transaction that includes the pro-rata portion of the named executive officer's annual cash incentive award for the year assuming both the change in control occurred and the officer was terminated on October 31, 2012. In addition, this amount also includes the single trigger annual cash performance award attributable to the named executive officer that will immediately vest and be deemed earned in full at the applicable target level as of the date the change in control occurred. Each named executive officer would also be paid any amounts earned or vested and unpaid to him as of the date of termination, including among other things, accrued and unpaid salary, reimbursement of business expenses, and accrued vacation pay, which amounts are not reflected on the table above. This amount also assumes that all payments and benefits under the change in control agreements and other plans, programs or arrangements of MetroPCS would not be deemed to be excess parachute payments under Sections 280G of the Code, in which case the payments under the change in control agreements would be reduced (but not below zero) to the minimum extent necessary to avoid such characterization.

**Single Trigger Annual Cash Performance Award**

Named Executive Officer	Cash
Roger D. Linquist	\$ 1,337,000
Thomas C. Keys	529,200
J. Braxton Carter	432,800
Mark A. Stachiw	330,750
Dennis T. Currier	201,500

- (2) As described above, this amount equals the value of all stock options to purchase MetroPCS common stock and unvested shares of restricted stock held by the executive as of October 31, 2012 that will automatically vest on a single trigger basis upon completion of the transaction (without any adjustment to reflect the reverse stock split or cash payment). Stock options are valued at the excess of the price per share of MetroPCS common stock over the applicable exercise price (ignoring any market effect of the reverse stock split and cash payment). For purposes of these calculations because the price per share that MetroPCS stockholders will receive is not a fixed dollar amount, MetroPCS has (as required under Item 402(t) of Regulation S-K) used the average closing price per share of MetroPCS common stock over the five business days following the public announcement of the transaction on October 3, 2012, which was \$12.49. In addition to the stock options and unvested restricted stock described above and below, the business combination agreement authorizes MetroPCS to make additional awards of stock options and restricted stock, including annual awards, prior to the closing of the transaction in such amounts as are consistent with past practice and the ordinary course of business not to exceed 5,750,000 shares of MetroPCS common stock in the aggregate for all officers and employees of MetroPCS. Any such future awards will also automatically vest on a single trigger basis upon the completion of the transaction. No such awards have yet been granted to any named executive officer, and thus are not reflected in the above or below tables.

**Table of Contents****Single Trigger Vesting**

<b>Named Executive Officers</b>	<b>Stock Options</b>	<b>Restricted MetroPCS Common Stock</b>	<b>Total</b>
Roger D. Linnquist	\$ 12,795,856	\$ 5,931,451	\$ 18,727,307
Thomas C. Keys	1,846,650	3,222,682	5,069,332
J. Braxton Carter	1,310,684	2,501,909	3,812,593
Mark A. Stachiw	2,734,518	1,509,217	4,243,735
Dennis T. Currier	205,800	715,577	921,377

- (3) As described above, this amount represents the value of the double trigger health and welfare continuation benefits provided to each executive under the terms of the change in control agreements upon a qualifying termination of employment. For purposes of calculating these amounts 2013 COBRA rates were used.
- (4) As described above, MetroPCS may, subject to the satisfaction of certain conditions, make retention payments up to an aggregate \$25 million to employees, including the named executive officers, during the period between the date of the business combination agreement and the closing of the transaction. Neither the overall size, nor the allocations to particular participants, of these retention payments has been determined. Any retention payment to a named executive officer requires the prior consent of Deutsche Telekom. For information on the share ownership of the named executive officers, see the table entitled Beneficial Ownership of MetroPCS Directors, Executive Officers and Persons Owning More than 5% of the Outstanding Shares of MetroPCS Common Stock beginning on page 161.
- (5) This amount includes the aggregate dollar value of the sum of all amounts reported in the preceding columns.

**Table of Contents****BOARD OF DIRECTORS AND MANAGEMENT AFTER THE TRANSACTION**

The business combination agreement provides that MetroPCS will increase the size of the MetroPCS board, which will become the combined company's board, to 11 directors upon completion of the transaction. The board will consist of two existing directors of MetroPCS, who are expected to be (i) James N. Perry, Jr. and John (Jack) F. Callahan, Jr., (ii) John J. Legere, the new chief executive officer of the combined company and (iii) eight directors designated by Deutsche Telekom. Pursuant to the stockholder's agreement, at least three of the directors on the board must be considered independent under the rules of the SEC and under applicable listing standards, which could include James N. Perry, Jr. and John (Jack) F. Callahan, Jr. (both of whom may be considered independent under SEC and applicable listing standards). After completion of the transaction, Deutsche Telekom generally will have the right to designate a number of individuals to the board and any committees thereof equal to the percentage of the combined company's common stock beneficially owned by Deutsche Telekom multiplied by the number of directors on the board (or the number of members of any committee thereof), in each case, rounded to the nearest whole number. These rights will remain in effect as long as Deutsche Telekom beneficially owns 10% or more of the outstanding shares of the combined company's common stock. The business combination agreement provides that after the completion of the transaction, John J. Legere, currently President and Chief Executive Officer of T-Mobile, will serve as Chief Executive Officer of the combined company; J. Braxton Carter, currently Chief Financial Officer and Vice Chairman of MetroPCS, will serve as Chief Financial Officer of the combined company; James (Jim) C. Alling, currently Chief Operations Officer of T-Mobile, will serve as Chief Operating Officer, T-Mobile USA; and Thomas C. Keys, currently President and Chief Operating Officer of MetroPCS, will serve as Chief Operating Officer, MetroPCS. See Summary of the Business Combination Agreement and Summary of the Ancillary Agreements Stockholder's Agreement.

None of the combined company's named executive officers currently employed by MetroPCS have entered into compensation agreements in connection with their employment by the combined company.

**Officers of the Combined Company**

*John J. Legere* joined T-Mobile in September 2012 as President and Chief Executive Officer with over 32 years' experience in the U.S. and global telecommunications and technology industries. Prior to joining T-Mobile, Mr. Legere served as CEO of Global Crossing Limited, or Global Crossing, where he successfully transformed the company to become a leading provider of IP services worldwide. Before this, he was CEO of Asia Global Crossing, originally a Microsoft Corporation, Softbank Corp. and Global Crossing joint venture. Previously, he served as president of Dell Computer Corporation's operations in Europe, the Middle East, Africa and the Asia-Pacific region. Mr. Legere also worked at AT&T for 18 years in a number of senior positions, including president of AT&T Asia Pacific, president of AT&T Solutions Outsourcing Unit, and head of global strategy and development. He began his career at New England Telephone in 1980. Mr. Legere received a Bachelor's degree in Business Administration from the University of Massachusetts; a Master of Science degree as an Alfred P. Sloan Fellow at the Massachusetts Institute of Technology; a Master of Business Administration degree from Fairleigh Dickinson University; and completed Harvard Business School's Management Development Program. Mr. Legere serves on the CTIA Board of Directors and on the Board of the New York Road Runners and NYC Marathon, Achilles International and Shoe4Africa. Mr. Legere is also a Board Trustee for the Dana Farber Cancer Institute.

*J. Braxton Carter* became the Vice Chairman of MetroPCS in May 2011 and currently serves as MetroPCS' Chief Financial Officer. Mr. Carter served as Executive Vice President and Chief Financial Officer from February 2008 until May 2011. From March 2005 to February 2008, Mr. Carter served as Senior Vice President and Chief Financial Officer. Mr. Carter served as Vice President, Corporate Operations from February 2001 to March 2005. Mr. Carter also serves as a director of all of MetroPCS' corporate subsidiaries and as a member of the management committee of each of the limited liability companies. Previously, Mr. Carter served as a director of MetroPCS Wireless, Inc., and its wholly-owned subsidiaries from July 2001 to December 2004. Prior to joining MetroPCS Communications, Mr. Carter was Chief Financial Officer and Chief Operating Officer of

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PrimeCo PCS, the successor entity of PrimeCo Personal Communications formed in March 2000. He held various senior management positions with PrimeCo Personal Communications, including Chief Financial Officer and Controller, from 1996 until March 2000. Mr. Carter also has extensive senior management experience in the retail industry, spent ten years in public accounting and is also a certified public accountant. Mr. Carter presently serves on the board of directors of e-Rewards, Inc., and serves as Chairman of the Audit Committee and also serves on the Board of Advisors of Amdocs Limited.

*James (Jim) C. Alling* joined T-Mobile in 2009 and currently serves as T-Mobile's Chief Operating Officer. In this role, Mr. Alling is in charge of all customer facing activities for a subscription base of over 33 million users. Before joining T-Mobile, Mr. Alling worked as an executive at Starbucks Corporation, which we refer to as Starbucks, for 11 years in a variety of leadership roles. He joined Starbucks in 1997 and was promoted into a series of roles with ever-increasing scope and responsibility eventually becoming the President of Starbucks Coffee USA and later President of Starbucks Coffee International. Mr. Alling began his career in 1985 at Nestle S.A., which we refer to as Nestle, where he held various senior management positions in the packaged goods marketing sector before eventually becoming a VP/General Manager for Nestle USA. Mr. Alling received a BA from DePauw University in Greencastle, Indiana with a double major in Economics and Spanish; he then obtained a Master of International Management from the Thunderbird School of International Management.

*Thomas C. Keys* became President of MetroPCS in May 2011, in addition to his current position as Chief Operating Officer of MetroPCS in which he has served since June 2007. Mr. Keys also served as MetroPCS' President from June 2007 to December 2007. Previously, Mr. Keys served as MetroPCS' Senior Vice President, Market Operations, West, from January 2007 until June 2007, and as MetroPCS' Vice President and General Manager, Dallas, from April 2005 until January 2007. Mr. Keys also serves as a director of all of MetroPCS' corporate subsidiaries and as a member of the management committee of each of the limited liability companies. Prior to joining MetroPCS, Mr. Keys served as the President and Chief Operating Officer for VCP International Inc., a Dallas-based wholesale distributor of wireless products, from July 2002 to April 2005. Prior to joining VCP International Inc., Mr. Keys served as the Senior Vice President, Business Sales for WebLink Wireless, Inc., (formerly PageMart Wireless, Inc., the surviving entity upon merger with PageMart, Inc., that is now known as USA Mobility) from March 1999 to June 2002, which included leading and managing the national sales and distribution efforts, and in other senior management positions with WebLink Wireless, Inc., from January 1993 to March 1999.

**Directors of the Combined Company**

*John (Jack) F. Callahan, Jr.* has served as a director of MetroPCS since November 2008 and has served as a member of MetroPCS' Audit Committee. Mr. Callahan became the Executive Vice President and Chief Financial Officer of the McGraw-Hill Companies, a New York Stock Exchange listed company and leading global financial information and education company, in December 2010. Previously, Mr. Callahan was the Executive Vice President and Chief Financial Officer of Dean Foods Company, a New York Stock Exchange food and beverage company. Mr. Callahan joined Dean Foods in May 2006. Before joining Dean Foods, he held a number of positions with PepsiCo and Frito Lay, including Senior Vice President of Corporate Strategy and Development for PepsiCo Inc. Chief Financial Officer for Frito Lay International, and Senior Vice President of Strategy and Planning at Frito Lay North America. Before joining PepsiCo Inc., he held various positions at The General Electric Company and McKinsey & Company.

*James N. Perry, Jr.*, a director of MetroPCS since November 2005 and the Chairman of MetroPCS' Nominating and Corporate Governance Committee and a member of MetroPCS' Audit and Finance Committees, is a Managing Director of Madison Dearborn Partners, LLC, a Chicago-based private equity investing firm, where he specializes in investing in companies in the communications industry. Prior to co-founding Madison Dearborn Partners, LLC, in 1992, Mr. Perry was with First Chicago Venture Capital for eight years. An affiliate of Madison Dearborn Partners, LLC, is an investor in MetroPCS. Mr. Perry also presently serves on the boards of the following private companies and non-profit organizations: New Asurion Corporation, Sorenson Communications, Inc., The

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Topps Company, Inc., Univision Communications, Inc., NextG Networks, Inc., the Chicago Public Media board and the School Board of the Archdiocese of Chicago. Mr. Perry previously served on the board of directors of Nextel Partners from July 2003 to June 2006.

The remaining directors of the combined company have not yet been determined but will be identified by Deutsche Telekom prior to the completion of the transaction.



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**ACCOUNTING TREATMENT**

MetroPCS prepares its financial statements in accordance with GAAP. The transaction will be accounted for as a reverse acquisition under the acquisition method of accounting, which requires determination of the accounting acquirer. The accounting guidance for business combinations, referred to as Accounting Standards Codification 805, provides that in identifying the acquiring entity in a combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including: the relative voting rights of the stockholders of the constituent companies in the combined company, the existence of a large minority voting interest in the combined entity if no other owner or organized group of owners has a significant voting interest, the composition of the board of directors and senior management of the combined company, the relative size of each company and the terms of the exchange of equity securities in the business combination, including payment of any premium.

Because T-Mobile's indirect stockholder, Deutsche Telekom, will be entitled to designate the majority of the board of directors of the combined company, MetroPCS stockholders will receive the cash payment and Deutsche Telekom will receive a majority of the equity securities of the combined company, T-Mobile is considered to be the acquirer of MetroPCS for accounting purposes. This means that T-Mobile will allocate the purchase price to the fair value of MetroPCS's assets and liabilities at the acquisition date, with any excess purchase price being recorded as goodwill.

**NO APPRAISAL RIGHTS**

Under applicable law, MetroPCS stockholders do not have the right to an appraisal of the value of their shares in connection with the transaction.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain material U.S. federal income tax consequences of the reverse stock split and cash payment to U.S. holders and non-U.S. holders (as such terms are defined below) of shares of MetroPCS common stock.

This summary does not purport to consider all aspects of U.S. federal income taxation that might be relevant to U.S. holders or non-U.S. holders of shares of MetroPCS common stock. The summary is based on the Internal Revenue Code of 1986 as amended, which we refer to as the Code, final, temporary or proposed U.S. Treasury regulations, administrative rulings and court decisions in effect as of the date of this proxy statement, all of which are subject to change at any time, possibly with retroactive effect. Any such change could alter the U.S. federal income tax consequences described herein. No ruling has been or will be sought from the Internal Revenue Service, which we refer to as the IRS, as to the U.S. federal income tax consequences of the reverse stock split and cash payment. Accordingly, there can be no assurance that the IRS will not challenge any of the U.S. federal income tax consequences described herein.

For purposes of this summary, we use the term "U.S. holder" to mean:

a citizen or individual resident of the United States;

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof (or the District of Columbia);

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

For purposes of this summary, we use the term "non-U.S. holder" to mean a holder of shares of MetroPCS common stock that is neither a U.S. holder nor a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

This summary only addresses U.S. federal income tax consequences of the reverse stock split and cash payment to holders of shares of MetroPCS common stock that hold their shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a holder of shares of MetroPCS common stock in light of such holder's particular circumstances or that may be applicable to holders subject to special treatment under U.S. federal income tax laws (including, for example, banks or other financial institutions, insurance companies, real estate investment trusts or regulated investment companies, broker-dealers, dealers in securities or currencies, traders in securities that have elected to use a mark-to-market method of accounting, tax-exempt entities including governmental authorities (both U.S. and non-U.S.), U.S. holders whose functional currency is not the U.S. dollar, holders who acquired shares of MetroPCS common stock pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, including holders of restricted stock that vests as of the closing of the transaction, holders who hold shares of MetroPCS common stock in an individual retirement or other tax-deferred account, holders subject to the alternative minimum tax provisions of the Code, U.S. expatriates, holders who hold shares of MetroPCS common stock as part of a hedge, straddle, integration, constructive sale, conversion or other risk reduction transaction, and S corporations, partnerships or other pass-through entities (or investors in S corporations, partnerships or other pass-through entities)). In addition, no information is provided herein with respect to the tax consequences of the MetroPCS recapitalization that includes a reverse stock split under applicable state, local or non-U.S. tax laws or U.S. federal laws other than U.S. federal income tax laws.

If a partnership (including an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds shares of MetroPCS common stock, the tax treatment of a partner in the partnership generally

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will depend on the status of the partners and the activities of the partnership. If a holder is a partner in a partnership holding shares of MetroPCS common stock, such holder should consult its tax advisor.

**The U.S. federal income tax consequences described below are not intended to constitute a complete description of all tax consequences relating to the reverse stock split and cash payment. Holders of shares of MetroPCS common stock should consult with their tax advisors regarding the tax consequences of the reverse stock split and cash payment to them, including the effects of U.S. federal, state and local, non-U.S. income and other tax laws.**

**The Reverse Stock Split and Cash Payment**

***U.S. Holders of Shares of MetroPCS Common Stock***

For U.S. federal income tax purposes, the reverse stock split and cash payment should be integrated and treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code in which each MetroPCS stockholder exchanges each share MetroPCS common stock for one-half of a share of the combined company's common stock plus the per share amount of the cash payment, which we refer to as the MetroPCS recapitalization. In the event of such recapitalization treatment, the U.S. federal income tax consequences of the MetroPCS recapitalization to U.S. holders of MetroPCS common stock will be, in general, as follows:

A U.S. holder generally would recognize taxable gain, but not loss, on the MetroPCS recapitalization in an amount equal to the lesser of (i) the cash received (excluding any cash received in lieu of a fractional share, as discussed below) as part of the per share amount of the cash payment or (ii) the excess, if any, of (A) the sum of the per share amount of the cash payment received pursuant to the MetroPCS recapitalization and the fair market value of the shares of the common stock of the combined company received by such holder over (B) such holder's tax basis in the holder's shares of MetroPCS common stock. Any such gain would be capital gain provided that one of the Section 302 tests described below was satisfied and would be long-term capital gain if the holder's holding period in shares of MetroPCS common stock exceeds one year on the date of the MetroPCS recapitalization. Long-term capital gains of a non-corporate taxpayer are subject to reduced rates of taxation. If none of the Section 302 tests were satisfied, the U.S. holder's gain generally would be treated as a dividend distribution under Section 301 of the Code to the extent of such holder's ratable share of MetroPCS' current and accumulated earnings and profits (as determined under U.S. federal income tax principles) and then as capital gain.

A U.S. holder's aggregate tax basis in the combined company's common stock received pursuant to the MetroPCS recapitalization would equal the aggregate tax basis in the MetroPCS common stock surrendered (excluding the portion of the tax basis that is allocable to any fractional share), decreased by the cash payment received and increased by the income and gain recognized in the exchange (excluding any gain attributable to cash received in lieu of a fractional share).

A U.S. holder's holding period for the combined company's common stock received would include the holding period for the MetroPCS common stock surrendered.

A U.S. holder who receives cash in lieu of a fractional share of the combined company's common stock generally would recognize capital gain or loss in the amount equal to the difference, if any, between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of the combined company's common stock.

The Section 302 tests referenced above are based on Section 302 of the Code, and generally provide that a U.S. holder will recognize capital gain as long as (i) the receipt of cash results in a substantially disproportionate redemption with respect to the U.S. holder, (ii) the receipt of cash is not essentially equivalent to a dividend with respect to the U.S. holder or (iii) the exchange results in a complete termination of the U.S. holder's interest in the combined company. Each of these tests, referred to as the Section 302 tests, is explained in more detail below.

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In general, because the MetroPCS stock issuance will reduce the percentage ownership of each U.S. holder of shares of MetroPCS common stock in the common stock of the combined company compared to its percentage ownership of MetroPCS, the MetroPCS recapitalization should result in a substantially disproportionate redemption with respect to each such U.S. holder and accordingly a Section 302 test should be satisfied. Holders should consult their tax advisors to determine the application of the Section 302 tests to their particular circumstances.

The Section 302 tests are:

**Substantially Disproportionate Test.** The MetroPCS recapitalization generally will result in a substantially disproportionate redemption with respect to a U.S. holder of shares of MetroPCS common stock if, among other things, the percentage of the outstanding shares of the common stock of the combined company actually and constructively owned by the U.S. holder immediately after the MetroPCS recapitalization and the MetroPCS stock issuance is less than 80% of the percentage of the shares of MetroPCS common stock actually and constructively owned by the U.S. holder before the MetroPCS recapitalization and the MetroPCS stock issuance.

**Not Essentially Equivalent to a Dividend Test.** The receipt of cash in the MetroPCS recapitalization will be treated as not essentially equivalent to a dividend if the reduction in a U.S. holder's proportionate interest in the combined company as a result of the MetroPCS recapitalization and the MetroPCS stock issuance (when compared to the U.S. holder's proportionate interest in MetroPCS immediately prior to the MetroPCS recapitalization and the MetroPCS stock issuance) constitutes a meaningful reduction of the U.S. holder's proportionate interest given the U.S. holder's particular facts and circumstances. The IRS has indicated in a published revenue ruling that even a small reduction in the percentage interest of a stockholder whose relative stock interest in a publicly held corporation is minimal and who exercises no control over corporate affairs should constitute a meaningful reduction.

**Complete Termination Test.** A U.S. holder of shares of MetroPCS common stock may be able to satisfy the complete termination test if such holder sells or otherwise disposes of all of such holder's shares of the common stock of MetroPCS or the combined company contemporaneously with the completion of the MetroPCS recapitalization and the MetroPCS stock issuance and as part of a single integrated plan which includes participation by such holder in the MetroPCS recapitalization. However, there is some uncertainty as to whether the complete termination test applies in such circumstances. U.S. holders should consult their own tax advisors as to this matter in light of their particular circumstances and the applicable law.

In applying the Section 302 tests, U.S. holders must take into account not only shares of the common stock of the combined that they actually own but also shares they are treated as owning under the constructive ownership rules of Section 318 of the Code. Under the constructive ownership rules, a U.S. holder is treated as owning any shares that are owned (actually and in some cases constructively) by certain related individuals and entities as well as shares that the U.S. holder has the right to acquire by exercise of an option or warrant or by conversion or exchange of a security. Also, contemporaneous acquisitions or dispositions of the common stock of the combined company may be deemed to be part of a single integrated transaction and, if so, may be taken into account in determining whether any of the Section 302 tests, described above, are satisfied. **Due to the factual nature of the Section 302 tests, U.S. holders should consult their tax advisors to determine whether the receipt of cash in the MetroPCS recapitalization qualifies for sale or exchange treatment in their particular circumstances.**

***Additional Tax on Net Investment Income***

For taxable years beginning after December 31, 2012, U.S. holders that are not corporations will generally be subject to a 3.8% tax (the Medicare tax) on the lesser of (1) the U.S. holder's net investment income for the taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over

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certain thresholds. A U.S. holder's net investment income will generally include any income or gain recognized by such holder with respect to the MetroPCS recapitalization, unless such income or gain is derived in the ordinary course of the conduct of such U.S. holder's trade or business (other than a trade or business that consists of certain passive or trading activities).

***Non-U.S. Holders of Shares of MetroPCS Common Stock***

Payments of cash pursuant to the MetroPCS recapitalization to a non-U.S. holder (or such holder's agent) will be subject to withholding of U.S. federal income tax at a rate of 30%, unless a reduced rate of withholding is applicable pursuant to an income tax treaty or an exemption from withholding is applicable because such payments are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if an income tax treaty applies, the payments are generally attributable to a United States permanent establishment maintained by such non-U.S. holder). In order to claim a reduction of or an exemption from withholding tax, a non-U.S. holder must provide a validly completed and executed IRS Form W-8BEN (with respect to income tax treaty benefits) or IRS Form W-8ECI (with respect to amounts effectively connected with the conduct of a trade or business within the United States) claiming such reduction or exemption before the payment is made. A non-U.S. holder that qualifies for an exemption from withholding by delivering IRS Form W-8ECI generally will be subject to U.S. federal income tax on income derived from the MetroPCS recapitalization at the same rates applicable to U.S. holders. Additionally, in the case of a corporate non-U.S. holder, such income may be subject to branch profits tax at a rate of 30% (or a lower rate specified in an applicable income tax treaty). Exchanging non-U.S. holders can obtain the applicable IRS forms from the IRS website at [www.irs.gov](http://www.irs.gov).

A non-U.S. holder may be eligible to obtain a refund of all or a portion of any tax withheld (i) if such holder meets one of the Section 302 tests (the substantially disproportionate, the not essentially equivalent to a dividend, or the complete termination test) described in the section entitled "Material U.S. Federal Income Tax Consequences - The Reverse Stock Split and Cash Payment - U.S. Holders of Shares of MetroPCS Common Stock" or (ii) if such holder is otherwise able to establish that no tax or a reduced amount of tax is due. Non-U.S. holders should consult their own tax advisors regarding the particular tax consequences to them of the MetroPCS recapitalization, including the application of U.S. federal income tax withholding, their potential eligibility for a withholding tax reduction or exemption, and the refund procedure.

***Information Reporting and Backup Withholding***

Payments of cash made in connection with the MetroPCS recapitalization may, under certain circumstances, be subject to information reporting and backup withholding (currently at a rate of 28%). The current backup withholding rate of 28% is scheduled to expire on December 31, 2012, and the backup withholding rate will be 31% for amounts paid after December 31, 2012, unless further extended by the U.S. Congress. To avoid backup withholding, each holder of shares of MetroPCS common stock that does not otherwise establish an exemption should furnish its taxpayer identification number and comply with the applicable certification procedures. Backup withholding is not an additional tax and amounts withheld will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle such holder to a refund, provided the required information is timely furnished to the IRS.

**Table of Contents****SUMMARY OF THE BUSINESS COMBINATION AGREEMENT**

*The following is a summary of the material provisions of the business combination agreement, which is attached as Annex A to this proxy statement and which is incorporated by reference herein in its entirety. The summary in this section, and elsewhere in this proxy statement, is qualified in its entirety by reference to the business combination agreement. This summary does not purport to be complete and may not contain all of the information about the business combination agreement that is important to you. We encourage you to read carefully the business combination agreement in its entirety before making any decisions regarding the transaction because it is the principal document governing the transaction.*

*This summary of the business combination agreement has been included to provide you with information regarding the terms of the business combination agreement. It is not intended to provide any other factual information about MetroPCS, Deutsche Telekom or T-Mobile or their respective subsidiaries or affiliates. The representations, warranties, and covenants contained in the business combination agreement were made only for purposes of that agreement and as of specific dates, were solely for the benefit of the parties to the business combination agreement, were for the purposes of allocating risks between the parties to the business combination agreement, and may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made by each contracting party to the other. Moreover, information concerning the subject matter of the representations, warranties, and covenants may change after the date of the business combination agreement, and subsequent information may or may not be fully reflected in public disclosures by MetroPCS, Deutsche Telekom or T-Mobile. Accordingly, you should read the representations and warranties in the business combination agreement not in isolation but only in conjunction with the other information about MetroPCS, Deutsche Telekom and T-Mobile and their respective subsidiaries that the respective companies include in reports, statements, documents and other filings they make with the SEC or other governmental agencies.*

**Structure of the Transaction**

On October 3, 2012, MetroPCS entered into the business combination agreement with Deutsche Telekom, Global, Holding and T-Mobile. Pursuant to the terms and subject to the conditions set forth in the business combination agreement, the transaction is structured as follows. MetroPCS will (i) effect a recapitalization that includes a reverse stock split, pursuant to which each share of MetroPCS common stock outstanding as of the effective time will represent thereafter one-half of a share of MetroPCS common stock, and (ii) as part of the recapitalization, make a cash payment in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time. Immediately following the cash payment, MetroPCS will issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment, and Holding will deliver to MetroPCS all of the shares of capital stock of T-Mobile. The closing price of MetroPCS common stock used in the above calculation will be the average, rounded to the nearest one ten-thousandth, of the closing price of a share of MetroPCS common stock on the NYSE for the five full NYSE trading days immediately preceding the closing of the transaction (without giving effect to any adjustment for the MetroPCS reverse stock split or the cash payment) whether through the operation of the NYSE's ex-dividend procedures or otherwise. In addition, unless otherwise agreed to by the parties, on the business day immediately following the closing of the transaction, MetroPCS, Inc., will merge with and into Wireless, with Wireless continuing as the surviving entity and, immediately thereafter, Wireless will merge with and into T-Mobile, with T-Mobile continuing as the surviving entity.

**Effective Time; Closing**

The effective time of the reverse stock split will be the date and time specified by MetroPCS in the new certificate of incorporation filed with the Secretary of State of the State of Delaware. Unless the parties otherwise agree, the closing of the transaction will take place on the third business day after all conditions to the completion

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of the transaction have been satisfied or, to the extent such conditions can be waived under applicable law, waived (other than those conditions that by their terms are to be satisfied at the closing). These conditions are more fully described in the section entitled Summary of the Business Combination Agreement Conditions to Closing the Transaction beginning on page 149. The closing will be deemed to have occurred and will be effective as of 12:01 a.m., prevailing Eastern Time, on the date of the closing.

The parties expect that the conditions to the transaction will be satisfied or, if allowed by applicable law, waived, and the transaction will be completed, in the first half of 2013. However, the parties cannot be certain when, or if, the conditions to the transaction will be satisfied or so waived, or that the transaction will be completed.

### **Adjustment to the Consideration for the Transaction**

The business combination agreement provides that Deutsche Telekom will make a cash payment to T-Mobile at the closing equal to Deutsche Telekom's estimate of the sum of (i) the excess, if any, of \$1.3 billion over T-Mobile's working capital as of the closing (as calculated pursuant to the business combination agreement), plus (ii) any deficiency between the amount actually spent by T-Mobile and its subsidiaries during the period between the signing of the business combination agreement and the closing on capital expenditures, marketing and subscriber acquisition and retention activities when compared to specified amounts for such items during such period. Following the closing, the parties will determine the difference between such estimated amount and the amount that should have been paid at the closing and the appropriate party, between Deutsche Telekom and T-Mobile, will make an adjustment payment to the other party.

### **Cash Payment**

At or prior to the completion of the transaction, MetroPCS will appoint a payment agent to handle the cash payment to the record holders of MetroPCS common stock immediately prior to the effective time. Promptly after the completion of the transaction, the payment agent automatically will deliver to each MetroPCS stockholder that held MetroPCS common stock in book-entry form immediately prior to the effective time the portion of the cash payment to which such MetroPCS stockholder is entitled. For each MetroPCS stockholder that held a certificate representing shares of MetroPCS common stock immediately prior to the reverse stock split, which we refer to as a MetroPCS stock certificate, the payment agent will deliver to such MetroPCS stockholder the portion of the cash payment to which such MetroPCS stockholder is entitled promptly following such MetroPCS stockholder's delivery to the payment agent of its MetroPCS stock certificate and properly completed letter of transmittal, as described in more detail in the following section.

### **Exchange of MetroPCS Common Stock**

Upon the effective time, the reverse stock split will occur and each share of MetroPCS common stock issued and outstanding immediately prior to the effective time automatically will be converted into one-half of a validly issued, fully paid and non-assessable share of MetroPCS common stock. This conversion of shares of MetroPCS common stock pursuant to the reverse stock split does not require any action on the part of MetroPCS or any of its stockholders.

As a result, for MetroPCS stockholders that hold MetroPCS common stock in book-entry form, the number of shares of MetroPCS common stock in your account automatically will be adjusted as a result of the reverse stock split. For MetroPCS stockholders that hold a MetroPCS stock certificate, your certificate will automatically represent the number of shares of MetroPCS common stock into which the shares of MetroPCS common stock represented by such MetroPCS stock certificate have been combined pursuant to the reverse stock split.

Notwithstanding the foregoing, for MetroPCS stockholders that hold a MetroPCS stock certificate, the payment agent will send you a letter of transmittal as promptly as practicable after the completion of the transaction. The letter of transmittal will specify that delivery will be effected, and risk of loss and title to any

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certificates shall pass, only upon proper delivery of your MetroPCS stock certificate to the payment agent. The letter of transmittal will be accompanied by instructions for exchanging your MetroPCS stock certificate for a certificate that represents the number of shares of MetroPCS common stock into which the shares of MetroPCS common stock represented by such MetroPCS certificate have been combined pursuant to the reverse stock split. Please note that you will be required to complete and return this letter of transmittal, together with your MetroPCS stock certificate, in order to receive your portion of the cash payment. As a result, please do not return your MetroPCS stock certificate with the enclosed proxy card.

### **Fractional Shares**

MetroPCS will not issue any fractional shares of MetroPCS common stock resulting from the reverse stock split. Instead of any fractional shares, the payment agent will pay MetroPCS stockholders an amount in cash for any fraction of a share calculated by multiplying (i) the fractional share interest to which such stockholder would otherwise be entitled by (ii) the average closing price, rounded to the nearest one ten-thousandth, of a share of MetroPCS common stock on the NYSE for the five full NYSE trading days immediately preceding the closing date, without giving effect to any adjustment for the reverse stock split or the cash payment, whether through the operation of the NYSE's ex-dividend procedures or otherwise.

### **Effect on Annual Cash Performance Awards, Stock Options and Restricted Stock Issued Pursuant to MetroPCS Equity Incentive Compensation Plans**

Effective as of the completion of the MetroPCS stock issuance, all outstanding equity and incentive awards under MetroPCS equity incentive compensation plans, including all outstanding annual cash performance awards, stock options and each share of restricted stock, will automatically vest (at the target payment amount for annual cash performance awards) and (in the case of stock options) become exercisable and will remain outstanding.

In addition, except as provided below, at the time the amendment of MetroPCS certificate of incorporation becomes effective, each outstanding option to acquire MetroPCS common stock will be adjusted to take into account the reverse stock split and the cash payment. The number of shares of MetroPCS common stock to be acquired pursuant to outstanding options will be reduced to reflect the reverse stock split and the exercise price of the options will be increased to reflect the reverse stock split, with the per share amount of the cash payment made to holders of MetroPCS common stock deducted from the options' adjusted per share exercise price. Restricted stock will be adjusted to account for the reverse stock split in the same manner as all other stock, and holders of restricted stock will share in the cash payment. Holders of stock options will not receive any portion of the cash payment.

Notwithstanding and in lieu of the above, holders of stock options with an exercise price that is less than the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment, which we refer to as in-the-money stock options, may elect to receive cash in lieu of their in-the-money stock options during the five days following the closing of the transaction at a price per share equal to the average closing price of MetroPCS common stock based on a five-day trading average before the closing ignoring any market effect of the reverse stock split and cash payment minus the exercise price of the option, less required tax withholding. Any in-the-money stock options issued under the Second Amended and Restated MetroPCS, Inc. 1995 Stock Plan, as amended, that have an exercise price equal to or less than the per share amount of the cash payment (or approximately \$4.08 per share calculated on a pre-reverse stock split basis), which we refer to as low exercise price stock options, will be automatically cashed-out in the same manner. Any stock options that are not cashed-out at the closing of the transaction, including any in-the-money stock options (other than low exercise price stock options) for which the holder thereof does not elect to receive cash at closing, will be adjusted for the reverse stock split and the per share amount of the cash payment as described above and will remain outstanding, 100% vested and exercisable in accordance with their terms. In the money stock options that are cashed out will reduce the number of shares outstanding after the stock issuance and will cause Deutsche Telekom's interest in the combined company to increase proportionately.



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### **Representations and Warranties**

The business combination agreement contains representations and warranties of each of MetroPCS, Deutsche Telekom, Global, Holding and T-Mobile. MetroPCS and T-Mobile generally make reciprocal representations and warranties, and Deutsche Telekom, Global, Holding make representations and warranties as direct or indirect owners of T-Mobile.

#### ***Representations and Warranties of Deutsche Telekom, Global and Holding***

Deutsche Telekom, Global and Holding make representations and warranties related to, among other topics, the following:

organization and good standing;

authority relative to the execution and delivery of the business combination agreement, and the execution, delivery and enforceability of the business combination agreement (also on behalf of T-Mobile);

absence of conflicts with, or violations of, organizational documents and other agreements or obligations and required consents;

absence of requirements for governmental filings other than the ones listed in the business combination agreement to consummate the transaction;

ownership of subsidiaries, including good and valid title to all equity interests of T-Mobile;

broker's fees payable in connection with the transaction;

licenses from the FCC and public utility commissions held by Deutsche Telekom, Global and Holding;

no ownership of MetroPCS common stock as of the signing of the business combination agreement; and

with respect to Deutsche Telekom, that it has sufficient funds to consummate the transaction, including to fund any additional Deutsche Telekom notes pursuant to its commitments described in the section entitled "Summary of the Financing" beginning on page 112.

#### ***Representations and Warranties of T-Mobile***

T-Mobile makes representations and warranties related to, among other topics, the following:

organization, good standing and qualification;

capitalization;

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ownership of subsidiaries;

absence of conflicts with, or violations of, organizational documents and other agreements or obligations and required consents;

absence of requirements for governmental filings other than the ones listed in the business combination agreement to consummate the transaction;

financial statements;

absence of undisclosed liabilities;

internal controls;

absence of certain litigation;

employee benefits matters;

compliance with applicable laws and licenses;

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absence of certain changes and events between the end of the most recently completed fiscal year and the date the parties executed and delivered the business combination agreement;

insurance matters;

environmental matters;

tax matters;

labor matters;

intellectual property;

material contracts;

owned and leased property;

sufficiency and ownership of its assets and business;

related-party agreements; and

prohibited payments.

***Representations and Warranties of MetroPCS***

MetroPCS makes representations and warranties related to, among other topics, the following:

organization, good standing and qualification;

capitalization;

ownership of subsidiaries;

authority relative to the execution and delivery of the business combination agreement, and the execution, delivery and enforceability of the business combination agreement;

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absence of conflicts with, or violations of, organizational documents and other agreements or obligations and required consents;

absence of requirements for governmental filings other than the ones listed in the business combination agreement to consummate the transaction;

financial statements and SEC reports;

absence of undisclosed liabilities;

internal controls;

absence of certain litigation;

employee benefits matters;

compliance with applicable laws and licenses;

absence of certain changes and events between the end of the most recently completed fiscal year and the date the parties executed and delivered the business combination agreement;

insurance matters;

environmental matters;

tax matters;

labor matters;

intellectual property;

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material contracts;

owned and leased property;

related-party agreements;

prohibited payments;

broker's fees payable in connection with the transaction;

the MetroPCS common stock issued in the transaction;

the MetroPCS rights agreement amendment;

the required vote of the MetroPCS stockholders; and

the post-closing restructuring tax treatment.

Many of these representations and warranties are qualified by the knowledge of certain specified officers, materiality or material adverse effect limitations, disclosures set forth in schedules delivered at the time the business combination agreement was signed and/or, in the case of MetroPCS, references to its filings with the SEC.

Material adverse effect, with respect to MetroPCS, is defined in the business combination agreement to mean (i) an effect that would prevent or materially delay the ability of MetroPCS to consummate the transaction, or (ii) a material adverse effect on the financial condition, properties, assets, liabilities, business or results of operations of MetroPCS and its subsidiaries, taken as a whole, except that the definition of material adverse effect excludes from clause (ii):

any circumstance generally affecting (x) the territory, or global economy or territory or global financial, debt, credit, capital or securities markets or (y) the wireless telecommunications and wireless information products and services industry in the territory, unless such circumstance has a disproportionate impact on MetroPCS and its subsidiaries, taken as a whole, vis-à-vis other companies in the wireless telecommunications and wireless information services industry in the territory;

any circumstance resulting from any declared or undeclared acts of war, terrorism, outbreaks or escalations of hostilities, sabotage or civil strife or threats thereof, unless such circumstance has a disproportionate impact on MetroPCS and its subsidiaries, taken as a whole, vis-à-vis other companies in the wireless telecommunications and wireless information services industry in the territory;

any act of God or weather-related circumstance, unless such circumstance has a disproportionate impact on MetroPCS and its subsidiaries, taken as a whole, vis-à-vis other companies in the wireless telecommunications and wireless information services industry in the territory;

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any circumstance resulting from any change in applicable laws or regulatory or enforcement developments, unless such circumstance has a disproportionate impact on MetroPCS and its subsidiaries, taken as a whole, vis-à-vis other companies in the wireless telecommunications and wireless information services industry in the territory;

any circumstance resulting from any change in GAAP, unless such circumstance has a disproportionate impact on MetroPCS and its subsidiaries, taken as a whole, vis-à-vis the prepaid operations of other companies in the wireless telecommunications and wireless information services industry in the territory;

any circumstance resulting from any failure by MetroPCS or its subsidiaries to meet any estimates, projections, budgets or forecasts of revenues or earnings for any period ending on or after the date hereof, or any rumors, predictions or reports of such failure (but not the underlying cause of such failure);

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any circumstance resulting from the announcement, pendency or public disclosure of the business combination agreement and the transaction;

any circumstance resulting from any action required to be taken or omitted to be taken pursuant to the business combination agreement; and

any circumstance resulting from any decline in the price or trading volume of the MetroPCS common stock on the NYSE (but not the underlying cause of such decline).

The definition of material adverse effect, with respect to T-Mobile, is generally and, to the extent applicable, reciprocal. Any determination of material adverse effect also excludes the effects of matters disclosed in the parties' schedules delivered at the time the business combination agreement was signed or the matters specifically identified in the notes to the parties' financial statements.

## **Conduct of Business**

Each of MetroPCS and T-Mobile has undertaken certain covenants in the business combination agreement restricting the conduct of its business between the date of the business combination agreement and the closing. In general, each of MetroPCS and T-Mobile has agreed to conduct its business in the ordinary course and, to the extent consistent therewith, use its commercially reasonable efforts to preserve its business organizations intact, maintain existing relations and goodwill with governmental entities, customers, suppliers, distributors, dealers, retailers, creditors, lessors, employees and business associates, and keep available the services of its present employees, officers and agents, in each case except as may be required by law or the business combination agreement or previously disclosed in writing to the other party, or with the other party's consent, which may not be unreasonably withheld and must be provided or denied within 10 days.

In addition, each of MetroPCS and T-Mobile has agreed to various specific restrictions relating to the conduct of its business between the date of the business combination agreement and the closing, including the following (in each case except as may be required by law or the business combination agreement or previously disclosed in writing to the other party, or with the other party's consent, which may not be unreasonably withheld and must be provided or denied within 10 days):

amending its organizational documents, unless such amendment would not be reasonably expected to prevent, materially delay or materially impair the completion of the transaction;

merging or consolidating with any other person, or authorizing, recommending, proposing or announcing a plan of liquidation, dissolution, consolidation, restructuring, recapitalization or any other reorganization other than transactions solely among T-Mobile or MetroPCS and their respective subsidiaries;

acquiring assets from any other person with a value or purchase price in excess of, in the case of T-Mobile, \$100 million, and, in the case of MetroPCS, \$50 million (or \$35 million for acquiring spectrum licenses), in each case in the aggregate, unless such acquisition is (i) in the ordinary course of business, (ii) in material compliance with the provisions for expenses and capital expenditures of the T-Mobile or MetroPCS, as applicable, business plan, or (iii) pursuant to an agreement in effect on the date of the business combination agreement for consideration not exceeding, in the case of T-Mobile, \$25 million, and, in the case of MetroPCS, \$10 million;

issuing, selling or encumbering its equity interests (except for customary exceptions and, for MetroPCS, in connection with the exercise of outstanding options or existing financing arrangements, including a provision by which MetroPCS may issue up to 5,750,000 additional shares pursuant to stock options and/or restricted stock awards, all of which will vest upon the closing of the transaction);

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entering into any agreement with respect to the voting of its equity interests;

creating or incurring any encumbrance (other than customary permitted encumbrances or in the ordinary course of business consistent with past practice) on its assets that, individually or in the



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aggregate, is material to it and its subsidiaries, taken as a whole, or would reasonably be expected to prevent, materially delay or materially impair the completion of the transaction;

making loans, guarantees, capital contributions to or investments in excess of, in the case of T-Mobile, \$50 million, and, in the case of MetroPCS, \$20 million;

declaring or paying dividends or otherwise making distributions, except that T-Mobile will be permitted to make or pay cash distributions or dividends, including to Holding;

incurring additional debt or modifying the terms of existing debt, except (i) as permitted under the business combination agreement, (ii) in the ordinary course of business consistent with past practice, (iii) as contemplated by its business plan, and (iv) for MetroPCS as required by its existing financing arrangements;

except as contemplated by its approved capital expenditure budget in the business plan, making capital expenditures in excess of, in the case of T-Mobile, \$100 million (or \$200 million in the event of a significant increase in the data demand of the business), and, in the case of MetroPCS, \$70 million (or \$135 million in the event of a significant increase in the data demand of the business);

entering into or amending certain restricted contracts and, with respect to certain other material contracts, failing to provide the other party with written notice of the entry into such material contract within 10 business days after such entry;

in the case of T-Mobile, entering into or amending certain intercompany contracts;

changing its financial accounting policies or procedures (except as required by changes in GAAP, the International Financial Reporting Standards, or the SEC, by governmental entities or by law) or writing up, writing down or writing off the book value of its assets (except in the ordinary course of business consistent with past practice or as may be consistent with its financial accounting policies and GAAP);

entering into new lines of business or in any conduct that may require the receipt, the transfer or the application for a license that would reasonably be expected to prevent, materially delay or impair the consummation of the transaction;

entering into new geographic areas outside of the territory other than in support of business or operations within the territory;

applying for, requesting or filing for any license the receipt of which would reasonably be likely to prevent, materially impair or materially delay the completion of the transaction;

settling material litigation, except to the extent of its reserves on its most recent balance sheet or for an amount less than, in the case of T-Mobile, \$50 million, and, in the case of MetroPCS, \$12.5 million, for any individual or group of related settlements without the imposition of material restrictions;

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making a change in any tax election or method of tax accounting, or settling any tax controversy for an amount materially in excess of the applicable amount reserved on its most recent balance sheet or filing an amended tax return, in each case to the extent that such action would have a material adverse effect on T-Mobile or MetroPCS, as applicable;

transferring licenses or wireless spectrum, other than (i) point-to-point microwave licenses, business radio licenses and experimental licenses, (ii) exchanges of spectrum licenses within the same FMA that improve contiguity within such FMA but do not worsen the expected contiguity between T-Mobile and MetroPCS and their respective subsidiaries, or (iii) license swaps transferring, in the case of T-Mobile, 300 million licensed MHz POPs (MHz of license multiplied by population covered) or fewer and involving cash consideration of \$10 million or less, and, in the case of MetroPCS, 150 million licensed MHz POPs or fewer in exchange for spectrum licenses covering at least 75% of the number of licensed MHz POPs transferred and involving cash consideration of \$100 million or less;

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transferring any other material assets, including licenses, except (i) in the ordinary course of business consistent with past practice, (ii) with a value or purchase price not exceeding, in the case of T-Mobile, \$100 million, and, in the case of MetroPCS, \$50 million, or (iii) pursuant to an existing agreement for consideration not exceeding, in the case of T-Mobile, \$25 million, and, in the case of MetroPCS, \$10 million;

except for up to \$25 million in MetroPCS retention payments to non-officer employees or to officers with Deutsche Telekom's consent, amending or increasing certain employee compensation and benefits;

transferring transmission towers other than (i) dispositions solely among it and its subsidiaries, (ii) decommissioning or transferring towers in the ordinary course of business or (iii) in one or more transactions scheduled to close prior to the closing date;

acquiring wireless spectrum that would reasonably be expected to prevent, materially delay or materially impair the completion of the transaction or result in required divestitures of assets, except pursuant to definitive agreements entered into prior to the signing of the business combination agreement;

making a fundamental change to its network technologies or principal billing systems (except for system upgrades, improvements and modernization, equipment replacement and similar matters consistent with the business plan);

in the case of MetroPCS, taking any action that would prevent or impede the merger of (i) MetroPCS, Inc., with and into Wireless or (ii) Wireless with and into T-Mobile, in each case, from qualifying as a reorganization within the meaning Section 368(a) of the Code; or

authorizing, or committing, resolving, announcing, offering, agreeing or entering into an agreement to do or take, any of the foregoing actions or any actions inconsistent with the foregoing.

### **Proxy Statement and Stockholder Meeting**

MetroPCS and Deutsche Telekom have agreed to cooperate to, and MetroPCS must within 45 calendar days following the date of the business combination agreement, prepare and file with the SEC this preliminary proxy statement relating to the required MetroPCS stockholder approvals. We also must use our reasonable best efforts, and Deutsche Telekom must cooperate with us, to resolve all SEC comments with respect to this proxy statement as promptly as practicable after receipt of such comments, and we must use our reasonable best efforts to cause this proxy statement in definitive form to be mailed to our stockholders as promptly as practicable following the clearance of this proxy statement by the SEC.

In addition, we have agreed to use our reasonable best efforts to solicit from our stockholders proxies in favor of the required MetroPCS stockholder approvals and take all other actions necessary or advisable to secure the required MetroPCS stockholder approvals. We also have agreed to call, give notice of, convene and hold the special meeting no later than 45 business days after the date this proxy statement is cleared by the SEC, except that (i) we may (and, at the request of Deutsche Telekom, we must) postpone or adjourn the special meeting to a date no more than 15 days after its originally noticed date only to the extent reasonably required in order to solicit additional proxies so as to establish a quorum and obtain the required MetroPCS stockholder approvals, and (ii) we may postpone or adjourn the special meeting to allow time for the filing and dissemination of any supplemental or amended disclosure document that the MetroPCS board has determined in good faith (after consultation with its outside legal counsel) is necessary or required to be filed and disseminated under applicable laws.

### **No Solicitation of Alternative Proposals**

Each of MetroPCS and Deutsche Telekom has agreed that, from the time of the execution and delivery of the business combination agreement until the completion of the transaction, neither it nor any of its subsidiaries will, that it will not authorize or permit any of its and their respective directors and officers to, and that it will not



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authorize, and will use its reasonable best efforts not to permit, any of its and their other respective representatives to, directly or indirectly, (i) initiate, solicit or knowingly encourage or knowingly take or continue any other action to facilitate the submission of any inquiry, indication of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an acquisition proposal, (ii) participate in any discussions or negotiations regarding, or that would reasonably be expected to lead to, any acquisition proposal, (iii) furnish any non-public information or data regarding it or any of its subsidiaries to, or afford access to its properties, personnel, books and records to, any person in connection with or in response to or in circumstances that would reasonably be expected to lead to, any acquisition proposal, (iv) take any action to make the provisions of any fair price, moratorium, control share acquisition, business combination or other similar anti-takeover statute or regulation (including any transaction under, or a third party becoming an interested stockholder under, Section 203 of the DGCL), any restrictive provision of any applicable anti-takeover provision in its organizational documents or, for MetroPCS, in its stockholder rights plan, as amended, inapplicable to any person other than the other parties to the business combination agreement or to any transactions constituting or contemplated by an acquisition proposal, or (v) resolve or agree to do any of the foregoing. Additionally, MetroPCS and its subsidiaries, from the time of the execution and delivery of the business combination agreement, must, and must cause their respective directors and officers and shall use their reasonable best efforts to cause their other representatives to, cease and terminate any and all existing activities, discussions or negotiations with any person with respect to an acquisition proposal. An acquisition proposal with respect to a party means, other than the transaction, any inquiry, proposal, offer, or other expression or indication of interest with respect to any direct or indirect acquisition or purchase, in one transaction or a series of transactions, and whether through any merger, reorganization, consolidation, tender offer, self-tender, exchange offer, stock acquisition or issuance, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture or otherwise, of (A) assets or businesses of such party (or, in the case of Deutsche Telekom, of T-Mobile) and its subsidiaries that generate or represent 20% or more of the (x) net revenues or net income of such party (or, in the case of Deutsche Telekom, of T-Mobile) and its subsidiaries, taken as a whole, immediately prior to such transaction, (y) aggregate licensed MHz POPs of such party (or, in the case of Deutsche Telekom, of T-Mobile) s FCC licenses immediately prior to such transaction, or (z) total assets (based on fair market value) of such party (or, in the case of Deutsche Telekom, of T-Mobile) and its subsidiaries, taken as a whole, immediately prior to such transaction, or (B) 20% or more of any class of capital stock, equity interests, other equity securities, economic interests or voting power of such party (or, in the case of Deutsche Telekom, any capital stock, other equity securities or voting power of T-Mobile), any of its subsidiaries or any resulting parent company.

Notwithstanding the restrictions above, the MetroPCS board will be permitted, prior to the receipt of the required MetroPCS stockholder approvals, to furnish, or cause to be furnished, information to a third party bidder making a bona fide, unsolicited written acquisition proposal and its representatives, and engage in discussions or negotiations with such bidder and its representatives with respect to such acquisition proposal if (i) such proposal did not result from a breach of the MetroPCS non-solicitation obligations described above, (ii) the MetroPCS board determines in good faith, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal, (iii) the MetroPCS board concludes in good faith, after consultation with its outside legal counsel, that the failure to take such action with respect to such acquisition proposal would be reasonably likely to be inconsistent with the MetroPCS board s fiduciary obligations to MetroPCS and/or its stockholders under applicable law, (iv) MetroPCS promptly notified Deutsche Telekom (and in any event within 24 hours) of the receipt and terms and conditions of such acquisition proposal (including delivering to Deutsche Telekom a copy of such acquisition proposal and any related draft agreements and other written materials) and (v) prior to furnishing any information to such bidder, MetroPCS receives from the bidder an executed confidentiality agreement (the terms of which are no less favorable in any material respect to MetroPCS than those contained in the confidentiality agreement between MetroPCS and T-Mobile). A superior proposal means any *bona fide* written acquisition proposal with respect to MetroPCS (with all references to 20% in the definition of acquisition proposal being treated as references to 50% for these purposes) made by a third party that the MetroPCS board determines in good faith, after consultation with its outside legal counsel and financial advisors, would be more favorable to MetroPCS stockholders from a

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financial point of view than the transactions contemplated in the business combination agreement, taking into account any proposal by Deutsche Telekom in writing to amend or modify the terms of the transaction, the identity of the person making such acquisition proposal, and the terms, conditions, timing, likelihood of completion and legal, financial, and regulatory aspects of such acquisition proposal.

### **Change in the MetroPCS Board's Recommendation**

The MetroPCS board has agreed that neither it nor any committee of the MetroPCS board may (i) withdraw or withhold, amend, modify or qualify in any manner adverse to Deutsche Telekom its recommendation in favor of the required MetroPCS stockholder approvals or make any public announcement inconsistent with its recommendation, or publicly propose to do any of the foregoing, (ii) approve, adopt, endorse, recommend or take a neutral position (other than any factually accurate public statement by MetroPCS that solely describes MetroPCS receipt of an acquisition proposal and the operation of the business combination agreement with respect thereto or any stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) on any acquisition proposal or any inquiry or proposal that would reasonably be expected to lead to an acquisition proposal, (iii) following the date any acquisition proposal or any material modification thereto is first made public, sent or given to the stockholders of MetroPCS, fail to issue a press release that expressly reaffirms its recommendation within 10 business days following Deutsche Telekom's written request to do so (which request may only be made once with respect to any such acquisition proposal and each material modification thereto), (iv) fail to include its recommendation in the proxy statement (we refer to any action described in clause (i), (ii), (iii) or (iv), whether taken by MetroPCS, the MetroPCS board or any committee thereof, as an adverse recommendation change), or (v) cause or permit MetroPCS to enter into any contract, letter of intent, memorandum of understanding, or agreement in principle regarding or providing for any acquisition proposal or requiring MetroPCS to abandon, terminate, delay or fail to consummate the transaction.

Notwithstanding the foregoing, at any time prior to the receipt of the required MetroPCS stockholder approvals, the MetroPCS board may effect an adverse recommendation change in response to an intervening event or in response to an acquisition proposal (as described in the section entitled Summary of the Business Combination Agreement No Solicitation of Alternative Proposals beginning on page 142) if the MetroPCS board determines in good faith, after consultation with MetroPCS outside legal counsel and financial advisors, that such acquisition proposal constitutes a superior proposal and such superior proposal is not withdrawn and that, after consultation with MetroPCS outside legal counsel, the failure to effect such adverse recommendation change would reasonably be likely to be inconsistent with the MetroPCS board's fiduciary obligations to MetroPCS and/or its stockholders under applicable law. MetroPCS can only effect an adverse recommendation change if it is in compliance with its non-solicitation obligations described above (except for immaterial non-compliance that is not reasonably related to the adverse recommendation change) and promptly notified Deutsche Telekom (and in any event within 24 hours) of the receipt of the acquisition proposal, including the identity of the person making such superior proposal and, if the acquisition proposal is in writing, provided a copy of such acquisition proposal and any related draft agreements and other written materials, or, if the acquisition proposal is oral, a detailed summary thereof. Before making an adverse recommendation change, MetroPCS must provide written notice to Deutsche Telekom that the MetroPCS board is prepared to make an adverse recommendation change and the reasons therefor and give Deutsche Telekom five business days to amend or revise its offer. If the bidder that made the superior proposal makes another proposal or materially amends its proposal, then MetroPCS must allow Deutsche Telekom three business days to respond to such updated proposal (and any subsequent updated proposal). Intervening event means a circumstance material to MetroPCS and its subsidiaries, taken as a whole, that did not occur, arise or become known to the MetroPCS board or was not reasonably foreseeable by the MetroPCS board, in each case prior to the date of the business combination agreement (or if known or reasonably foreseeable prior to the date of the business combination agreement, the material consequences of which were not known or reasonably foreseeable prior to the date of the business combination agreement), which circumstance, or any material consequence thereof, becomes known to the MetroPCS board prior to the receipt of the required MetroPCS stockholder approvals, except that the receipt, existence or terms of an acquisition proposal do not constitute an intervening event.

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If the MetroPCS board, taking into account all amendments or revisions committed to by Deutsche Telekom, determines, after consultation with its outside legal counsel and financial advisors, that failure to effect such adverse recommendation change would reasonably be likely to be inconsistent with the MetroPCS board's fiduciary obligations to MetroPCS and/or its stockholders under applicable law and that the acquisition proposal remains a superior proposal, then it can make an adverse recommendation change. However, unless Deutsche Telekom terminates the business combination agreement as a result thereof, MetroPCS will nonetheless continue to be obligated to hold the special meeting and submit the proposals described in this proxy statement to its stockholders for approval and to comply with its other obligations under the business combination agreement. MetroPCS may not terminate the business combination agreement to accept a superior acquisition proposal until after the special meeting and only then if the MetroPCS stockholders fail to approve the stock issuance proposal and the new certificate of incorporation proposal.

## **Regulatory Filings and Other Actions**

MetroPCS and Deutsche Telekom have agreed to cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under the business combination agreement and applicable laws to consummate the transaction as promptly as reasonably practicable, including:

preparing and filing as promptly as reasonably practicable all documentation to effect necessary notices, reports and other filings (including by filing promptly on a date agreed to by the parties the notification and required form under the HSR Act and all applications and necessary and appropriate filings and any necessary and appropriate amendments required to be filed with the FCC, any PUCs or similar state or foreign regulatory bodies);

obtaining as promptly as reasonably practicable all governmental consents;

furnishing all information required or reasonably requested for any application or other filing to be made pursuant to any applicable laws in connection with the transaction;

keeping the other parties informed in all material respects of any material communication received by such party from, or given by such party to, any governmental entity and of any material communication received or given in connection with any proceeding by a private party, in each case relating to the transaction;

negotiating, proposing and/or agreeing to the sale, divestiture, license, disposition or hold separate of any asset and other actions, restrictions, limitations or conditions required to obtain any consents, registrations, approvals, permits or authorizations in connection with the transaction;

conducting or agreeing to conduct its business post-closing in any manner as necessary to obtain any consents, registrations, approvals, permits or authorizations in connection with the transaction;

agreeing to any order, action or regulatory condition of any regulatory body, whether in an approval proceeding or another regulatory proceeding; and

defending against the entry of any decree, order, or judgment that would restrain, prevent or delay the closing, including defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging the business combination agreement or the completion of the transaction.

Notwithstanding the foregoing, MetroPCS and Deutsche Telekom are not required to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets (including FCC licenses), businesses or product lines of

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MetroPCS, Deutsche Telekom, T-Mobile, any of their respective subsidiaries, or any combination thereof, that would have a material adverse effect on the business, assets, liabilities, financial condition or results of operations of MetroPCS, T-Mobile and their respective subsidiaries, taken as a whole.



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In addition, MetroPCS is not permitted to agree to any actions, restrictions or conditions with respect to obtaining any consents, registrations, approvals, permits or authorizations in connection with the transaction without the prior written consent of Deutsche Telekom.

### **Financing**

MetroPCS and Deutsche Telekom have agreed to cooperate in good faith to effect the financing transactions described under the section entitled Summary of the Financing beginning on page 112.

### **Expenses**

Generally, the parties have agreed to bear their respective expenses, costs and fees. Notwithstanding the foregoing, Deutsche Telekom has agreed to be responsible for the fees of T-Mobile and its subsidiaries incurred in connection with the execution and delivery of the business combination agreement and the completion of the transaction. In addition, Deutsche Telekom has agreed initially to be responsible, and if the transaction closes the combined company will reimburse Deutsche Telekom at closing, for (i) fees, costs, charges and expenses incurred in connection with obtaining a credit rating pre-determination for MetroPCS and the Wireless existing notes, (ii) commitment fees, costs, charges and expenses incurred in connection with obtaining the debt financing in connection with the transaction (except as described in the immediately following sentence), (iii) fees for services provided in connection with the financial statements (including the pro forma financial statements) included in this proxy statement and (iv) HSR filing fees. MetroPCS has agreed to be responsible for (i) commitment fees, costs, charges and expenses incurred in connection with the issuance of any permitted Wireless notes in connection with the transaction and any consent solicitations or similar transactions to secure the waiver of the holders of the Wireless existing notes to any change in control resulting from the transaction, and (ii) costs and expenses of MetroPCS counsel incurred by MetroPCS or its subsidiaries in connection with the Deutsche Telekom notes issued in the transaction.

### **Governance**

In connection with the transaction and conditioned on the completion of the transaction, MetroPCS will amend and restate its existing certificate of incorporation in its entirety in the form of the new certificate of incorporation attached as Exhibit A to the business combination agreement, and the new certificate of incorporation will be the certificate of incorporation of the combined company immediately following the completion of the transaction. As part of the new certificate of incorporation, MetroPCS will change its name to T-Mobile US, Inc. or another name selected by Deutsche Telekom prior to the closing. The new certificate of incorporation will also provide for the declassification of the MetroPCS board with members generally serving one year terms and provide Deutsche Telekom will the same board and committee representation rights as are set forth in the stockholder s agreement. The new certificate of incorporation will also contain the same approval rights as are set forth in the stockholder s agreement, which restrict the combined company s ability to take certain actions without Deutsche Telekom s prior written consent as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company s common stock. The new certificate of incorporation is more fully described under the section entitled Proposals Submitted to the Stockholders The New Certificate of Incorporation Proposal beginning on page 57.

MetroPCS also will amend and restate its existing bylaws in the form of the new bylaws attached as Exhibit B to the business combination agreement, and the new bylaws will be the bylaws of the combined company immediately following the completion of the transaction. The new bylaws will include similar amendments to reflect changes in the new certificate of incorporation, including those related to the declassification of the MetroPCS board, MetroPCS board and committee composition, stockholder action by written consent and the ability to call a special meeting of stockholders. In addition, the new bylaws will provide that special meetings of the MetroPCS board may be called by, among others, a majority of the directors on the MetroPCS board, whereas the existing bylaws of MetroPCS permit two directors to call a special meeting of the MetroPCS board.

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Effective as of the closing of the transaction, the combined company's board will be comprised of eleven directors. The board will consist of (i) two existing directors of MetroPCS, who are expected to be James N. Perry, Jr. and John (Jack) F. Callahan, Jr., (ii) John J. Legere, the new chief executive officer of the combined company and (iii) eight directors designated by Deutsche Telekom. Pursuant to the stockholder's agreement, at least three of the directors on the board must be considered independent under the rules of the SEC and under applicable listing standards. MetroPCS and Deutsche Telekom have agreed to cooperate in good faith to identify each of these directors prior to the closing.

Effective as of the closing of the transaction, John J. Legere, currently President and Chief Executive Officer of T-Mobile, will serve as Chief Executive Officer of the combined company, J. Braxton Carter, currently Chief Financial Officer and Vice Chairman of MetroPCS, will serve as Chief Financial Officer of the combined company, James (Jim) C. Alling, currently Chief Operations Officer of T-Mobile, will serve as Chief Operating Officer, T-Mobile USA, and Thomas C. Keys, currently President and Chief Operating Officer of MetroPCS, will serve as Chief Operating Officer, MetroPCS. MetroPCS and Deutsche Telekom have agreed to cooperate in good faith to identify additional executive officers prior to the closing. Any MetroPCS or T-Mobile executive officer not identified prior to the closing as an executive officer of MetroPCS post-closing will be deemed not to be an executive officer of MetroPCS post-closing.

## **Tower Transaction**

Prior to the date of the business combination agreement, T-Mobile entered into an agreement with respect to the transfer of certain of its tower assets. Pursuant to the business combination agreement, the parties agreed that T-Mobile will be permitted to consummate such agreement or any other transfer on terms that, taken as a whole, have an equivalent or more favorable economic cost to T-Mobile and its subsidiaries as compared to such agreement. On Friday, November 30, 2012, an initial closing was consummated pursuant to which nearly all of such tower assets were transferred, and the associated proceeds were received by T-Mobile. On December 7, 2012, in accordance with the business combination agreement, such proceeds (net of fees and expenses) were distributed to Deutsche Telekom. From time to time, additional subsequent closings will occur with respect to the small percentage of tower assets that were not transferred on November 30, 2012. All proceeds (net of fees and expenses) resulting from such subsequent closings that occur prior to the closing date of the business combination agreement may be distributed to Deutsche Telekom or any of its subsidiaries. With respect to remaining tower asset transfers that occur, and resulting proceeds (net of fees and expenses) that are received, from and after the closing date of the business combination agreement, the combined company will use its reasonable best efforts to transfer such tower assets on terms acceptable to Deutsche Telekom, and to transfer the proceeds (net of fees and expenses) of such transfer to Deutsche Telekom.

## **Intellectual Property**

Deutsche Telekom has agreed not to assert claims against the combined company or its subsidiaries regarding any intellectual property owned by Deutsche Telekom and used by T-Mobile or any of its subsidiaries immediately prior to the closing date as long as the combined company does not use such intellectual property for any activities, products and services or for any other purposes other than those for which T-Mobile used such intellectual property immediately prior to the closing date. This agreement by Deutsche Telekom is limited to the territory and does not extend to any legal successors and assignees of MetroPCS. Additionally, the agreement does not apply to any intellectual property with respect to which Deutsche Telekom and T-Mobile, or as the case may be, MetroPCS and Deutsche Telekom have made a written agreement, including the trademark license described below.

## **Employee Matters**

For at least one year after the completion of the transaction, MetroPCS will, and Deutsche Telekom will cause MetroPCS to, provide any of MetroPCS' continuing employees with compensation (other than equity compensation), severance pay and employee benefits that are substantially comparable, in the aggregate, to the

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existing compensation (other than equity compensation), severance pay and benefits currently provided by MetroPCS. In addition, each continuing employee of MetroPCS will receive service credit under any new combined company benefit plans to the extent credited under MetroPCS existing benefit plans for all purposes of determining eligibility to participate, vesting and level of benefits, including for purposes of vacation, severance and paid time off benefits (but not for benefit accrual purposes, for the purpose of qualifying a subsidized early retirement benefit, or if such credit would result in a duplication of benefits).

In addition, MetroPCS will, and Deutsche Telekom will cause MetroPCS to, use its reasonable best efforts to (i) make a decision regarding whether to continue the employment of each of MetroPCS continuing employees in a position and on terms of employment comparable to such employee's position and terms of employment as of the closing and (ii) communicate such decision to each such employee and carry out such decision during the one- year period immediately following the closing.

### **Director and Officer Indemnification**

The parties have agreed that all rights to exculpation, indemnification and advancement of expenses of MetroPCS and T-Mobile's current and former directors, officers and employees immediately prior to the closing will continue after the closing. In addition, the combined company will, and Deutsche Telekom has agreed to cause the combined company to, purchase a tail directors and officers liability insurance policy for all current and former MetroPCS directors and officers covering a period of six years following the closing for events arising at or prior to the closing.

### **Other Covenants**

The business combination agreement contains certain other covenants and agreements, including covenants and agreements relating to:

confidentiality and access by each party to certain information about the other parties during the period prior to the closing;

cooperating in connection with public announcements;

causing the resignation of each director and officer of the parties that will not continue in such capacity following the closing;

establishing a joint working group to prepare for the integration of T-Mobile and its subsidiaries after the closing into MetroPCS internal control structure and procedures for financial reporting compliance with the requirements of Rule 404 of the Sarbanes-Oxley Act and MetroPCS financial reporting structure;

addressing during the period prior to the closing T-Mobile's contracts to which Deutsche Telekom or its affiliates is a counterparty;

making customer communications;

developing transition arrangements;

Deutsche Telekom not acquiring any MetroPCS common stock;

cooperating in the defense or settlement of any stockholder litigation relating to the transaction; and

MetroPCS using its reasonable best efforts to cause the MetroPCS common stock to be issued in the MetroPCS stock issuance to be approved for listing on the NYSE, subject to official notice of issuance, prior to the closing.

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### Conditions to Closing the Transaction

The obligations of Deutsche Telekom, Global, Holding, T-Mobile and MetroPCS to complete the transaction are subject to the satisfaction or, if permitted under applicable law, waiver of the following conditions:

the required MetroPCS stockholder approvals having been received;

the waiting period (and any extensions thereof) applicable to the completion of the transaction under the HSR Act having expired or been earlier terminated without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a material adverse effect on the business, assets, liabilities, financial condition or results of operations of MetroPCS, T-Mobile and their respective subsidiaries, taken as a whole, which we refer to as a regulatory material adverse condition;

all governmental consents and waivers required to be obtained from the FCC in connection with the completion of the transaction having been granted by the FCC by final order without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, business or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition, provided that such governmental consents to be granted by the FCC shall not be required to have been granted by final order in the event that (i) waiting to receive the final order would require the parties to extend the outside date described in the section entitled "Summary of the Business Combination Agreement Termination" beginning on page 151, (ii) all other conditions to closing are met and (iii) neither party has appealed or sought reconsideration of the authorizations granted by the FCC in connection with the completion of the transaction;

certain other governmental consents agreed upon by the parties having been obtained by final order, without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition;

the CFIUS having terminated its review under 31 C.F.R. Part 800 and, where applicable, its investigation, without unresolved national security concerns with respect to the transaction, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial condition or results of operations of MetroPCS and its subsidiaries, taken as a whole (after giving effect to the transaction), or the ability of either party to consummate the transaction, and without requiring Deutsche Telekom or MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition;

all other governmental consents required to be obtained in connection with the consummation of the transaction, including from any PUCs or similar regulatory bodies and from any foreign regulatory bodies under any foreign antitrust, competition or similar laws or any foreign public service or utility commissions or similar foreign regulatory bodies, having been obtained by final order, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial condition or results of operations of MetroPCS and its subsidiaries, taken as a whole (after giving effect to the transaction) or the ability of either party to consummate the transaction, and without requiring Deutsche Telekom or

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MetroPCS to take, or cause to be taken, any action, or to agree to any restriction, limitation or condition, in each case with respect to any of the assets, businesses or product lines of MetroPCS, Deutsche Telekom, T-Mobile, or any of their respective subsidiaries, or any combination thereof, that would cause a regulatory material adverse condition; and

no governmental entity having enacted, issued, promulgated, enforced or entered any law, statute, ordinance, rule, regulation, judgment, injunction, decree or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the completion of the transaction.

The obligations of MetroPCS to complete the transaction are also subject to the satisfaction of the following conditions:

all representations and warranties of Deutsche Telekom, Global, Holding and T-Mobile being true and correct, as of the date of the business combination agreement and as of the closing, subject in certain cases to de minimis, materiality and, in most of the cases, material adverse effect qualifiers;

each of Deutsche Telekom, Global, Holding and T-Mobile having performed in all respects its obligations to transfer at the closing to MetroPCS all of the equity interests of T-Mobile and satisfy any consideration adjustment to be paid in cash at the closing;

each of Deutsche Telekom, Global, Holding and T-Mobile having made available any notes that T-Mobile is required to issue pursuant to the business combination agreement and the working capital revolving credit facility;

each of Deutsche Telekom, Global, Holding and T-Mobile having performed in all material respects its other covenants and agreements set forth in the business combination agreement;

no circumstance having occurred that has had or would reasonably be expected to have a material adverse effect with respect to T-Mobile;

MetroPCS having received a fully executed counterpart of the stockholder's agreement and trademark license; and

T-Mobile having delivered a Certificate of Non-Foreign Status to MetroPCS; provided, that if T-Mobile fails to deliver such certificate, MetroPCS shall be permitted to withhold from the consideration otherwise payable to Deutsche Telekom pursuant to the business combination agreement any amounts required to be withheld pursuant to Section 1445 of the Code.

The obligations of Deutsche Telekom, Global, Holding and T-Mobile to complete the transaction are subject to the satisfaction of the following conditions:

all representations and warranties of MetroPCS being true and correct, as of the date of the business combination agreement and as of the closing, subject in certain cases to de minimis, materiality and, in most of the cases, material adverse effect qualifiers;

MetroPCS having performed in all respects its obligations with respect to the reverse stock split, cash payment and MetroPCS stock issuance;

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MetroPCS having performed in all material respects its other covenants and agreements set forth in the business combination agreement;

no circumstance having occurred that has had or would reasonably be expected to have a material adverse effect with respect to MetroPCS;

Deutsche Telekom having received a fully executed counterpart of the stockholder s agreement and trademark license;

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Deutsche Telekom having received a payoff letter reasonably acceptable to it with respect to the termination of the Wireless existing senior credit facility and all commitments or other extensions of credit thereunder and the satisfaction and discharge of all principal, premium, if any, interest, fees and other amounts then due or outstanding thereunder and the satisfaction, release and discharge of all security interests, mortgages, liens and other encumbrances on MetroPCS and its subsidiaries properties and assets over MetroPCS securing such obligations;

except to the extent refinanced pursuant to a change in control offer on or prior to the closing, the Wireless existing notes remaining outstanding, there being no event of default in respect of any of the Wireless existing notes, and the completion of the transaction alone not giving rise to any fact, event, circumstance or effect that with notice or lapse of time would constitute an event of default in respect of any of the Wireless existing notes; and

the MetroPCS common stock to be issued to Holding or its designee in the transaction being approved for listing on the NYSE, subject to official notice of issuance.

## **Termination**

The business combination agreement may be terminated at any time prior to the closing, even after the receipt of the required MetroPCS stockholder approvals, under the following circumstances:

by mutual written consent of MetroPCS and Deutsche Telekom;

by either MetroPCS or Deutsche Telekom, if any governmental entity of competent jurisdiction shall have issued a final and non-appealable order or taken any other final and non-appealable action permanently enjoining, restraining, denying or otherwise prohibiting the consummation of the transaction; provided that the party seeking to terminate the business combination agreement shall have used its reasonable best efforts to have such order lifted if and to the extent required by the business combination agreement;

by either MetroPCS or Deutsche Telekom, if the transaction is not completed on or before the outside date; except that if the conditions set forth in the second, third, fourth, fifth and sixth bullet points under Summary of the Business Combination Agreement Conditions to Closing the Transaction beginning on page 149 have not been satisfied by October 3, 2013, either party may extend the outside date from time to time, by written notice to the other party given prior to the outside date in effect prior to such notice, to a date not later than January 3, 2014;

by Deutsche Telekom (provided that none of Deutsche Telekom, Global, Holding and T-Mobile is then in material breach of any representation, warranty, covenant or other agreement in the business combination agreement), in the event that (i) a breach by MetroPCS of any representation, warranty, covenant or other agreement contained in the business combination agreement would result in a failure of a condition to the closing, and (ii) such breach (A) if curable, has not been cured within 30 calendar days following MetroPCS receipt of written notice from Deutsche Telekom, or if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date, or (B) is not curable;

by MetroPCS (provided that MetroPCS is not then in material breach of any representation, warranty, covenant or other agreement in the business combination agreement), in the event that (i) a breach by Deutsche Telekom, Global, Holding or T-Mobile of any representation, warranty, covenant or other agreement contained in the business combination agreement would result in a failure of a condition to the closing, and (ii) such breach (A) if curable, has not been cured within 30 calendar days following Deutsche Telekom's receipt of written notice from MetroPCS, or if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date, or (B) is not curable;





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by either Deutsche Telekom or MetroPCS, if the required MetroPCS stockholder approvals are not obtained at the special meeting, or at any adjournment or postponement thereof, at which a vote seeking such required MetroPCS stockholder approvals was taken, except that no party may terminate the business combination agreement pursuant to this bullet point if such party has breached in any material respect any of its obligations under the business combination agreement in any manner that would reasonably be expected to cause the failure to obtain the required MetroPCS stockholder approvals at the special meeting or at any adjournment or postponement thereof;

by Deutsche Telekom, prior to the receipt of the MetroPCS stockholder approvals, if there is an adverse recommendation change, whether or not such adverse recommendation change is in compliance with the requirements described in the section entitled Summary of the Business Combination Agreement Change in the MetroPCS Board's Recommendation beginning on page 144;

by Deutsche Telekom, if after the date of the business combination agreement there is a material adverse effect with respect to MetroPCS and such material adverse effect is not curable or, if curable, (i) is not cured within 30 calendar days after written notice is given by Deutsche Telekom to MetroPCS or (ii) if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date; or

by MetroPCS, if after the date of the business combination agreement there is a material adverse effect with respect to T-Mobile and such material adverse effect is not curable or, if curable, (i) is not cured within 30 calendar days after written notice is given by MetroPCS to Deutsche Telekom or (ii) if the outside date is less than 30 calendar days from such notice, has not been or cannot reasonably be expected to be cured by the outside date.

## **Effect of Termination**

If the business combination agreement is validly terminated, the business combination agreement will become void and of no effect with no liability on the part of any party (or of any of its directors, officers, employees, agents, legal and financial advisors or other representatives), except that no termination will relieve any party of any liability or damages resulting from any willful breach of any material provision of the business combination agreement, the confidentiality agreement between MetroPCS and T-Mobile or any other agreement delivered in connection with the business combination agreement prior to its termination.

MetroPCS will be obligated to pay a termination fee of \$150 million to Deutsche Telekom if:

Deutsche Telekom terminates the business combination agreement because there has been an adverse recommendation change;

MetroPCS or Deutsche Telekom terminates the business combination agreement because the required MetroPCS stockholder approvals are not obtained following (i) a material breach by MetroPCS of the covenants requiring MetroPCS to file the proxy statement, call and hold the special meeting, not solicit alternative transaction proposals or continue to recommend that its stockholders approve the stock issuance proposal and the new certificate of incorporation proposal, and such material breach is reasonably related to the failure to obtain the required MetroPCS stockholder approvals, or (ii) an adverse recommendation change; or

MetroPCS or Deutsche Telekom terminates the business combination agreement because the required MetroPCS stockholder approvals are not obtained (other than under the circumstances described in the immediately preceding bullet point) or because the outside date has passed, and (i) an acquisition proposal has been made and is pending at the time of termination and, within twelve months after such termination, MetroPCS enters into, publicly approves or submits to its stockholders for approval, an agreement with respect to an acquisition proposal, or it consummates an acquisition proposal (which in each case need not be the same proposal or with the same party



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that made the earlier proposal), or (ii) an acquisition proposal has been made but was withdrawn prior to the stockholder meeting at which MetroPCS stockholders voted not to grant the required MetroPCS stockholder approvals and, within twelve months after such termination, MetroPCS enters into, publicly approves or submits to its stockholders for approval, an agreement with respect to an acquisition proposal with the same party that made the earlier proposal that had been withdrawn.

Deutsche Telekom will be obligated to pay a termination fee of \$250 million to MetroPCS if the business combination agreement is terminated by MetroPCS or Deutsche Telekom (i) because a regulatory agency issues a final order prohibiting the completion of the transaction for regulatory law reasons or (ii) due to a failure to obtain the necessary regulatory approvals by the outside date.

**Specific Performance**

The parties have agreed in the business combination agreement that irreparable damage would occur if any provision of the business combination agreement were not performed in accordance with its terms and that, except in a circumstance where a termination fee is payable by one of the parties, the parties will be entitled to an injunction or injunctions to prevent breaches of the business combination agreement or to enforce specifically the performance of its terms and provisions without any requirement to post bond, in addition to any other remedy to which they may be entitled at law or in equity.

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**SUMMARY OF ANCILLARY AGREEMENTS**

**Stockholder s Agreement**

*In connection with the closing of the transaction, MetroPCS and Deutsche Telekom will enter into the stockholder s agreement, a form of which is attached as Exhibit C to the business combination agreement and which is incorporated by reference herein in its entirety. The following is a summary of the material provisions of the stockholder s agreement. The summary in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the stockholder s agreement. This summary does not purport to be complete and may not contain all of the information about the stockholder s agreement that is important to you. We encourage you to read carefully the stockholder s agreement in its entirety before making any decisions regarding the transaction.*

Pursuant to the business combination agreement, MetroPCS and Deutsche Telekom have agreed to enter into the stockholder s agreement at the completion of the transaction. The stockholder s agreement will govern Deutsche Telekom s ownership of debt and equity securities of the combined company following the completion of the transaction.

***Board Representation***

Pursuant to the stockholder s agreement, Deutsche Telekom generally will have the right to designate a number of individuals, each of which we refer to as a Deutsche Telekom designee, to the combined company s board and any committees thereof equal to the percentage of the combined company s common stock beneficially owned by Deutsche Telekom multiplied by the number of directors on the combined company s board (or the number of members of any committee thereof), in each case, rounded to the nearest whole number. The combined company and Deutsche Telekom will use their reasonable best efforts to cause Deutsche Telekom designees to be elected to the combined company s board. These rights will remain in effect as long as Deutsche Telekom beneficially owns 10% or more of the outstanding shares of the combined company s common stock. If at any time the number of Deutsche Telekom designees then serving as directors on the combined company s board or as members of any committee of the combined company s board exceeds the number of Deutsche Telekom designees that Deutsche Telekom is entitled to designate, Deutsche Telekom will be required to cause the number of Deutsche Telekom designees then serving as directors on the MetroPCS board or as members of such committee of the combined company s board representing such excess to resign immediately as directors or committee members, as applicable.

The parties have agreed to use their reasonable best efforts to cause at least three members of the combined company s board to be considered independent under the rules of the SEC and under applicable listing standards. In addition, each Deutsche Telekom designee must not be prohibited or disqualified from serving as a director on the combined company s board pursuant to any rule or regulation of the SEC, the NYSE or any other or additional exchange on which securities of the combined company are listed or by applicable law. Deutsche Telekom will, and will cause any Deutsche Telekom designee to, provide such information as the combined company reasonably requests.

***Specified Actions***

Pursuant to the stockholder s agreement, as long as Deutsche Telekom beneficially owns 30% or more of the outstanding shares of the combined company s common stock, the combined company will not take the following actions without Deutsche Telekom s prior written consent, which consent Deutsche Telekom may withhold in its sole discretion:

create, incur, issue, assume or otherwise become liable for (including through a merger, acquisition or otherwise) or refinance or guarantee any indebtedness (excluding any permitted debt, as defined in the stockholder s agreement) that would result in the combined company and its subsidiaries, on a consolidated basis, having or being liable for indebtedness in an aggregate principal amount that

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would result in the debt to cash flow ratio, as defined in the Deutsche Telekom notes indenture, for the combined company's most recently ended four full fiscal quarters for which financial statements are available to be greater than 5.25 to 1.0 on a *pro forma* basis as if the additional indebtedness had been incurred at the beginning of such four-quarter period;

take any action or enter into any transaction that would reasonably be expected to result in a breach of or default under any credit agreement, indenture, note, or similar instrument or security to which Deutsche Telekom or any of its affiliates is a party or is bound;

acquire (including by way of merger, recapitalization, reorganization, liquidation or dissolution) any business, debt or equity interests, operations or assets of any person, or make any investment in or loan to any person, in any single transaction or series of related transactions (excluding the acquisition of products and equipment in the ordinary course of business), for consideration in excess of \$1 billion;

sell, lease, transfer, encumber (other than permitted liens, as defined in the stockholder's agreement) or otherwise dispose of (including by way of merger, recapitalization, reorganization, liquidation or dissolution) any division, business, or operations of the combined company or any of its subsidiaries, or any equity interests of the combined company or any of its subsidiaries, in any single transaction or series of related transactions, for consideration in excess of \$1 billion;

change the size of the combined company's board;

issue any equity or equity-linked securities or other voting securities of the combined company or any of its subsidiaries, in any single transaction or series of related transactions, (i) constituting 10% or more of the then outstanding shares of the combined company's common stock (other than grants of incentive awards to officers or employees of the combined company or its subsidiaries that are approved by the combined company's board or the applicable committee thereof or issuances of securities to the combined company or any of its wholly-owned subsidiaries) or (ii) for the purpose of redeeming or purchasing any indebtedness of the combined company held by Deutsche Telekom or its affiliates;

(i) except as required in the combined company's governing documents, repurchase or redeem any equity (or equity-based) securities of the combined company or any of its non-wholly-owned subsidiaries, or (ii) make any extraordinary or in-kind dividend with respect to any of the equity (or equity-based) securities of the combined company or any of its subsidiaries, other than a dividend on a *pro rata* basis with respect to all stockholders of the combined company, or a dividend to the combined company or any of its wholly-owned subsidiaries; or

hire, or terminate without cause, the combined company's chief executive officer, or agree to do so.

In addition, the combined company will not be permitted to amend its governing documents in any manner that could adversely affect Deutsche Telekom or its rights under the stockholder's agreement as long as Deutsche Telekom beneficially owns 5% or more of the outstanding shares of the combined company's common stock.

## ***Debt Defaults***

Pursuant to the stockholder's agreement, the combined company will be required to notify Deutsche Telekom any time it is reasonably likely that the combined company will default on any indebtedness with a principal amount greater than \$75 million, which we refer to as a potential default. Thereupon, Deutsche Telekom will have the right, but not the obligation, to provide new debt financing to the combined company up to the amount of the indebtedness that is the subject of the potential default plus any applicable prepayment or other penalties, on the same terms and conditions as such indebtedness (together with any waiver of the potential default). If Deutsche Telekom elects to provide the combined company with new debt financing, the combined company must take any actions reasonably requested by Deutsche Telekom (i) to prepare documentation



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reflecting the terms and conditions of the new debt financing; (ii) to repay the indebtedness that is the subject of the potential default; and (iii) to take any other action necessary or desirable to avert the potential default.

### ***Information***

As long as Deutsche Telekom beneficially owns 10% or more of the outstanding shares of the combined company's common stock, the combined company will provide Deutsche Telekom with the following information and consultation rights: (i) Deutsche Telekom will be entitled to consult with the officers of the combined company with respect to the combined company's business and financial matters, including management's proposed annual operating plans, and, upon request, members of management will meet with representatives of Deutsche Telekom at mutually agreeable times and places for such consultation, including to review progress in achieving said plans; (ii) the combined company will furnish Deutsche Telekom with such available financial and operating data and other information with respect to the business and properties of the combined company and its subsidiaries as Deutsche Telekom may reasonably request; and (iii) Deutsche Telekom will be entitled to inspect all books and records and facilities and properties of the combined company at reasonable times and intervals.

Subject to the requirements of applicable law, regulations and rules, Deutsche Telekom generally has agreed to, and to cause its representatives and its Deutsche Telekom designees to, keep confidential all information of the combined company and its affiliates obtained by Deutsche Telekom and its Deutsche Telekom designees. Deutsche Telekom also will, and will cause its controlled affiliates, representatives, and directors on the MetroPCS board that are its affiliates to, comply with applicable law regarding insider trading in the combined company's securities to the extent any of them is in possession of information of the combined company and its affiliates.

Deutsche Telekom also has agreed to use its commercially reasonable efforts to, until the next subsequent filing of the combined company's Annual Report on Form 10-K, assist the combined company with the integration of T-Mobile and its subsidiaries into the combined company's internal control structure and procedures for financial reporting compliance with the requirements of Rule 404 of the Sarbanes-Oxley Act.

### ***Director Consent Rights***

During the term of the stockholder's agreement, Deutsche Telekom will not be permitted to, and will be required to cause the Deutsche Telekom designees then serving as directors on the combined company's board not to, support, enter into or vote in favor of any transaction between, or involving both (A) the combined company and (B) Deutsche Telekom or an affiliate of Deutsche Telekom, unless such transaction is approved by a majority of the directors on the combined company's board, which majority includes a majority of the directors on the combined company's board that are not affiliates of Deutsche Telekom. In addition, Deutsche Telekom has agreed that the directors on the combined company's board that are not affiliates of Deutsche Telekom will direct and make any determinations with respect to the combined company's post-closing actions relating to the adjustment of consideration under the business combination agreement.

### ***Acquisitions of the Combined Company's Common Stock***

Pursuant to the stockholder's agreement, Deutsche Telekom and its affiliates will generally be prohibited from acquiring more than 80.1% of the outstanding shares of the combined company's common stock unless it makes an offer to acquire all of the then remaining outstanding shares of the combined company's common stock at the same price and on the same terms and conditions as the proposed acquisition from all other stockholders of the combined company, which is either (i) accepted or approved by the majority of the directors, which majority includes a majority of the directors that are not affiliates of Deutsche Telekom, or (ii) accepted or approved by disinterested stockholders.



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### ***Lock-Up Period***

Deutsche Telekom will be prohibited from transferring any shares of the combined company's common stock during the six-month period after the closing.

### ***Transfers of the Combined Company's Common Stock***

Following the lock-up period, Deutsche Telekom and its affiliates may freely transfer any shares of the combined company's common stock, subject to applicable law, provided that Deutsche Telekom will be prohibited from transferring any shares of the combined company's common stock in any other transaction that would result in the transferee owning more than 30% of the outstanding shares of the combined company's common stock unless such transferee offers to acquire all of the then outstanding shares of the combined company's common stock at the same price and on the same terms and conditions as the proposed transfer.

### ***Registration Rights***

The stockholder's agreement will include certain registration rights for equity securities (including the combined company's common stock) and debt securities, which we refer to, collectively, as registrable securities, of the combined company beneficially owned by Deutsche Telekom and acquired in connection with the transaction or in the future. The combined company must file a shelf registration statement covering all registrable securities within 30 days after the closing, and Deutsche Telekom generally will have the right to request that the combined company file, from time to time, a registration statement or prospectus supplement to a registration statement (i) with respect to equity securities so long as it owns 5% or more of the combined company's common stock and (ii) with respect to debt securities so long as it holds any debt securities issued by the combined company.

Notwithstanding the foregoing, Deutsche Telekom will be subject to the following limitations with respect to its registration rights:

the expected proceeds from the sale of registrable securities to be included in any requested registration statement or prospectus supplement must be \$100 million or greater;

with respect to equity securities, Deutsche Telekom must wait 90 days between requests; and

the combined company will be entitled to postpone and delay, for reasonable periods of time not in excess of 60 days, and in no event more than twice in any 12-month period, the filing or effectiveness of any such requested registration statement or prospectus supplement, if one or more executive officers of the combined company determines in good faith that any such filing or the offering or sale of any equity securities thereunder would (i) impede, delay or otherwise interfere with any pending or contemplated material acquisition, disposition, corporate reorganization or other similar material transaction involving the combined company, (ii) based upon advice from the combined company's investment banker or financial advisor, materially and adversely impede, delay or otherwise interfere with any pending or contemplated financing, offering or sale of any class of securities by the combined company, (iii) require disclosure of material non-public information which, if disclosed at such time, would not be in the best interests of the combined company and its stockholders, or (iv) have a material adverse effect on the combined company.

In addition, Deutsche Telekom has piggyback registration rights with respect to any offering initiated by the combined company or any of its other stockholders. These piggyback registration rights will be subject to cutback procedures in the event the piggyback offering is oversubscribed.

Any transferee of Deutsche Telekom who acquires at least 5% of either the registrable equity securities or the registrable debt securities pursuant to a transaction that is not registered under the Securities Act will be entitled to enjoy the same registration rights as Deutsche Telekom as long as the registrable securities held by such transferee may not be sold or disposed of pursuant to Rule 144 without volume limitations at the time when such transferee seeks to exercise its registration rights.

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The stockholder's agreement will restrict Deutsche Telekom's ability to compete with the combined company in the United States, Puerto Rico and the territories and protectorates of the United States during the period beginning on the date of the closing and ending on the date that is two years after the date on which Deutsche Telekom beneficially owns less than 10% of the outstanding shares of the combined company's common stock. Specifically, during such period, neither Deutsche Telekom nor any of its controlled affiliates will be permitted to engage in providing wireless telecommunications services through a facilities-based network in the United States, Puerto Rico and the territories and protectorates of the United States, hold licenses from the FCC related to or necessary to provide such services, act as a reseller, dealer or distributor of such services in the United States, Puerto Rico and the territories and protectorates of the United States, or act as a mobile virtual network operator in the United States, Puerto Rico and the territories and protectorates of the United States. In addition, for the period commencing at the closing and expiring on the first anniversary of the termination of the trademark license in accordance with its terms, Deutsche Telekom may not manufacture, market or distribute any products or services under, or use in any way, the trademark T-MOBILE in connection with any of the activities described in the previous sentence, other than by the combined company and its affiliates in accordance with the terms of the trademark license. The trademark license is more fully described under the section entitled "Summary of Ancillary Agreements - Trademark License" beginning on page 158.

**Voting and Support Agreement**

*Concurrently, and in connection, with entering into the business combination agreement, Deutsche Telekom and Madison Dearborn entered into a voting and support agreement, which we refer to as the support agreement, a form of which is attached as Exhibit E to the business combination agreement and which is incorporated by reference herein in its entirety. The following is a summary of the material provisions of the support agreement. The summary in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the support agreement. This summary does not purport to be complete and may not contain all of the information about the support agreement that is important to you. We encourage you to read carefully the support agreement in its entirety before making any decisions regarding the transaction.*

On October 3, 2012, Deutsche Telekom and Madison Dearborn entered into the support agreement in the form attached as Exhibit E to the business combination agreement, pursuant to which, subject to the conditions set forth therein, Madison Dearborn agreed to, among other things, vote all shares of MetroPCS common stock beneficially owned by it, as well as any additional securities which it may acquire or own, (i) in favor of the required MetroPCS stockholder approvals and (ii) against certain third party proposals to acquire MetroPCS and against any other actions that could reasonably be expected to materially impede, interfere with, delay, postpone, discourage or adversely affect the transaction or any other transactions contemplated by the business combination agreement. In addition, Madison Dearborn has agreed to substantially similar non-solicitation restrictions as those imposed upon by MetroPCS pursuant to the business combination agreement.

As of [ ], the record date, Madison Dearborn beneficially owned approximately [ ]% of the outstanding MetroPCS common stock.

**Trademark License**

*In connection with the completion of the transaction, MetroPCS and Deutsche Telekom will enter into a trademark license, which we refer to as the trademark license. The following is a summary of the material provisions of the trademark license.*

Pursuant to the business combination agreement, MetroPCS and Deutsche Telekom have also agreed to enter into the trademark license, pursuant to which the combined company will receive (i) a limited, exclusive, non-revocable and royalty-bearing license to certain T-Mobile trademarks (including Internet domains) for use in connection with telecommunications and broadband products and services in the United States, (ii) a limited,

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non-exclusive, non-revocable and royalty-bearing license to use certain other trademarks for use in connection with telecommunications and broadband products and services in the United States and (iii) free of charge, the right to use the trademark T-Mobile as a name for the combined company. The parties have agreed to finalize the list of licensed trademarks prior to the closing.

### ***Term***

The initial term of the trademark license is five years. The trademark license automatically renews for an additional five year term unless the combined company provides notice of its intent not to renew the trademark license. Thereafter, the trademark license automatically renews for subsequent five year periods unless either the combined company or Deutsche Telekom provides 12 months notice prior to the expiration of the then-current term. Additionally, the combined company may terminate the trademark license at any time upon prior notice, and Deutsche Telekom can terminate the trademark license if the combined company abandons the trademarks licensed thereunder.

### ***Royalty***

The combined company is obligated to pay Deutsche Telekom a royalty in an amount equal to 0.25%, which we refer to as the royalty rate, of the net revenue generated by products and services sold by the combined company under the licensed trademarks. Net revenues includes all revenues generated by the combined company in connection with the sale of products and services using the licensed trademarks, including inbound roaming revenue earned by the combined company, but products and services sold by the combined company under the MetroPCS brand or trademarks owned by the combined company are excluded from the net revenue so long as licensed trademarks are not used in conjunction therewith, other than to non-prominently refer to the name of the company. On the fifth anniversary of the trademark license, the combined company and Deutsche Telekom have agreed to adjust the royalty rate to the royalty rate found under similar licenses for trademarks in the telecommunication and broadband field in the territory through a binding benchmarking process.

### ***Quality Control Requirements***

The trademark license contains certain quality control requirements that the combined company is obligated to maintain. For instance, the combined company is obligated to use the licensed trademarks in accordance with the Deutsche Telekom trademark standards and guidelines and Deutsche Telekom has the right to review representative samples of products that use the licensed trademarks. Further, Deutsche Telekom must approve each advertising campaign that uses the licensed trademarks, whether in print, online or on television. Additionally, the trademark license establishes a brand advisory committee comprising two representatives from the combined company and two representatives from Deutsche Telekom. The brand advisory committee's purpose is to implement the trademarks standards and guidelines and establish procedures for approving advertising campaigns.

### ***Renegotiation***

The combined company and Deutsche Telekom are obligated to negotiate a new trademark license in any of the following events: (i) Deutsche Telekom has 50% or less of the voting power of the outstanding shares of capital stock of the combined company or (ii) any third party owns or controls, directly or indirectly, 50% or more of the voting power of the outstanding shares of capital stock of the combined company, or otherwise has the power to direct or cause the direction of the management and policies of the combined company. If the combined company and Deutsche Telekom fail to agree on a new trademark license, either the combined company or Deutsche Telekom may terminate the trademark license and such termination shall be effective, in the case of clause (i) above, on the third anniversary after notice of termination and, in the case of clause (ii) above, on the second anniversary after notice of termination.

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### ***Wind Down***

The combined company has the right to continue to sell products under the licensed trademarks for a period of one year after termination or expiration of the trademark license. Additionally, MetroPCS has the right to continue to use advertising materials bearing the licensed trademarks for a period of up to six months after termination or expiration of the trademark license.

### ***Indemnification and Liability Limits***

Deutsche Telekom is obligated to indemnify the combined company against trademark infringement claims with respect to certain licensed T-Mobile trademarks and has the right (but not the obligation) to indemnify the combined company against trademark infringement claims with respect to certain other licensed trademarks. If Deutsche Telekom chooses not to defend the combined company against trademark infringement claims with respect to certain other licensed trademarks, the combined company has the right to defend itself against such claim. The combined company is obligated to indemnify Deutsche Telekom against third party claims due to the combined company's advertising or anti-competitive use by the combined company of the licensed trademarks. Except for indemnification obligations and intentional misconduct, the liability of the combined company and Deutsche Telekom is limited to EUR 1 million per calendar year.

### ***Rights Agreement Amendment***

*Concurrently, and in connection, with entering into the business combination agreement, MetroPCS entered into the rights agreement amendment, which is attached as Exhibit 4.1 to MetroPCS' Current Report on Form 8-K filed October 3, 2012 and which is incorporated by reference herein in its entirety. The following is a summary of the material provisions of the rights agreement amendment. The summary in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the rights agreement amendment. This summary does not purport to be complete and may not contain all of the information about the rights agreement amendment that is important to you. We encourage you to read carefully the rights agreement amendment in its entirety before making any decisions regarding the transaction.*

On October 3, 2012, MetroPCS entered into Amendment No. 1, which we refer to as the rights agreement amendment, to the Rights Agreement, dated as of March 29, 2007, which we refer to as the rights agreement, by and between MetroPCS and American Stock Transfer & Trust Company, LLC, as Rights Agent. The rights agreement amendment provides that none of the adoption, approval, execution, delivery, announcement or performance of the business combination agreement or related transactions, nor the completion of the transaction, will (i) cause the rights (as defined in the rights agreement) to become exercisable, (ii) cause Deutsche Telekom or any of its affiliates or associates (as such terms are defined in the rights agreement) to become an acquiring person (as defined in the rights agreement) or (iii) give rise to a flip-in-event, a flip-over-event, a triggering event, a distribution date, or a stock acquisition date (as such terms are defined in the rights agreement).

**Table of Contents****BENEFICIAL OWNERSHIP OF METROPCS DIRECTORS, EXECUTIVE OFFICERS AND PERSONS OWNING MORE THAN 5% OF THE OUTSTANDING SHARES OF METROPCS COMMON STOCK**

The following table shows the amount of MetroPCS common stock beneficially owned as of October 31, 2012 (unless otherwise indicated) by each person known by MetroPCS to own beneficially more than 5% of the outstanding shares of MetroPCS common stock, by each of MetroPCS directors and named executive officers and by all directors and executive officers of MetroPCS as a group. Unless otherwise indicated, each person has sole investment and voting power over the securities listed in the table. The beneficial ownership information has been presented in accordance with SEC rules and is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below and except to the extent authority is shared by spouses under applicable law, to our knowledge, each of the persons set forth below has sole voting and investment power with respect to all shares of MetroPCS common stock shown as beneficially owned by them. The number of shares of MetroPCS common stock used to calculate each listed person's percentage ownership of each such class includes the shares of MetroPCS common stock underlying options or other convertible securities held by such person that are exercisable or vest within 60 days after October 31, 2012.

	Common Stock Beneficially Owned	
	Number	Percentage
<b>Directors and Named Executive Officers(1)(18):</b>		
Roger D. Linquist (2)	13,391,621	3.58%
Thomas C. Keys (3)	1,803,602	*
J. Braxton Carter (4)	1,062,287	*
Mark A. Stachiw (5)	865,567	*
Dennis T. Currier (6)	118,158	*
W. Michael Barnes (7)	341,463	*
John (Jack) F. Callahan, Jr. (8)	91,232	*
C. Kevin Landry (9)	1,492,400	*
Arthur C. Patterson (10)	5,395,536	1.47%
James N. Perry, Jr. (11)(12)	30,850,744	8.39%
All directors and Named Executive Officers as a group (10 persons)	55,412,610	14.63%
<b>Beneficial Owners of More Than 5%:</b>		
BlackRock Inc. (13) 40 East 52 <sup>nd</sup> Street New York, New York 10022	23,979,956	6.52%
Capital Research Global Investors (14) 333 South Hope Street Los Angeles, CA 90071	19,363,700	5.27%
Madison Dearborn Capital Partners IV, L.P. (11)(12) Three First National Plaza, Suite 4600 Chicago, IL 60602	30,581,312	8.32%
Paulson & Co. Inc. (15) 1251 Avenue of the Americas New York, New York 10020	23,800,000	6.47%
Prudential Financial, Inc. (16) 751 Broad Street Newark, New Jersey 07102-3777	20,125,020	5.47%
Vanguard Group, Inc.(17) 100 Vanguard Boulevard Malvern, PA 19355-2331	20,464,455	5.57%

\* Represents less than 1%.

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- (1) Unless otherwise indicated, the address of each person is c/o MetroPCS Communications, Inc., 2250 Lakeside Blvd., Richardson, Texas 75082.
- (2) Includes 6,773,148 shares of MetroPCS common Stock issuable upon exercise of options and 54,583 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans, 4,863,890 shares of MetroPCS common stock held directly by Mr. Linquist, and 1,700,000 shares of MetroPCS common stock held by THCT Partners, LTD, a partnership with which Mr. Linquist is affiliated, may be deemed to be a member of a group under Section 13d-3 of the Exchange Act, and may be deemed to share voting and/or investment power with respect to the shares owned by such entities. Mr. Linquist disclaims beneficial ownership of such shares, except to the extent of his interest in such shares arising from his interests in THCT Partners, LTD. Mr. Linquist has dispositive power with respect to the MetroPCS common stock held by THCT Partners, LTD.
- (3) Includes 1,636,410 shares of MetroPCS common stock issuable upon exercise of options and 33,021 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (4) Includes 951,412 shares of MetroPCS common stock issuable upon exercise of options and 20,313 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (5) Includes 788,278 shares of MetroPCS common stock issuable upon exercise of options and 13,021 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (6) Includes 84,790 shares of MetroPCS common stock issuable upon exercise of options and 5,729 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (7) Includes 306,419 shares of MetroPCS common stock issuable upon exercise of options and 1,500 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (8) Includes 80,732 shares of MetroPCS common stock issuable upon exercise of options and 1,500 shares of restricted stock as granted under the MetroPCS equity incentive compensation plans.
- (9) Includes 28,000 shares of MetroPCS common stock issuable upon exercise of stock options and 1,500 shares of restricted stock as granted to Mr. Landry under the MetroPCS equity incentive compensation plans and 7,000 shares of MetroPCS common stock held directly by Mr. Landry. All other shares attributed to Mr. Landry are owned directly by TA Atlantic and Pacific V L.P., TA Investors II L.P., TA IX L.P., TA Strategic Partners Fund A L.P. and TA Strategic Partners Fund B L.P., with which Mr. Landry is affiliated, may be deemed to be a member of a group (hereinafter referred to as TA Associates, et al) under Section 13d-3 of the Exchange Act and may be deemed to share voting and/or investment power with respect to the shares owned by such entities. Mr. Landry disclaims beneficial ownership of such shares, except to the extent of his interest in such shares arising from his interests in TA Associates, et al.
- (10) Includes 205,556 shares of MetroPCS common stock issuable upon exercise of options and 1,500 shares of restricted stock as granted to Mr. Patterson under the MetroPCS equity incentive compensation plans and 396,162 shares of MetroPCS common stock held directly by Mr. Patterson. All other shares attributed to Mr. Patterson are owned directly by ACP Family Partnership L.P., Ellmore C. Patterson Partners, ACP 2007 Accel-7 GRAT U/A/D 4/2/07 and ACP 2007 Accel-10 GRAT U/A/D 4/2/07, with which Mr. Patterson may be deemed to share voting and/or investment power with respect to the shares owned by such entities. Mr. Patterson disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

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- (11) Includes 258,932 shares of MetroPCS common stock issuable upon exercise of options and 1,500 shares of restricted stock subject as granted to Mr. Perry under the MetroPCS equity incentive compensation plans and 9,000 shares of MetroPCS common stock held directly by Mr. Perry. All other shares attributed to Mr. Perry are owned directly by Madison Dearborn Capital Partners IV, L.P., which we refer to as MDCP IV, and Madison Dearborn Partners IV, L.P., which we refer to as MDP IV. Mr. Perry is a Managing Director of the general partner of MDP IV and a limited partner of MDP IV, and therefore may be deemed to share voting and investment power over such shares and therefore to beneficially own such shares. Mr. Perry disclaims any beneficial ownership of such shares, except to the extent of his pecuniary interest in such shares arising from his interests in MDP IV.

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- (12) MDCP IV and MDP IV may be deemed to be a group under Section 13d-3 of the Exchange Act and the shares held by MDCP IV may be deemed to be beneficially owned by MDP IV, the sole general partner of MDCP IV. As the sole members of a limited partner committee of MDP IV that has the power, acting by majority vote, to vote or dispose of the shares held directly by MDCP IV, Paul J. Finnegan and Samuel M. Mencoﬀ have shared voting and investment power over such shares. Messrs. Finnegan and Mencoﬀ, and MDP IV each disclaims any beneficial ownership of any shares held by MDCP IV, except to the extent of their respective pecuniary interests therein.
- (13) Based on a Schedule 13F reporting beneficial ownership as of September 30, 2012, BlackRock, Inc. as the parent holding company of the subsidiaries listed in such Schedule 13F, has sole voting power and sole dispositive power over 23,979,956 shares of MetroPCS common stock.
- (14) Based on a Schedule 13G/A reporting beneficial ownership as of October 31, 2012, Capital Research Global Investors, a division of Capital Research and Management Company, which we refer to as CRMC, is deemed to be the beneficial owner of 19,363,700 shares as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.
- (15) Paulson & Co. Inc. and/or certain of its affiliated entities, which we refer to collectively as Paulson, provide investment management services to certain pooled investment vehicles and managed accounts, which we refer to collectively as the funds. Based on the Schedule 13F for the quarter end dated September 30, 2012 filed by Paulson, the funds may be deemed to be the beneficial owners of, in the aggregate, 23,800,000 shares of MetroPCS Communications, Inc., which we refer to as the fund shares. Paulson disclaims beneficial ownership of the fund shares for purposes of the Exchange Act.
- (16) Based on a Schedule 13F reporting beneficial ownership as of September 30, 2012, Prudential Financial, Inc. may have direct or indirect voting and/or investment discretion over 843,632 shares which are held for its own benefit or for the benefit of its clients by its separate accounts, externally managed accounts, registered investment companies, subsidiaries and/or other affiliates. Prudential Financial, Inc. is also a Parent Holding Company and the indirect parent of Jennison Associates LLC, which we refer to as Jennison, which separately filed a Schedule 13F reporting beneficial ownership as of September 30, 2012, of 19,281,388 shares held by entities to which it furnishes investment advice. Because Jennison does not file Schedule 13F jointly with Prudential shares of MetroPCS common stock reported by Jennison are not included in the shares reported by Prudential Financial, Inc.
- (17) Based on a Schedule 13F reporting beneficial ownership as of September 30, 2012, Vanguard Group, Inc. is deemed to be the beneficial owner of 20,464,455 shares as a result of Vanguard Group, Inc. (or its affiliate) acting as investment adviser to various investment portfolios.
- (18) Does not include the following number of shares of unvested restricted stock that are not beneficially owned and have no voting and/or investment power, but are held by the following individuals:

Name	Number of Shares
Roger D. Linquist	420,313
Thomas C. Keys	225,000
J. Braxton Carter	180,000
Mark A. Stachiw	107,813
Dennis T. Currier	51,563
W. Michael Barnes	7,500
John (Jack) F. Callahan, Jr.	7,500
C. Kevin Landry	7,500
Arthur C. Patterson	7,500
James N. Perry, Jr.	7,500





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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF T-MOBILE**

**Company Overview**

T-Mobile USA, Inc. (T-Mobile) is a wireless telecommunications carrier that offers mobile communications services under the T-Mobile brand in the United States, Puerto Rico and the U.S. Virgin Islands. T-Mobile operates its business in one reportable segment. T-Mobile's service offerings include contract and non-contract (prepaid) wireless voice, messaging and data services plans, mobile broadband plans and wholesale wireless services. As of September 30, 2012, T-Mobile provides service to more than 33.3 million customers through its nationwide voice and data networks.

As of September 30, 2012, T-Mobile's nationwide coverage footprint offers wireless voice, messaging, and data services across a service area covering over 280 million Americans in most metropolitan areas. In addition, T-Mobile has roaming agreements with other mobile communication network operators that allow mobile communications services to be provided beyond the direct coverage area of the T-Mobile network footprint. Services from T-Mobile are provided using the Global System for Mobile Communications (GSM), General Packet Radio Service (GPRS), Enhanced Data rates for GSM Evolution (EDGE), Universal Mobile Telecommunications Systems (UMTS) and Evolved High Speed Packet Access (HSPA+) technologies. T-Mobile's network modernization plan will result in the launch of 4G services using Long Term Evolution (LTE) technology in areas covering a population of 200 million in 2013.

**Customers**

T-Mobile generates revenue from three primary categories of customers: branded contract, branded prepaid and wholesale. Branded contract customers generally include customers that activated service on a contract, and branded prepaid customers include customers who generally pay in advance or did not activate service on an annual contract. Wholesale customers include Machine-to-Machine (M2M) customers and Mobile Virtual Network Operators (MVNO) customers that operate on the T-Mobile network, but are managed by wholesale partners. T-Mobile generates the majority of its revenues by providing wireless communication services to branded contract customers. Therefore, T-Mobile's ability to acquire and retain branded contract customers is significant to its business, including the generation of service revenues, equipment sales and other revenues. For the year ended December 31, 2011, 88% of T-Mobile's service revenues were generated by providing wireless communication services to branded contract customers, compared to only 7% for branded prepaid customers, and 5% for wholesale customers, roaming and other services.

**Services and Products**

T-Mobile offers affordable 4G nationwide wireless communications services through a variety of pricing plans, including contract and no-contract service plans.

In the third quarter of 2011, T-Mobile introduced Value plans which bring more choice and value to branded contract customers. Value plans provide wireless services on a subscription contract basis without customers needing to purchase a bundled handset. Customers on T-Mobile Value plans benefit from reduced monthly service charges and can choose whether to use their own compatible handset on T-Mobile's network or they can purchase a handset from T-Mobile. Customers who choose to purchase their handset from T-Mobile pay close to the full suggested retail price for the handset. Depending on their credit profile, qualifying customers have the choice of either paying for a handset at the point-of-sale or financing a portion of the purchase price over a 20-month installment period. For each handset sold, T-Mobile Value plans result in increased equipment revenue, compared to traditional bundled price plans that typically offer a discounted handset combined with higher service charges. As a result, T-Mobile Value plans resulted in increased net income during the period of activation while service revenues are lower over the service contract service period as further described in Results of Operations under Equipment Sales.

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Data plan growth and smartphone adoption have significantly increased in the last three years, positively contributing to T-Mobile's branded revenues and equipment sales. Data revenues increased 55% from the first quarter of 2009 to the third quarter of 2012. Over the same period, the number of customers using smartphones increased rapidly from approximately 1 million to 12 million as of September 30, 2012. Given the current high demand for data usage by wireless customers, T-Mobile expects data usage and smartphone adoption to continue to increase.

In 2011, T-Mobile also introduced Monthly 4G plans, a branded prepaid service offering that provides customers with a variety of plan choices including unlimited talk, text and web service on the T-Mobile nationwide 4G network at flat monthly rates without the requirement of an annual contract.

T-Mobile sells services, devices and accessories through T-Mobile owned and operated retail stores and independent third party retail outlets and over the Internet through the T-Mobile website and a variety of third party web locations. T-Mobile sells a wide variety of wireless devices and accessories, including smartphones, wirelessly enabled computers (i.e., notebooks and tablets), and data cards which are manufactured by various suppliers. T-Mobile sells devices directly to consumers, as well as to agents and other third party distributors for resale. Similar to other wireless service providers, some of T-Mobile's service plans provide customers substantial equipment subsidies to initiate or upgrade service. In December 2012, T-Mobile announced that it has entered into an agreement with Apple, Inc. to sell its products in 2013.

### ***Operating Trends***

During the three years ended December 31, 2011, T-Mobile experienced declines in revenues primarily as a result of sustained net losses of branded customers and more significantly, branded contract customers. The losses of branded contract customers were driven by competitive pressures, including the exclusive launch by other wireless carriers of certain smartphones and other devices not offered by T-Mobile, including the iPhone, the promotion of deeply discounted handsets and the targeting of existing T-Mobile customers by T-Mobile's competitors. Over the three years ended December 31, 2011, branded contract customer losses were offset by net additions of wholesale customers and, in 2011, by branded prepaid customers. As a result, there has been a significant shift in T-Mobile's customer portfolio as branded contract customers declined from 80% of T-Mobile's 32.8 million total customers at the beginning of 2009 to 67% of its 33.2 million total customers as of December 31, 2011.

These declines have been partially offset by growth in average revenue per user (ARPU) for branded contract customers, due primarily to strong growth in revenue from data usage as a result of broad and increasing adoption of smartphones by T-Mobile customers. Over the same period, T-Mobile has also experienced declines in operating income and adjusted operating income before depreciation, amortization, impairment and other adjustments (Adjusted OIBDA, see Performance Measures). These declines were primarily attributable to the declines in revenue and increases in the costs of handsets sold. The increases in costs of handsets sold relates primarily to the increasing number of more expensive smartphones sold.

In response to these trends, T-Mobile launched the Challenger Strategy described below and entered into strategic initiatives to transform T-Mobile and improve its operational and financial performance. While T-Mobile continued to face intense competition and declines in branded contract customers and revenues during the nine months ended September 30, 2012, it is starting to see improvements in branded net customer losses and branded contract customer churn following increasing adoption of T-Mobile's Value plans. In addition, during the nine months ended September 30, 2012, branded prepaid revenues and customers have increased compared to the respective period in 2011, due primarily to strong prepaid customer acquisitions and improved retention following the May 2011 launch of T-Mobile's Monthly 4G plans. T-Mobile anticipates that its Challenger Strategy and initiatives described below will have a positive impact on future results of operations and cash flows.

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**Table of Contents*****Competition***

The wireless telecommunications industry is highly competitive and T-Mobile faces substantial and increasing competition in all aspects of its business. T-Mobile's competitors include a wide range of facilities based carriers such as AT&T Inc. ( AT&T ), Verizon Wireless ( Verizon ) and Sprint Nextel Corporation ( Sprint ) and a larger number of regional providers of wireless communications services such as MetroPCS Communications, Inc. ( MetroPCS ) and Leap Wireless International, Inc., as well as resellers of those services. Attractive promotions offering consumers discounted handsets, heavy spending on advertising and increasing wireless market penetration all contribute to a highly competitive industry environment. T-Mobile is the fourth largest wireless carrier in the U.S. and as such lacks the size and scale advantages enjoyed by its three larger competitors, AT&T, Verizon and Sprint. AT&T and Verizon, in particular, have been successful in recent years in increasing their share of the market for contract customers. T-Mobile competes for customers based principally on differentiation of its mobile communications network services, such as network quality and coverage area, wireless device offerings, price, and customer service.

As discussed in Operating Trends, T-Mobile has experienced significant losses of branded contract customers since 2009. In response to these trends, T-Mobile launched the Challenger Strategy that focuses on key strategic initiatives to improve T-Mobile's business.

***Challenger Strategy***

In January 2011, T-Mobile announced the launch of the Challenger Strategy which focused on deploying the HSPA+ network, improving the handset portfolio, making smartphones affordable, reducing customer churn, restructuring operations and driving operating efficiencies through programs such as the Company's Reinvent cost reduction program, as described below. In February 2012, subsequent to the termination of the potential acquisition of T-Mobile by AT&T, T-Mobile announced a reinvigoration of the Challenger Strategy, which included the launch of strategic initiatives for modernization of the T-Mobile network, and plans for additional investment to drive growth in the Business to Business ( B2B ) and MVNO market segments in addition to continuing efforts to reduce churn and drive operating efficiencies.

***Network Investment*** Core to the T-Mobile Challenger Strategy is the planned investment of \$4 billion in network modernization and 4G evolution, which will improve existing voice and data coverage and pave the way for LTE service in 2013. T-Mobile expects to broadly deploy LTE in 2013 to reach over 200 million Americans by the end of that year. The timing for launching LTE allows T-Mobile to take advantage of the latest and most advanced LTE technology infrastructure, improving the overall capacity and performance of T-Mobile's 4G network, while optimizing spectrum resources. In addition, the timing allows T-Mobile to benefit from a more mature LTE device ecosystem while continuing to meet the growing demand for data with a powerful 4G experience using its HSPA+ network. Nearly 95 percent of T-Mobile device sales in the third quarter of 2012 were 3G and 4G smartphones. As data usage and smartphone adoption accelerate, fewer T-Mobile customers are utilizing 2G services. As a result, T-Mobile is able to re-farm existing spectrum holdings by reducing the amount of 1900 MHz PCS spectrum being used for GSM to deploy HSPA+ 4G services in the PCS band and make room in the Advanced Wireless Services ( AWS ) band for LTE. In addition to creating capacity for LTE deployment on AWS spectrum, transitioning HSPA+ to the PCS band will harmonize the T-Mobile spectrum bands with other U.S. and international carriers which will allow more international data roamers to use the T-Mobile network when visiting the United States, while also increasing device compatibility.

As part of T-Mobile's Challenger Strategy, T-Mobile also launched the Reinvent program with the goal of driving operational efficiencies and an improved cost structure for T-Mobile and to reinvest a portion of those savings into customer acquisition programs. The Reinvent program is designed to deliver long-term cost-savings of \$1.7 billion per year by 2015.

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**B2B Market Segment Investment** The T-Mobile Challenger Strategy also includes plans for additional investment in the B2B market segment. T-Mobile estimates that the B2B market represents a growing area within the wireless telecommunications industry, and includes enterprise and small business customers whose revenues are estimated to grow more rapidly than in the consumer space. The B2B market in the United States is estimated to generate approximately \$70 billion in revenues annually. As of December 31, 2011, T-Mobile had more than five million government and business lines of service and estimates T-Mobile's market share of the B2B subscriber base to approximate 5%. T-Mobile aims to expand its B2B market share over the next four years through strategic investments that include increasing the B2B sales force, introducing compelling new B2B rate plans (such as new mobile broadband and international data roaming plans), and delivering B2B-enabling systems and solutions.

**Churn Reduction** Reducing branded contract customer churn remains a key strategic focus for T-Mobile. The monthly churn rate for T-Mobile branded contract customers has decreased from 2.6% in the third quarter of 2010 to 2.3% in the third quarter of 2012. Reducing churn is a multi-year effort that involves improving many aspects of customer interactions. The following are the key initiatives of the T-Mobile churn reduction efforts:

Improving network quality with improved in-home coverage and overall modernization

Improving customers' sales and onboarding experience

Providing customers with incentives to renew contracts

Ensuring customers are on the right rate plan to most effectively meet their needs

T-Mobile anticipates higher churn rates in the fourth quarter of 2012 compared to the third quarter of 2012 as a result of multiple factors. The factors include a large number of T-Mobile customers' contracts expiring in the fourth quarter of 2012, competitive pressures from other wireless carriers offering the iPhone 5, and competitors' holiday promotions offering discounted handset pricing on certain sought-after devices.

***Acquisitions and Dispositions***

In December 2011, Deutsche Telekom AG (Deutsche Telekom), T-Mobile's parent company, acquired the right to the transfer of spectrum licenses from AT&T as part of the break-up consideration in connection with the termination of the proposed acquisition of T-Mobile by AT&T. In May 2012, T-Mobile obtained the spectrum licenses from Deutsche Telekom in a non-cash transaction in return for satisfaction of \$1.2 billion in accounts receivable from affiliates. This transfer provided T-Mobile with AWS mobile spectrum in 128 service areas, including 12 of the top 20 metropolitan areas.

In September 2012, T-Mobile completed a spectrum license transaction with Verizon for the purchase and exchange of certain AWS spectrum licenses in 218 service areas across the U.S. The transaction improves T-Mobile's spectrum position in 15 of the top 25 metropolitan areas in the U.S. and realigns its existing spectrum holdings. Both of these transactions provide T-Mobile with critical AWS spectrum, enhancing network capacity as well as network performance, and allowing T-Mobile to meet the growing consumer demand for 4G mobile broadband.

In September 2012, T-Mobile entered into definitive agreements with Crown Castle International (CCI) regarding the sale of rights to operate approximately 7,200 wireless communication towers owned by T-Mobile. Prior to closing on November 30, 2012, the tower portfolio included in the transaction was reduced to 7,105 sites. During the fourth quarter of 2012, T-Mobile received net proceeds of \$2,469 million of which T-Mobile distributed \$2,403 million to its parent, Deutsche Telekom. Under the terms of the transaction, CCI acquired the sole rights to lease and operate the wireless communication towers through either purchase of the towers, or under long-term prepaid lease and management agreements. Furthermore, CCI was granted an option to acquire any sites that were not sold to CCI at the end of their respective least terms. T-Mobile will lease back and continue to have rights to space on the towers to operate its wireless communication equipment. The master lease agreement governing the

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lease-back of tower space provides T-Mobile with an initial term and several optional renewals at lease rentals that are consistent with those it has for similar sites where T-Mobile leases space on third-party owned towers.

**Results of Operations**

In this section, T-Mobile discusses the overall results of its consolidated operations.

**Year Ended December 31, 2011 Compared to Year Ended December 31, 2010**

Set forth below is a summary of certain financial information for the periods indicated:

	<b>Year Ended December 31,</b>		<b>Change</b>
	<b>2011</b>	<b>2010</b>	
	<b>(in millions)</b>		
<b>Revenues</b>			
Branded contract revenues	\$ 16,230	\$ 16,538	(2)%
Branded prepaid revenues	1,307	1,384	(6)%
Wholesale revenues	443	199	**
Roaming and other service revenues	501	612	(18)%
 Total service revenues	 18,481	 18,733	 (1)%
Equipment sales	1,901	2,404	(21)%
Other revenues	236	210	12%
 Total revenues	 20,618	 21,347	 (3)%
<b>Operating expenses</b>			
Network costs, excluding depreciation and amortization	4,952	4,895	1%
Cost of equipment sales	3,646	4,237	(14)%
Customer acquisition, excluding depreciation and amortization	3,185	3,205	(1)%
General and administrative, excluding depreciation and amortization	3,543	3,535	0%
Depreciation and amortization	2,982	2,773	8%
Impairment charges	6,420		**
Other, net	169	(3)	**
 Total operating expenses	 24,897	 18,642	 34%
 Operating (loss) income	 (4,279)	 2,705	 **
<b>Other (expense) income</b>			
Interest expense to affiliates	(670)	(556)	21%
Income tax benefit (expense)	216	(822)	**
Other, net	15	30	(50)%
 Net (loss) income	 \$ (4,718)	 \$ 1,357	 **

\*\* Not meaningful

*Branded Contract Revenues.* Branded contract revenues decreased by \$308 million, or 2%, to \$16.2 billion for the year ended December 31, 2011 from \$16.5 billion for the year ended December 31, 2010. The decrease was primarily attributable to declines in the number of branded contract customers, which decreased by 9% during 2011. This decrease in revenues was partially offset by increased data revenues from

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customer adoption of data plans and a more robust offering of 3G/4G wireless devices. Smartphone customers accounted for 40% of total branded customers at the end of 2011, up from 28% at the end of 2010. In the fourth quarter of 2010, T-Mobile began directly providing handset insurance services, resulting in branded contract revenues of \$627

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million for the year ended December 31, 2011 and \$114 million for the portion of the year ended December 31, 2010. Previously, handset insurance was provided through a third party insurance provider and respective revenues from sales of replacement handsets to the insurance provider were recorded in equipment sales, and commissions earned related to sales of handset insurance were reported within roaming and other service revenues. In addition, the introduction of reconnection fees in the third quarter of 2011 positively impacted branded contract revenues by approximately \$171 million in 2011.

*Branded Prepaid Revenues.* Branded prepaid revenues decreased by \$77 million, or 6%, to \$1.3 billion for the year ended December 31, 2011 from \$1.4 billion for the year ended December 31, 2010. The decrease was primarily attributable to the decline in the average number of branded prepaid customers due to the strategic phase-out of certain prepaid products, primarily the FlexPay No Contract product, due to the higher churn rates from these products. In 2011, T-Mobile introduced flat rate Monthly 4G plans and grew data revenues through rising sales of prepaid data plans, which helped partially offset the decline in branded prepaid revenue.

*Wholesale Revenues.* Wholesale revenues increased by \$244 million to \$443 million for the year ended December 31, 2011 from \$199 million for the year ended December 31, 2010. The increase was primarily attributable to growth in MVNO customers in 2011 compared to 2010. M2M revenues remained consistent in 2011 and 2010.

*Roaming and Other Service Revenues.* Roaming and other service revenues decreased by \$111 million, or 18%, to \$501 million for the year ended December 31, 2011 from \$612 million for the year ended December 31, 2010. The decrease was primarily the result of changes to the handset insurance program, resulting in T-Mobile selling and providing handset insurance services to customers directly rather than having the services provided through a third party. As a result of this change, commencing in the fourth quarter of 2010, all revenues for the handset insurance program have been recorded in branded contract revenues as described above. In 2010, T-Mobile recorded \$73 million in roaming and other service revenues related to handset insurance program services billing and other service fees paid to T-Mobile by the third party handset insurance provider.

*Equipment Sales.* Equipment sales decreased by \$503 million, or 21%, to \$1.9 billion for the year ended December 31, 2011 from \$2.4 billion for the year ended December 31, 2010. The decline was primarily driven by a 23% decrease in handset unit sales volumes year over year related to a 17% decrease in branded contract gross customer additions as described in Performance Measures, partially offset by higher average revenues per handset sold driven by increased smartphone adoption. In addition, in the fourth quarter of 2010, T-Mobile began directly providing handset insurance services which had previously been provided through a third party. As a result of this change, commencing in the fourth quarter of 2010, all revenues related to the handset insurance program were recorded in branded contract revenues, as described above. In 2010, T-Mobile recorded \$149 million in equipment sales for the handset insurance program for handsets sold to the third party provider to fulfill handset insurance claims from T-Mobile's customers.

*Other Revenues.* Other revenues increased by \$26 million to \$236 million for the year ended December 31, 2011 from \$210 million for the year ended December 31, 2010. The increase is primarily due to higher cell site co-location rental income.

*Network Costs.* Network costs, excluding depreciation and amortization, increased by \$57 million, or 1%, to \$5.0 billion for the year ended December 31, 2011 from \$4.9 billion for the year ended December 31, 2010. The increase was primarily attributable to higher fixed line costs and lease expense related to upgrading the mobile network to HSPA+.

*Cost of Equipment Sales.* Cost of equipment sales decreased by \$591 million, or 14%, to \$3.6 billion for the year ended December 31, 2011 from \$4.2 billion for the year ended December 31, 2010. The decrease was primarily attributable to lower handset unit sales volumes. Also contributing to the decrease in cost of equipment sales was the impact of directly providing handset insurance services which had previously been provided by a third party as described above. Prior to the fourth quarter of 2010, T-Mobile's handset insurance services were



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provided by a third party, therefore, handsets used to fulfill T-Mobile's customers insurance claims were sold to the third party. The decrease in sales volumes was partially offset by a higher average cost per handset driven by increased smartphone adoption.

*Customer Acquisition.* Customer acquisition, excluding depreciation and amortization, remained relatively consistent at approximately \$3.2 billion for each of the years ended December 31, 2011 and 2010. Lower commission costs, driven by fewer branded gross customer additions, were largely offset by higher advertising costs associated with marketing T-Mobile's 4G HSPA+ network.

*General and Administrative.* General and administrative, excluding depreciation and amortization expense, remained relatively consistent year over year and was approximately \$3.5 billion for the years ended December 31, 2011 and 2010. The slight increase in 2011 compared to 2010 was primarily due to higher bad debt expense associated with new products, such as deposit products, and changes in customer mix toward subprime customers that have higher delinquency rates. This increase was partially offset by lower employee-related costs due in part to fewer customer support employees driven by lower customer care call volumes. In addition, the effects of ongoing cost management programs in 2011 helped control expense growth.

*Depreciation and Amortization.* Depreciation and amortization expense increased by \$209 million, or 8%, to \$3.0 billion for the year ended December 31, 2011 from \$2.8 billion for the year ended December 31, 2010. The increase in depreciation expense in 2011 compared to 2010 was associated with the build out of the T-Mobile 4G HSPA+ network. In addition, as a result of a study performed over the useful lives of property and equipment, T-Mobile increased the useful lives of certain asset classes effective January 1, 2010, resulting in a reduction of depreciation of approximately \$268 million for the year ended December 31, 2010 (see Management's Discussion and Analysis of Financial Condition and Results of Operations of T-Mobile Critical Accounting Policies and Estimates).

*Impairment Charges.* Impairment charges of \$6.4 billion were recorded for the year ended December 31, 2011 as a result of T-Mobile's annual assessment for impairment of goodwill and other indefinite-lived assets. The impairment charges were recorded on goodwill and spectrum licenses in the amounts of \$3.9 billion and \$2.5 billion, respectively. In step one of the 2011 goodwill impairment test, the carrying value of the reporting unit was determined to exceed its fair value due to T-Mobile experiencing legal and regulatory challenges against a planned sale of the reporting unit, customer declines and lower service revenues, which resulted in a reduction in the estimated fair value of the reporting unit as compared to the 2010 estimate of fair value. As the estimated fair value of the reporting unit was lower than its carrying value, T-Mobile performed the second step of the impairment test, as described in Note 2 to the T-Mobile consolidated financial statements for the three years ended December 31, 2011, and recognized the non-cash impairment charge of \$3.9 billion as described above. In its annual impairment test of spectrum licenses for 2011 T-Mobile estimated the fair value using the Greenfield approach, which is an income approach. Due to adverse changes in the competitive landscape and regulatory environment in 2011, T-Mobile's management changed its assumptions on which market participants would be able to transact for the asset leading to declines in the estimated cash flows used to value the spectrum licenses. At December 31, 2011, the estimated fair value of the spectrum licenses was lower than its carrying value therefore T-Mobile recognized the impairment charge of \$2.5 billion as described above. There was no impairment recorded for the year ended December 31, 2010. For further discussion on the impairment charges and the annual assessment for impairment of goodwill and other indefinite-lived assets, see Note 6 to the T-Mobile consolidated financial statements for the year ended December 31, 2011.

*Other, net.* Other, net operating expenses of \$169 million were recorded for the year ended December 31, 2011. These costs were primarily related to employee-related costs associated with the proposed acquisition of T-Mobile by AT&T, which was terminated in December 2011.

*Interest Expense to Affiliates.* Interest expense increased by \$114 million, or 21%, to \$670 million for the year ended December 31, 2011 from \$556 million for the year ended December 31, 2010. The increase in interest

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expense was a result of higher average debt balances with Deutsche Telekom, which are included in payables due to affiliates. In the fourth quarter of 2010, T-Mobile acquired additional debt from Deutsche Telekom of approximately \$5.2 billion, which resulted in higher interest expense in 2011.

*Income Tax Benefit (Expense).* Income tax benefit was \$216 million for the year ended December 31, 2011 compared to income tax expense of \$822 million for the year ended December 31, 2010. The decrease in income tax expense of \$1.0 billion in 2011 was primarily due to the impairment charges on spectrum licenses recorded in 2011, as described above. The effective tax rate in 2011 was 4.4% compared to 37.8% in 2010. The decrease in the effective tax rate in 2011 compared to 2010 was primarily due to the impairment charges recorded in 2011.

*Net (Loss) Income.* Net loss was \$4.7 billion for the year ended December 31, 2011 compared to net income of \$1.4 billion for the year ended December 31, 2010. The change from net income to net loss from 2010 to 2011 was a result of the \$6.4 billion impairment charges recorded on goodwill and spectrum licenses, which was partially offset by the related income tax benefit of \$1.0 billion for the year ended December 31, 2011.

**Year Ended December 31, 2010 Compared to Year Ended December 31, 2009**

Set forth below is a summary of certain financial information for the periods indicated:

	<b>Year Ended December 31,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
	<b>(in millions)</b>		
<b>Revenues</b>			
Branded contract revenues	\$ 16,538	\$ 16,750	(1)%
Branded prepaid revenues	1,384	1,488	(7)%
Wholesale revenues	199	59	**
Roaming and other service revenues	612	663	(8)%
Total service revenues	18,733	18,960	(1)%
Equipment sales	2,404	2,403	
Other revenues	210	168	25%
Total revenues	21,347	21,531	(1)%
 <b>Operating expenses</b>			
Network costs, excluding depreciation and amortization	4,895	4,936	(1)%
Cost of equipment sales	4,237	3,856	10%
Customer acquisition, excluding depreciation and amortization	3,205	3,382	(5)%
General and administrative, excluding depreciation and amortization	3,535	3,442	3%
Depreciation and amortization	2,773	2,859	(3)%
Other, net	(3)		**
Total operating expenses	18,642	18,475	1%
Operating income (loss)	2,705	3,056	(11)%
 <b>Other income (expense)</b>			
Interest expense to affiliates	(556)	(740)	(25)%
Income tax expense	(822)	(860)	(4)%
Other, net	30	20	50%
Net income	\$ 1,357	\$ 1,476	(8)%

\*\* Not meaningful

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*Branded Contract Revenues.* Branded contract revenues decreased by \$212 million, or 1%, to \$16.5 billion for the year ended December 31, 2010 from \$16.8 billion for the year ended December 31, 2009. The decrease was primarily attributable to declines in the number of branded contract customers, which decreased by 4% during 2010. The decline in branded contract revenues was partially offset by a 22% increase in branded contract data revenues from greater customer adoption of data plans.

*Branded Prepaid Revenues.* Branded prepaid revenues decreased by \$104 million, or 7%, to \$1.4 billion for the year ended December 31, 2010 from \$1.5 billion for the year ended December 31, 2009. The decrease was primarily attributable to the decline in the average number of branded prepaid customers, which decreased nearly 5% in 2010 compared to 2009.

*Wholesale Revenues.* Wholesale revenues increased by \$140 million, to \$199 million for the year ended December 31, 2010 from \$59 million for the year ended December 31, 2009. The increase was primarily attributable to growth of MVNO customers.

*Roaming and Other Service Revenues.* Roaming and other service revenues decreased by \$51 million, or 8%, to \$612 million for the year ended December 31, 2010 from \$663 million for the year ended December 31, 2009. The decrease was primarily due to roaming revenues from customers of international roaming partners using T-Mobile's network.

*Equipment Sales.* Equipment sales remained relatively consistent year over year and were \$2.4 billion for the years ended December 31, 2010 and 2009. The quantity of handset units sold and the average price per handset sold remained comparable year over year.

*Other Revenues.* Other revenues increased by \$42 million to \$210 million for the year ended December 31, 2010 from \$168 million for the year ended December 31, 2009. The increase is primarily due to higher cell site co-location rental income.

*Network Costs.* Network costs, excluding depreciation and amortization, decreased slightly by \$41 million, or 1%, and totaled approximately \$4.9 billion for each of the years ended December 31, 2010 and 2009. The decrease in network costs was primarily attributable to lower roaming expenses offset by higher fixed line costs and lease expense related to operating the T-Mobile HSPA+ network.

*Cost of Equipment Sales.* Cost of equipment sales increased by \$381 million, or 10%, to \$4.2 billion for the year ended December 31, 2010 from \$3.9 billion for the year ended December 31, 2009. The increase was primarily attributable to higher average costs per handset sold compared with the prior year driven by increasing adoption of higher cost smartphone devices.

*Customer Acquisition.* Customer acquisition, excluding depreciation and amortization, decreased by \$177 million, or 5%, to \$3.2 billion for the year ended December 31, 2010 from \$3.4 billion for the year ended December 31, 2009. This decrease was primarily attributable to reductions in advertising expenses as a result of cost savings initiatives. In addition, lower commission costs resulting from fewer branded customer gross additions contributed to the decrease in customer acquisition expense.

*General and Administrative.* General and administrative, excluding depreciation and amortization, increased by \$93 million, or 3%, to \$3.5 billion for the year ended December 31, 2010 from \$3.4 billion for the year ended December 31, 2009. The increase was primarily attributable to higher bad debt expense related to certain products introduced in 2010 and increased commissions related to customer retention initiatives, partially offset by lower customer service outsourcing expenses.

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*Depreciation and Amortization.* Depreciation and amortization decreased by \$86 million, or 3%, to \$2.8 billion for the year ended December 31, 2010 from \$2.9 billion for the year ended December 31, 2009. The decrease was the result of changes in useful life assumptions for certain asset classes effective January 1, 2010 based upon results of an asset life study, which resulted in increases to the useful lives for certain assets. This decrease was partially offset by additional depreciation on assets acquired and put into service in connection with the build out of the HSPA+ network in 2010.

*Interest Expense to Affiliates.* Interest expense decreased by \$184 million, or 25%, to \$556 million for the year ended December 31, 2010 from \$740 million for the year ended December 31, 2009. The decrease was primarily attributable to lower average debt balances with Deutsche Telekom, which are included in payables due to affiliates in the consolidated financial statements.

*Income Tax Expense.* Income tax expense was \$822 million and \$860 million for the years ended December 31, 2010 and December 31, 2009, respectively. The decrease in income tax expense of \$38 million was primarily driven by lower net income before income taxes for 2010 compared to 2009. The effective tax rate was 37.8% and 36.9% for the years ended December 31, 2010 and December 31, 2009, respectively.

*Net Income.* Net income decreased \$119 million, or 8%, to approximately \$1.4 billion for the year ended December 31, 2010 from approximately \$1.5 billion for the year ended December 31, 2009. The decrease in net income was driven by the factors described above.

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Set forth below is a summary of certain financial information for the periods indicated:

	<b>Nine Months Ended September 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>(in millions)</b>		
<b>Revenues</b>			
Branded contract revenues	\$ 11,105	\$ 12,264	(9)%
Branded prepaid revenues	1,241	957	30%
Wholesale revenues	407	315	29%
Roaming and other service revenues	333	380	(12)%
Total service revenues	13,086	13,916	(6)%
Equipment sales	1,524	1,352	13%
Other revenues	200	171	17%
Total revenues	14,810	15,439	(4)%
<b>Operating expenses</b>			
Network costs, excluding depreciation and amortization	3,515	3,750	(6)%
Cost of equipment sales	2,456	2,772	(11)%
Customer acquisition, excluding depreciation and amortization	2,323	2,364	(2)%
General and administrative, excluding depreciation and amortization	2,681	2,643	1%
Depreciation and amortization	2,391	2,221	8%
Impairment charges	8,134		**
Restructuring costs	90		**
Other, net	(136)	64	**
Total operating expenses	21,454	13,814	55%
Operating (loss) income	(6,644)	1,625	**
<b>Other income (expense)</b>			
Interest expense to affiliates	(487)	(481)	1%
Income tax expense	(272)	(469)	(42)%
Other, net	75	4	**
Net (loss) income	\$ (7,328)	\$ 679	**

\*\* Not meaningful

**Branded Contract Revenues.** Branded contract revenues decreased by \$1.2 billion, or 9%, to \$11.1 billion for the nine months ended September 30, 2012 from \$12.3 billion for the nine months ended September 30, 2011. The decrease was primarily attributable to the 10% decline in the number of branded contract customers from September 30, 2011 to September 30, 2012. Branded contract revenues were also negatively impacted by the growth in Value plans. Compared to traditional bundled price plans, Value plans result in recording lower service revenues over the service contract period, while recognizing higher equipment revenues at the time of the sale as Value plans do not include subsidized (discounted) handsets. These decreases were partially offset by a \$137 million, or 4%, increase in data revenues from customer adoption of data plans and a more robust offering of 3G/4G devices. Smartphone customers accounted for 57% of total branded contract customers at the end of September 2012, up from 44% at the end of September 2011. In addition, T-Mobile introduced reconnection fees in the third quarter of 2011, which totaled \$182 million and \$87 million for the nine months ended September 30, 2012 and 2011, respectively.



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*Branded Prepaid Revenues.* Branded prepaid revenues increased by \$284 million, or 30%, to \$1.2 billion for the nine months ended September 30, 2012 from \$957 million for the nine months ended September 30, 2011. The increase was primarily attributable to growth in branded prepaid customers driven by the success of Monthly 4G plans, which were introduced in the second quarter of 2011.

*Wholesale Revenues.* Wholesale revenues increased by \$92 million, or 29%, to \$407 million for the nine months ended September 30, 2012 from \$315 million for the nine months ended September 30, 2011. The increase was primarily attributable to growth in MVNO customers during 2012.

*Roaming and Other Service Revenues.* Roaming and other service revenues decreased by \$47 million, or 12%, to \$333 million for the nine months ended September 30, 2012 from \$380 million for the nine months ended September 30, 2011. The decrease was primarily attributable to lower roaming data revenues due to rate reductions with certain roaming partners.

*Equipment Sales.* Equipment sales increased by \$172 million, or 13%, to \$1.5 billion for the nine months ended September 30, 2012 from \$1.4 billion for the nine months ended September 30, 2011. The increase was primarily attributable to sales program changes in connection with T-Mobile Value plans. Sales of handsets in connection with T-Mobile Value plans result in higher equipment revenues compared to traditional bundled price plans, because handsets are sold separately and are discounted less at point of sale. Additionally, smartphone sales growth contributed to the year over year increase in equipment sales as smartphones have higher revenue per unit sold compared to other phones.

*Network Costs.* Network costs excluding depreciation and amortization decreased by \$235 million, or 6%, to \$3.5 billion for the nine months ended September 30, 2012 from \$3.8 billion for the nine months ended September 30, 2011. The decrease was primarily attributable to lower roaming expenses related to a decline in customer base and associated usage compared to the nine months ended September 30, 2011.

*Cost of Equipment Sales.* Cost of equipment sales decreased by \$316 million, or 11%, to \$2.5 billion for the nine months ended September 30, 2012 from \$2.8 billion for the nine months ended September 30, 2011. The decrease was primarily attributable to lower handset unit sales volumes, which decreased 12% year over year.

*Customer Acquisition.* Customer acquisition excluding depreciation and amortization decreased by \$41 million, or 2%, to \$2.3 billion for the nine months ended September 30, 2012 from \$2.4 billion for the nine months ended September 30, 2011. The decrease was primarily attributable to lower commissions expense on fewer customer gross additions partially offset by an increase in advertising expense.

*General and Administrative.* General and administrative, excluding depreciation and amortization increased slightly to \$2.7 billion for the nine months ended September 30, 2012 from \$2.6 billion for the nine months ended September 30, 2011. The slight increase was primarily attributable to higher bad debt expense partially offset by lower employee-related expenses driven by a reduction in workforce as a result of restructuring initiatives, which were implemented in the first half of 2012.

*Depreciation and Amortization.* Depreciation and amortization increased by \$170 million, or 8%, to \$2.4 billion for the nine months ended September 30, 2012 from \$2.2 billion for the nine months ended September 30, 2011. The increase was due to accelerated depreciation recorded on equipment to be replaced in connection with the network modernization efforts.

*Impairment Charges.* An impairment charge of \$8.1 billion was recorded on goodwill for the nine months ended September 30, 2012 (see Note 5 to the T-Mobile condensed consolidated financial statements for the nine months ended September 30, 2012). T-Mobile assesses the carrying value of its goodwill and other indefinite-lived intangible assets (spectrum licenses) for potential impairment annually as of December 31 or more frequently if events or changes in circumstances indicate that such assets might be impaired. On October 3, 2012,



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Deutsche Telekom and MetroPCS announced the business combination agreement, which provides for the combination of T-Mobile and MetroPCS. Under the terms of the business combination agreement, Deutsche Telekom will receive 74% of the fully-diluted shares of common stock of the combined company (calculated pursuant to the business combination agreement) in exchange for its contribution of all of T-Mobile's common stock. T-Mobile determined that the announced transaction was a triggering event for a goodwill impairment assessment. The fair value of T-Mobile implied by using the market value of MetroPCS and the exchange terms contemplated in the business combination agreement was less than the carrying amount, including goodwill, of the T-Mobile's single reporting unit as of September 30, 2012. T-Mobile used the fair value implied by the transaction to estimate the fair value of the reporting unit in step one of its goodwill impairment test. Because the first step in the impairment process indicated that the carrying value exceeded the fair value of the reporting unit as of September 30, 2012, T-Mobile performed the second step in the goodwill impairment test. As a result of the second step impairment analysis, T-Mobile concluded that the implied goodwill was \$0, and recognized a non-cash impairment charge of \$8.1 billion for the nine months ended September 30, 2012. T-Mobile attributes this impairment to the business impacts from the highly competitive environment in the U.S. wireless telecommunications industry and the ongoing challenges in attracting and retaining branded contract customers. No impairment charges were incurred in the nine months ended September 30, 2011.

*Restructuring Costs.* Restructuring costs of \$90 million were recorded in the nine months ended September 30, 2012. During the nine months ended September 30, 2012, T-Mobile consolidated call center operations from 24 to 17 facilities and also restructured and optimized operations in other parts of the business in order to strengthen T-Mobile's competitiveness in the U.S. marketplace. No restructuring costs were incurred during the nine months ended September 30, 2011.

*Other, net.* Other, net in the operating expenses section reflects the net effect of transaction related gains and costs. The nine months ended September 30, 2012 reflected a net gain of \$136 million compared to net cost of \$64 million for the nine months ended September 30, 2011. The net gain for the nine months ended September 30, 2012 primarily relates to a gain recorded on an AWS spectrum license exchange, partially offset by expenses associated with the terminated AT&T acquisition of T-Mobile. The net costs recorded during the nine months ended September 30, 2011 primarily related to employee costs associated with the terminated AT&T acquisition of T-Mobile.

*Interest Expense to Affiliates.* Interest expense was consistent at \$487 million for the nine months ended September 30, 2012 compared to \$481 million for the nine months ended September 30, 2011.

*Income Tax Expense.* Income tax expense was \$272 million and \$469 million for the nine months ended September 30, 2012 and 2011, respectively. The decrease in income tax expense for the nine months ended September 30, 2012 compared to the same period in 2011 was primarily due to tax benefit recorded on goodwill impairment in 2012. The effective tax rate was (3.9)% and 40.8% for the nine months ended September 30, 2012 and 2011, respectively. The decrease in the effective tax rate for the nine months ended September 30, 2012 compared to the same period in 2011 was primarily due to the goodwill impairment recorded in 2012.

*Net (Loss) Income.* Net loss was \$7.3 billion for the nine months ended September 30, 2012 compared to net income of \$679 million for the nine months ended September 30, 2011. The change from net income to net loss was a result of the \$8.1 billion impairment charge recorded on goodwill for the nine months ended September 30, 2012.

**Critical Accounting Policies and Estimates**

The following discussion and analysis of T-Mobile's financial condition and results of operations are based upon the T-Mobile consolidated financial statements, which have been prepared in accordance with GAAP. You should read this discussion and analysis in conjunction with the T-Mobile consolidated financial statements and the related notes thereto contained elsewhere in this proxy statement. The preparation of financial statements in

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conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. T-Mobile bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

T-Mobile believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the T-Mobile consolidated financial statements.

### ***Allowances for Uncollectible Accounts***

T-Mobile maintains an allowance for estimated losses resulting from the failure of customers to make required payments. When determining the allowance, T-Mobile considers the probability of recovery based on past experience taking into account current collection trends and general economic factors. Collection risks are assessed for each type of receivable based upon historical and expected write-offs, net of recoveries, and an analysis of the aged accounts receivable balances with reserves generally increasing as the receivable ages. To the extent that actual loss experience differs significantly from historical trends or assumptions, the required allowance amounts could differ from the estimate. Total allowance for uncollectible accounts receivable as of September 30, 2012 and December 31, 2011 was approximately 13.2% and 11.3%, respectively, of the total amount of gross accounts receivable, including long-term accounts receivable. A 10% change in the amount estimated to be uncollectible as of December 31, 2011, would result in a corresponding change in bad debt expense of approximately \$25 million.

### ***Depreciation***

The depreciation of assets, including underlying management estimates of useful lives, is described in Note 5 to the T-Mobile consolidated financial statements for the three years ended December 31, 2011. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that an asset's useful life is different from the previous assessment, the remaining book values are depreciated prospectively over the adjusted remaining estimated useful life.

As a result of a study performed by T-Mobile over the useful lives of its property and equipment, T-Mobile increased the useful lives of certain asset classes effective January 1, 2010, resulting in a reduction of depreciation of approximately \$268.0 million for the year ended December 31, 2010. There were no changes in useful lives as a result of depreciable life studies for the nine month period ended September 30, 2012 or the years ended December 31, 2011 or 2009. In connection with an assessment of the reasonably assured lease term of cell site leases T-Mobile shortened useful life assumptions for certain long-lived assets tied to cell sites effective July 1, 2010 resulting in approximately \$76.0 million additional depreciation expense in the year ended December 31, 2010.

### ***Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment***

T-Mobile assesses the carrying value of goodwill and other indefinite-lived intangible assets (including spectrum licenses) for potential impairment annually as of December 31 or more frequently if events or changes in circumstances indicate that such assets might be impaired. Indicators of impairment include the impacts of significant adverse changes in legal factors, market and economic conditions, T-Mobile's operational performance and ability to achieve strategic plans, actions by regulators, changes in competition and market share, the potential for the sale or disposal of all or a significant portion of the T-Mobile business, and possible significant adverse changes to the cost or continued availability of capital for the expansion and enhancement of the T-Mobile wireless network.

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T-Mobile uses a two-step process to determine a possible impairment of goodwill. In the first step, T-Mobile compares the fair value of the reporting unit, calculated using a market approach and/or a discounted cash flow method, to its carrying value. When using a discounted cash flow method, the future cash flow assumptions are based upon T-Mobile's estimates of revenues, OIBDA margin and a long-term growth rate taking into consideration expected industry and market conditions. The resulting cash flows are then discounted using a weighted average cost of capital reflecting the risks associated with the business and the projected cash flows. T-Mobile evaluates each significant assumption, both individually and in the aggregate, to determine the reasonableness of the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the fair value, the second step of the test is performed to measure the amount of impairment loss, if any.

In the second step, T-Mobile determines the fair values of all of the assets and liabilities of the reporting unit, including those that currently may not be recorded. The excess of the fair value of the reporting unit over the sum of the fair value of all of those assets and liabilities represents the implied goodwill amount, which is then compared to the recorded goodwill. If the implied fair value of goodwill is lower than the carrying amount of goodwill, then an impairment loss is recognized.

T-Mobile tests its spectrum licenses for impairment on an aggregate basis, consistent with the management of the overall business at a national level. T-Mobile estimates the fair value of the licenses using the Greenfield approach, which is an income approach that estimates the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The Greenfield approach values the licenses by calculating the cash flow generating potential of a hypothetical start-up company that goes into business with no assets except the asset to be valued (in this case, licenses). The value of the licenses can be considered as equal to the present value of the cash flows of this hypothetical start-up company. T-Mobile bases the assumptions underlying the Greenfield approach on a combination of market participant data and T-Mobile's historical results, trends and business plans. Future cash flows in the Greenfield approach are based on estimates and assumptions of market participant revenues, OIBDA margin, network build-out period, and a long-term growth rate for a market participant taking into consideration expected industry and market conditions. The cash flows are discounted using a weighted average cost of capital reflecting the risks associated with the business and the projected cash flows. If the carrying amount of spectrum licenses exceeds the fair value, an impairment loss is recognized.

The valuation approaches utilized to estimate fair value for the purposes of the T-Mobile impairment tests of goodwill and spectrum licenses require the use of assumptions and estimates, which involve a degree of uncertainty, including primarily revenues, OIBDA margins and long-term growth rates. If actual results or future expectations are not consistent with the assumptions, this may result in the recording of significant impairment charges on goodwill or spectrum licenses. The most significant assumptions within the valuation models are the discount rate, revenues, OIBDA margins and the long-term growth rate. As a result of an impairment test performed as of September 30, 2012, T-Mobile recorded an impairment charge on goodwill. For further discussion of the impairment test performed as of September 30, 2012 and the impairment charge recorded, see Note 5 to the T-Mobile condensed consolidated financial statements for the nine month period ended September 30, 2012. As the result of the annual impairment test in 2011, T-Mobile recorded impairment charges on goodwill and spectrum licenses. For further discussion of the annual impairment test and impairment charges recorded for the year ended December 31, 2011, see Notes 2 and 6 to the T-Mobile consolidated financial statements for the three years ended December 31, 2011.

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### ***Fair Value of Financial Instruments***

T-Mobile accounts for certain assets and liabilities at fair value. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company uses a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Observable inputs that reflect quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than the quoted prices in active markets that are observable either directly or indirectly, and;

Level 3 Unobservable inputs for which there is little or no market data, which require the Company to develop its own assumptions.

As of December 31, 2011 and September 30, 2012, T-Mobile did not have any significant assets or liabilities balances categorized as Level 3 in the three-tier hierarchy. As of December 31, 2010, the only asset for which the fair value measurement is classified as Level 3 in the three-tier hierarchy was T-Mobile's investments in auction rate securities, which is disclosed in Note 10 of the T-Mobile consolidated financial statements for the three years ended December 31, 2011. T-Mobile used a discounted cash flow valuation model and an internal analysis by management of other-than-temporary impairment factors to determine the fair value. The estimates and assumptions include terms, credit rating, management's assumptions regarding expected liquidation rate, other market transactions and information received by third party brokers.

Derivative instruments are recorded on the balance sheet at their fair values and are classified as Level 2 in the three-tier value hierarchy. T-Mobile's derivative instruments are comprised of interest rate and cross currency interest rate swaps entered into in connection with long-term borrowings from related parties. T-Mobile uses discounted cash flow techniques to determine the fair value, which incorporates market-based observable inputs such as interest rates, credit spreads, forward currency exchange rates and estimates and assumptions such as instrument's term, notional amounts, discount rate and credit risk.

### ***Rent Expense***

Most of the leases for T-Mobile's tower sites have fixed rent escalations which provide for periodic increases in the amount of rent payable over time. T-Mobile calculates straight-line rent expense for each of these leases based on the fixed non-cancellable term of the lease plus all periods, if any, for which failure to renew the lease imposes a penalty on T-Mobile in such amount that a renewal appears, at lease inception, to be reasonably assured. T-Mobile is therefore required at lease inception to make significant assumptions in determining and assessing the factors that constitute a penalty. In doing so, T-Mobile primarily considers costs incurred in acquiring and developing new sites, the useful life of site improvements and equipment costs, future economic conditions and the extent to which improvements in wireless technologies can be incorporated into a current assessment of whether an economic compulsion will exist in future to renew a lease.

### ***Income Taxes***

T-Mobile's estimate of income taxes and the significant items giving rise to deferred tax assets and liabilities includes recent cumulative earnings experience by taxing jurisdiction, expectations of future income, the carry forward periods available for tax reporting purposes, and other relevant factors. A valuation allowance is maintained against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Actual income taxes could vary from these estimates due to future changes in income tax law or the final review of T-Mobile tax returns by federal, state or foreign tax authorities.

T-Mobile accounts for uncertainty in income taxes recognized in the financial statements in accordance with Accounting Standards Codification 740. T-Mobile uses judgment to determine whether it is more likely than not

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that a tax position will be sustained upon examination based on the technical merits of the position and adjusts the unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

**Performance Measures**

In managing the T-Mobile business and assessing financial performance, T-Mobile supplements the information provided by financial statement measures ( GAAP measures ) such as operating income (loss) with non-GAAP measures, including Adjusted OIBDA, which measures the financial performance of operations, and several customer focused performance metrics that are widely used in the wireless communications industry. In addition to metrics involving the numbers of customers, these metrics also include ARPU, which measures service revenue per customer. For a reconciliation of non-GAAP performance measures and a further discussion of these measures, see the Management's Discussion and Analysis of Financial Condition and Results of Operations of T-Mobile Reconciliation of non-GAAP Financial Measures .

The following table sets forth the number of ending customers and net customer additions (losses) for the years ended December 31, 2011, 2010 and 2009.

	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(in thousands)</b>		
<b>Customers, end of period</b>			
Branded contract customers	22,367	24,574	25,642
Branded prepaid customers	4,819	4,497	5,011
<b>Total branded customers</b>	<b>27,186</b>	<b>29,071</b>	<b>30,654</b>
M2M customers	2,429	1,873	1,122
MVNO customers	3,569	2,790	2,015
<b>Total wholesale customers</b>	<b>5,999</b>	<b>4,663</b>	<b>3,137</b>
<b>Total T-Mobile USA customers, end of period</b>	<b>33,185</b>	<b>33,734</b>	<b>33,790</b>
<b>Net customer additions (losses)</b>			
Branded contract customers	(2,206)	(1,069)	(619)
Branded prepaid customers	321	(513)	(53)
<b>Total branded customers</b>	<b>(1,885)</b>	<b>(1,582)</b>	<b>(672)</b>
M2M customers	556	751	577
MVNO customers	780	775	1,127
<b>Total wholesale customers</b>	<b>1,336</b>	<b>1,526</b>	<b>1,705</b>
<b>Total T-Mobile USA net customer additions (losses)</b>	<b>(549)</b>	<b>(56)</b>	<b>1,033</b>

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

**Total Customers**

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A customer is defined as a SIM card with a unique T-Mobile mobile identity number which generates revenue. Branded contract and branded prepaid customers are categorized depending on the type of rate plan selected. Branded contract customers generally include customers that are on a contract, and branded prepaid customers include customers who generally pay in advance or did not activate service with an annual contract. Wholesale customers include M2M and MVNO customers that operate on the T-Mobile network, but are managed by wholesale partners.

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T-Mobile net customer losses were 549,000 for the year ended December 31, 2011, compared to 56,000 net customer losses for the year ended December 31, 2010. At December 31, 2011, T-Mobile had 33.2 million customers, a 1.6% decrease from the customer total as of December 31, 2010. The decrease in total customers was primarily driven by fewer branded contract customer additions and higher wholesale customer churn, specifically MVNO customers.

Net customer losses were 56,000 for the year ended December 31, 2010, compared to 1,033,000 net customer additions for the year ended December 31, 2009. At December 31, 2010, T-Mobile had 33.7 million customers, a 0.2% decrease from the customer total as of December 31, 2009. The decrease in total customers was primarily driven by a fewer branded customer gross additions partially offset by higher churn from MVNO customers.

***Branded Customers***

Branded contract net customer losses were 2,206,000 for the year ended December 31, 2011, compared to 1,069,000 branded contract net customer losses for the year ended December 31, 2010. The increase in branded contract customer losses was primarily attributable to fewer branded contract customer gross additions. Branded contract customer gross additions decreased in part due to the discontinuation of certain products such as T-Mobile's FlexPay Contract product, as a focus on improving overall quality of the branded contract customer base. In addition, increased competitive pressures, including the introduction of two additional national competitors (Verizon and Sprint) offering the iPhone in 2011 and the launch of the iPhone 4S by competitors in the fourth quarter of 2011, contributed to branded customer losses.

Branded contract net customer losses were 1,069,000 for the year ended December 31, 2010, compared to 619,000 branded contract net customer losses for the year ended December 31, 2009. The increase in branded contract net customer losses was primarily attributable to fewer branded contract customer gross additions as a result of competitive intensity. T-Mobile's customer performance has been impacted by our competitors' ability to negotiate exclusive rights to innovative devices, such as the iPhone, that have proven to be attractive to wireless consumers. During 2010, several touchscreen smartphones were introduced to the market, supported by aggressive handset pricing and nationwide advertising drawing consumer demand away from T-Mobile.

Branded prepaid net customer additions were 321,000 for the year ended December 31, 2011, compared to 513,000 net customer losses for the year ended December 31, 2010. The significant improvement in net prepaid customer additions in 2011 was due primarily to growth of Monthly 4G plans. In addition, the improvement in branded prepaid net customer additions was due to lower churn, including the impacts from discontinuing certain products with higher churn, such as FlexPay No-Contract, in 2011.

Branded prepaid net customer losses were 513,000 for the year ended December 31, 2010, compared to 53,000 net customer losses for the year ended December 31, 2009. The increase in branded prepaid customer losses was due to fewer branded prepaid customer additions and higher branded prepaid customer deactivations driven by competitive intensity. During 2010, T-Mobile's prepaid competitors began offering monthly billed prepaid service products, including data, which were popular with consumers. This trend negatively impacted T-Mobile's customer deactivations until the launch of the T-Mobile Monthly 4G plans in 2011.

***Wholesale***

Wholesale net customer additions were 1,336,000 for the year ended December 31, 2011, compared to net customer additions of 1,526,000 for the year ended December 31, 2010. The decrease in wholesale customer net additions was driven primarily by higher MVNO customer deactivations in 2011 compared to 2010. The increase in customer deactivations in 2011 resulted from a relatively consistent rate of churn year-over-year being applied against a growing MVNO customer base.

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Wholesale net customer additions were 1,526,000 for the year ended December 31, 2010, compared to net customer additions of 1,705,000 for the year ended December 31, 2009. The decrease in wholesale customer net additions was driven primarily by higher MVNO customer deactivations compared to 2009. The increase in customer deactivations is a reflection of a consistent churn rate year-over-year applied against a larger MVNO customer base.

**Churn**

	Year Ended December 31,		
	2011	2010	2009
Branded churn	3.30%	3.20%	3.10%
Branded contract churn	2.70%	2.40%	2.40%
Branded prepaid churn	6.70%	7.60%	7.10%

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. T-Mobile believes that churn, which is a measure of customer retention and loyalty, provides relevant and useful information and is used by management to evaluate the operating performance of T-Mobile's business.

Branded churn was 3.30% for the year ended December 31, 2011, compared to 3.20% for the year ended December 31, 2010 and 3.10% for the year ended December 31, 2009. This year over year increase in 2011 was primarily due to intense competition in the industry. The success of Monthly 4G plans introduced in 2011 partially offset the churn increase.

Branded contract churn was 2.70% for the year ended December 31, 2011, compared to 2.40% for the year ended December 31, 2010 and 2.40% for the year ended December 31, 2009. This year over year increase of branded contract churn in 2011 over 2010 was primarily due to higher churn of branded contract customers as a result of competitive market conditions including promotions by our competitors offering handset discounts and the impact of large national competitors such as Verizon, AT&T and Sprint, but not T-Mobile, offering the iPhone. Additionally, in 2011 T-Mobile experienced customer losses which it believes may relate to uncertainty caused by the pending, but ultimately unsuccessful, acquisition of T-Mobile by AT&T.

Branded prepaid churn was 6.70% for the year ended December 31, 2011, compared to 7.60% for the year ended December 31, 2010 and 7.10% for the year ended December 31, 2009. The year over year decrease in branded prepaid churn in 2011 was driven primarily by the discontinuation of certain products that historically had higher churn. The year over year increase in branded prepaid churn in 2010 primarily related to a high churn profile associated with T-Mobile's Flex-Pay No Contract product.

**Average Revenue Per User**

	Year Ended December 31,		
	2011	2010	2009
ARPU (blended)	\$ 45.86	\$ 46.33	\$ 47.43
ARPU (branded contract)	\$ 57.56	\$ 54.78	\$ 53.59
ARPU (branded prepaid)	\$ 24.27	\$ 24.18	\$ 24.82
Data ARPU (branded contract)	\$ 17.07	\$ 13.92	\$ 11.03

ARPU represents the average monthly service revenue earned from customers. Blended 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. Branded contract ARPU is calculated by dividing branded



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contract service revenues for the specified period by the average branded contract customers during the period, and further dividing by the number of months in the period. Branded prepaid ARPU is calculated by dividing branded prepaid service revenues for the specified period by the average branded prepaid customers during the period, and further dividing by the number of months in the period. Branded contract data ARPU is calculated by dividing branded contract data revenues for the specified period by the average branded contract customers during the period, and further dividing by the number of months in the period. T-Mobile believes ARPU provides management with useful information to evaluate the service revenues generated from T-Mobile's customer base.

Blended ARPU, which represents ARPU attributable to T-Mobile's entire business, was \$45.86 and \$46.33 for the years ended December 31, 2011 and 2010, respectively, a decrease of \$0.47. The slight decrease in blended ARPU was primarily attributable to the change in customer portfolio mix towards branded prepaid and wholesale customers, which traditionally have lower ARPU. Blended ARPU was \$47.43 for the year ended December 31, 2009. The \$1.10 decrease in blended ARPU from the year ended December 31, 2010 was primarily attributable to losses of higher generating ARPU customers.

Branded contract ARPU was \$57.56 for the year ended December 31, 2011, an increase from \$54.78 for the year ended December 31, 2010 and \$53.59 for the year ended December 31, 2009. The year over year increase in branded contract ARPU in 2011 and 2010 was a result of data revenue growth, partially offset by lower voice revenues.

Branded prepaid ARPU was \$24.27 for the year ended December 31, 2011, a slight increase from \$24.18 for the year ended December 31, 2010, but down from \$24.82 for the year ended December 31, 2009. The slight year over year increase in branded prepaid ARPU in 2011 was driven by growth of Monthly 4G products that were introduced in the third quarter of 2011. In 2010, branded prepaid ARPU decreased compared to 2009 as a result of a change in the mix of customers.

Branded contract data ARPU for the year ended December 31, 2011 was \$17.07 compared to \$13.92 for the year ended December 31, 2010 and \$11.03 for the year ended December 31, 2009. Significant increases in branded contract data ARPU of \$3.15, or 23%, for the year 2011 compared to 2010, and \$2.89, or 26%, for the year 2010 compared to 2009 were driven by the continued growth in the number of customers using smartphones with data plans. Smartphone customers accounted for 49% of total branded contract customers at the end of 2011, up from 33% at the end of 2010. Additionally, the continued upgrade of the T-Mobile 3G and 4G networks helped drive Internet access revenue growth through the increased customer adoption of mobile broadband data plans in 2011.

**Adjusted OIBDA**

	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(dollars in millions)</b>		
Adjusted OIBDA	\$ 5,310	\$ 5,478	\$ 5,915
Adjusted OIBDA margin	29%	29%	31%
Operating (loss) income	\$ (4,279)	\$ 2,705	\$ 3,056
Operating (loss) income margin	(21)%	13%	14%

T-Mobile defines OIBDA, a non-GAAP financial measure, as operating income before, depreciation, amortization, impairment charges and other adjustments. In a capital-intensive industry such as wireless telecommunications, T-Mobile believes Adjusted OIBDA to be a meaningful measure of T-Mobile's operating performance. Adjusted 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. T-Mobile uses Adjusted OIBDA and Adjusted OIBDA

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margin as an integral part of its planning and internal financial reporting processes, to evaluate the performance of its business by senior management and to compare its performance with that of many of its competitors. T-Mobile believes that operating income is the financial measure calculated and presented in accordance with GAAP that is the most directly comparable to Adjusted OIBDA. Adjusted OIBDA margin is calculated as Adjusted OIBDA divided by total service revenues expressed as a percentage. The GAAP financial measure that is most directly comparable to Adjusted OIBDA margin is operating margin, which represents operating income divided by total revenues. OIBDA is adjusted to exclude transactions that are not reflective of T-Mobile's ongoing operating performance and is detailed in the section entitled "Reconciliation of non-GAAP Financial Measures". OIBDA was adjusted in the fourth quarter of 2011 to exclude costs related to the AT&T transaction that are not reflective of T-Mobile's ongoing operating performance.

Adjusted OIBDA for the year ended December 31, 2011 decreased to \$5.3 billion from \$5.5 billion for the year ended December 31, 2010 and \$5.9 billion for the year ended December 31, 2009. The Adjusted OIBDA decreases in 2011 and 2010 were primarily the result of lower service revenues driven by the decrease in branded contract customers. Additionally, in 2010 compared to 2009, there were higher operating expenses primarily driven by increased customer adoption of smartphones, which have higher cost of equipment sales.

***Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011***

The following table sets forth the number of ending customers and net customer additions (losses) for the nine months ended September 30, 2012 and 2011.

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(in thousands)</b>	
<b>Customers, end of period</b>		
Branded contract customers	20,809	23,074
Branded prepaid customers	5,659	4,599
<b>Total branded customers</b>	<b>26,468</b>	<b>27,673</b>
M2M customers	2,954	2,525
MVNO customers	3,905	3,514
<b>Total wholesale customers</b>	<b>6,859</b>	<b>6,038</b>
<b>Total T-Mobile USA customers, end of period</b>	<b>33,327</b>	<b>33,711</b>
<b>Net customer additions (losses)</b>		
Branded contract customers	(1,559)	(1,499)
Branded prepaid customers	841	101
<b>Total branded customers</b>	<b>(719)</b>	<b>(1,399)</b>
M2M customers	525	652
MVNO customers	336	724
<b>Total wholesale customers</b>	<b>861</b>	<b>1,376</b>
<b>Total T-Mobile USA net customer additions (losses)</b>	<b>142</b>	<b>(23)</b>

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



**Table of Contents****Total Customers**

Net customer additions were 142,000 for the nine months ended September 30, 2012, compared to 23,000 net customer losses for the nine months ended September 30, 2011. Total customers were approximately 33.3 million as of September 30, 2012, a decrease of 1.1% over the customer total as of September 30, 2011. During the nine months ended September 30, 2012, branded contract customer losses were partially offset by branded prepaid customer growth.

**Branded Customers**

Branded contract net customer losses were 1,559,000 for the nine months ended September 30, 2012, compared to 1,499,000 net customer losses for the nine months ended September 30, 2011. The increase in branded contract customer losses is primarily attributable to fewer branded contract customer gross additions partially offset by improved branded contract customer churn. The decrease in customer gross additions was primarily a result of customers responding positively to competitor advertising campaigns and promotional offerings such as handset discounts as well as lingering concerns by certain customers about the uncertainty caused by the pending, but ultimately unsuccessful acquisition of T-Mobile by AT&T.

Branded prepaid net customer additions were 841,000 for the nine months ended September 30, 2012, compared to 101,000 net customer additions for the nine months ended September 30, 2011. The significant improvement in branded prepaid net customer additions in the first nine months of 2012 was due to the continued success of Monthly 4G plans and customer migration to prepaid plans due to the discontinuation of the FlexPay No Contract product that historically had higher churn.

**Wholesale**

Wholesale net customer additions were 861,000 for the nine months ended September 30, 2012, compared to net customer additions of 1,376,000 for the nine months ended September 30, 2011. The decrease in wholesale net customer additions was primarily due to fewer MVNO gross customer additions and higher M2M customer churn. Slower MVNO partner growth was driven by reduced demand for T-Mobile's products and services by MVNO partners, while M2M customer churn resulted primarily from M2M partners deactivating lines to align with their customer demand. MVNO partners often have relationships with multiple carriers and through promotions can impact specific carriers results.

**Churn**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Branded churn	3.10%	3.20%
Branded contract churn	2.30%	2.60%
Branded prepaid churn	6.20%	6.70%

Branded churn was 3.10% for the nine months ended September 30, 2012, compared to 3.20% for the nine months ended September 30, 2011. The decrease in branded churn was primarily driven by the strategic phase-out of certain products that had historically higher churn, the introduction of new products with higher customer satisfaction and the continued strategic focus on churn reduction, including credit optimization initiatives.

Branded contract churn was 2.30% for the nine months ended September 30, 2012, down 30 basis points from the nine months ended September 30, 2011. The decrease in branded contract churn was the result of the strategic phase-out of the FlexPay Contract product that historically had higher churn and the continued focus on churn reduction initiatives.

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Branded prepaid churn was 6.20% for the nine months ended September 30, 2012, down 50 basis points from the nine months ended September 30, 2011. The improvement in branded prepaid churn was primarily attributed to the continued success of the T-Mobile Monthly 4G plans and the strategic phase-out of the FlexPay No Contract product, which historically had higher churn.

**Average Revenue Per User**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
ARPU (blended)	\$ 43.73	\$ 45.97
ARPU (branded contract)	\$ 57.21	\$ 57.35
ARPU (branded prepaid)	\$ 26.55	\$ 24.05
Data ARPU (branded contract)	\$ 19.14	\$ 16.74

Blended ARPU was \$43.73 and \$45.97 for the nine months ended September 30, 2012 and 2011, respectively, a decrease of \$2.24. The decrease in blended ARPU was primarily attributable to the change in customer portfolio mix towards Value plans, branded prepaid and wholesale customers, which traditionally have lower ARPU.

Branded contract ARPU was \$57.21 for the nine months ended September 30, 2012, a slight decrease from \$57.35 for the nine months ended September 30, 2011. The slight decrease in branded contract ARPU was primarily due to the branded contract customer base migration to Value plans introduced in the third quarter of 2011, which have lower ARPUs, partially offset by higher data revenues from the continued adoption of data plans and smartphone penetration.

Branded prepaid ARPU was \$26.55 for the nine months ended September 30, 2012, an increase from \$24.05 for the nine months ended September 30, 2011. The increase in branded prepaid ARPU was primarily due to the growth of the Monthly 4G plans, which include data services.

Branded contract data ARPU for the nine months ended September 30, 2012 was \$19.14 an increase from \$16.74 for the nine months ended September 30, 2011. The increase in branded contract data ARPU was primarily attributable to the increase in smartphone sales with data plans.

**Adjusted OIBDA**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(dollars in millions)</b>	
Adjusted OIBDA	\$ 3,838	\$ 3,910
Adjusted OIBDA margin	29%	28%
Operating (loss) income	\$ (6,644)	\$ 1,625
Operating (loss) income margin	(45)%	11%

Adjusted OIBDA for the nine months ended September 30, 2012 decreased to \$3.8 billion from \$3.9 billion for the nine months ended September 30, 2011. The decrease was primarily due to a decline in service revenues, offset partially by equipment revenue growth and operating expense reductions. Equipment revenue improved in the first nine months of 2012 related to the launch of T-Mobile's Value plans for which T-Mobile does not offer subsidies (discounts) on devices. Additionally, operating expenses decreased in the first nine months of 2012 primarily due to lower cost of equipment sales driven by lower handset unit sales volumes, lower employee-related expenses and the effects of ongoing cost management programs. These combined operating expense reductions were partially offset by higher bad debt expense.

**Table of Contents****Reconciliation of non-GAAP Financial Measures**

A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the statement of income or statement of cash flows, or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable measure so calculated and presented.

Adjusted OIBDA is a non-GAAP financial measure utilized by T-Mobile's management to monitor the financial performance of its operations. This measurement, together with GAAP measures such as revenue and operating income, assists management in its decision-making process related to the operation of the business. T-Mobile uses Adjusted OIBDA internally as a metric to evaluate and compensate T-Mobile's personnel and management for their performance, and as a benchmark to evaluate its operating performance in comparison to its competitors. Management also uses Adjusted OIBDA to measure, from period-to-period, T-Mobile's ability to provide cash flows to meet future debt services, capital expenditures and working capital requirements and fund future growth. T-Mobile believes that analysts and investors use Adjusted OIBDA as a supplemental measure to evaluate our overall operating performance and that this metric facilitates comparisons with other wireless communications companies. Adjusted OIBDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for income from operations, net income, or any other measure of financial performance reported in accordance with GAAP. In addition, other wireless carriers may calculate this measure differently. OIBDA is adjusted to exclude transactions that are not reflective of our ongoing operating performance and is detailed in the tables below.

The following tables illustrate the calculation of Adjusted OIBDA and reconcile Adjusted OIBDA to operating income (loss) which T-Mobile considers to be the most directly comparable GAAP financial measure to Adjusted OIBDA.

	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(in millions)</b>		
Adjusted OIBDA	\$ 5,310	\$ 5,478	\$ 5,915
Depreciation and amortization	(2,982)	(2,773)	(2,859)
Adjusted operating income (excl. impairment and transaction-related costs)	2,328	2,705	3,056
Impairment charges	(6,420)		
Transaction-related costs(1)	(187)		
Operating (loss) income	\$ (4,279)	\$ 2,705	\$ 3,056

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	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(in millions)</b>	
Adjusted OIBDA	\$ 3,838	\$ 3,910
Depreciation and amortization	(2,391)	(2,221)
Adjusted operating income (excl. impairment, restructuring and transaction-related costs)	1,447	1,689
Impairment charges	(8,134)	
Restructuring charges	(90)	
Other transactions(1)	133	(64)
Operating (loss) income	\$ (6,644)	\$ 1,625

- (1) Represents AT&T transaction-related costs incurred from the now terminated AT&T acquisition of T-Mobile from Q2 2011 to Q3 2012, and a net gain from a spectrum swap transacted in Q3 2012. Other transactions may not agree in total to the other, net classification in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) due to certain routine operating activities that are not excluded from Adjusted OIBDA.

**Liquidity and Capital Resources**

T-Mobile's principal sources of liquidity are existing cash and cash equivalents, short-term money market investments with Deutsche Telekom (accounts receivable from affiliates), and cash generated from operations. At September 30, 2012, T-Mobile's liquid assets were \$755 million, consisting of \$430 million cash and cash equivalents and \$325 million short-term investments with Deutsche Telekom. At December 31, 2011, T-Mobile's liquid assets were \$2.2 billion, consisting of \$390 million cash and cash equivalents and \$1.8 billion short-term investments with Deutsche Telekom. T-Mobile evaluates its cash position on a regular basis and invests amounts that exceed short term cash requirements in U.S. dollars with Deutsche Telekom.

T-Mobile determines future liquidity requirements, for both operations and for capital expenditures, based in large part upon projected financial and operating performance. T-Mobile regularly reviews and updates these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. T-Mobile believes that its existing liquid assets, anticipated cash flows from operations, and ability to access additional financing through Deutsche Telekom will be sufficient to meet its anticipated liquidity requirements in the near term.

There are a number of risks and uncertainties that could cause T-Mobile's financial and operating results and capital requirements to differ materially from its projections and that could cause its liquidity to differ materially from the assessment set forth above. See the section entitled Risk Factors beginning on page 33.

Compared to December 31, 2011, T-Mobile's cash and cash equivalents and short-term investments with Deutsche Telekom decreased by \$1.5 billion to \$755 million as of September 30, 2012. The decrease was primarily due to the transfer of spectrum licenses of \$1.2 billion from Deutsche Telekom in exchange for short-term investments (accounts receivable from affiliates) held with Deutsche Telekom. As part of the break-up consideration of the terminated transaction for the sale of T-Mobile to AT&T, Deutsche Telekom received \$1.2 billion of spectrum licenses from AT&T. The spectrum licenses were transferred to T-Mobile in May 2012 in exchange for short-term investments held with Deutsche Telekom.

Compared to December 31, 2010, T-Mobile's cash and cash equivalents and short-term investments with Deutsche Telekom increased by \$1.8 billion to \$2.2 billion at December 31, 2011. The increase was primarily a result of fewer intercompany notes payables with Deutsche Telekom maturing during 2011 compared to the prior

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year. T-Mobile settled maturing notes payables to affiliates balances of \$500 million in 2011 compared to \$2.6 billion in 2010, utilizing short-term investments (accounts receivables from affiliates) held with Deutsche Telekom. The settlement of T-Mobile's notes payable to affiliates with short-term investments held with Deutsche Telekom is a non-cash transaction and does not appear on the consolidated statements of cash flows.

**Capital Expenditures**

The construction of T-Mobile's network and the marketing and distribution of its wireless communications products and services have required, and will continue to require, substantial amounts of liquidity (see also Management's Discussion and Analysis of Financial Condition and Results of Operations of T-Mobile Contractual Obligations). Historically, T-Mobile's liquidity requirements have been driven primarily by capital expenditures for spectrum licenses and the construction, expansion and upgrades of its network infrastructure. T-Mobile's capital expenditures for property and equipment for the nine months ended September 30, 2012 were \$2.0 billion. The expenditures related to spectrum licenses for the nine months ended September 30, 2012 were \$1.5 billion, including the transfer of spectrum licenses of \$1.2 billion described above. T-Mobile's capital expenditures for property and equipment for the years ended December 31, 2011, 2010 and 2009 were \$2.7 billion, \$2.8 billion and \$3.7 billion, respectively. The expenditures related to spectrum licenses for the years ended December 31, 2011, 2010 and 2009 were \$23 million, \$18 million and \$34 million, respectively.

The property and equipment capital expenditures for the nine months ended September 30, 2012 primarily relate to T-Mobile's network modernization plans to deploy 4G LTE in certain markets during 2012 and more broadly in 2013. The capital expenditures for the year ended December 31, 2011 were primarily associated with continued expansion of T-Mobile's network coverage and the upgrade of T-Mobile's UMTS network to HSPA+ 42 technology. The capital expenditures for the years ended December 31, 2010 were primarily associated with the expansion of T-Mobile's network coverage and the upgrade to HSPA+. The capital expenditures for the year ended December 31, 2009 were primarily associated with the roll-out of the 3G (UMTS/HSPA) network as well as the continued focus on the improvement of T-Mobile's network quality and expansion of network coverage.

T-Mobile expects to incur capital expenditures for property and equipment, and spectrum licenses of approximately \$3.3 billion and \$1.8 billion (including the transfer of spectrum licenses of \$1.2 billion described above), respectively, during 2012.

**Capital Resources**

T-Mobile's sources of funds, primarily from operations and, to the extent necessary, from financing arrangements with Deutsche Telekom or its affiliates, are sufficient to meet ongoing operating and investing requirements. T-Mobile expects that its capital spending requirements will continue to be financed primarily through internally generated funds. Should additional debt or equity financing be needed to fund additional development activities or to maintain an appropriate capital structure to ensure T-Mobile's financial flexibility, T-Mobile historically has negotiated and expects that it would continue to negotiate the necessary financing with Deutsche Telekom.

T-Mobile's total capital consists of notes payable to affiliates (current and long-term) and stockholder's equity. At September 30, 2012, T-Mobile's notes payable to affiliates totaled \$14.9 billion and stockholder's equity was \$8.5 billion. Stockholder's equity decreased from December 31, 2011 due to the net loss recorded in the nine months ended September 30, 2012, as described above in the Results of Operations. As of December 31, 2011 and 2010, T-Mobile's notes payables to affiliates totaled \$15.6 billion and \$16.3 billion, respectively, and stockholder's equity was \$15.8 billion and \$20.5 billion, respectively. The decrease in stockholder's equity in 2011 was primarily due to the net loss recorded in 2011, largely attributable to a non-cash impairment charge against goodwill and spectrum licenses as described above in Management's Discussion and Analysis of Financial Condition and Results of Operations of T-Mobile Results of Operations.



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As described elsewhere in this proxy statement, on October 3, 2012, Deutsche Telekom and MetroPCS announced the signing of a business combination agreement (the "business combination agreement") to combine T-Mobile and MetroPCS. Pursuant to the terms and subject to the conditions set forth in the business combination agreement, T-Mobile will refinance its net intercompany indebtedness (net of notes payable to affiliates and accounts receivable from affiliates) by issuing to Deutsche Telekom \$15.0 billion of senior unsecured notes. Additional financing terms contemplated in the business combination agreement for the new combined entity is covered in the Financing section of this proxy statement.

T-Mobile had a \$150 million unsecured credit facility with U.S. Bank National Association available for working capital and other corporate purposes that was not extended and expired on December 31, 2011.

In September 2012, T-Mobile entered into definitive agreements with CCI regarding the sale of rights to operate approximately 7,200 wireless communication towers owned by T-Mobile. Prior to closing on November 30, 2012, the tower portfolio included in the transaction was reduced to 7,105 sites. During the fourth quarter of 2012, T-Mobile received net proceeds of \$2,469 million of which T-Mobile distributed \$2,403 million to its parent, Deutsche Telekom. Under the terms of the transaction, CCI acquired the sole rights to lease and operate the wireless communication towers through either purchase of the towers, or under long-term prepaid lease and management agreements. Furthermore, CCI was granted an option to acquire any sites that were not sold to CCI at the end of their respective least terms. T-Mobile will lease back and continue to have rights to space on the towers to operate its wireless communication equipment. The master lease agreement governing the lease-back of tower space provides T-Mobile with an initial term and several optional renewals at terms that are consistent with those it has for similar sites where T-Mobile leases space on third-party owned towers.

**Cash Flows**

The following table shows cash flow information for the three years ended December 31, 2011, 2010 and 2009:

	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(in millions)</b>		
Net cash provided by operating activities	\$ 4,980	\$ 4,905	\$ 5,437
Net cash used in investing activities	\$ (4,699)	\$ (5,126)	\$ (5,603)
Net cash provided by financing activities	\$	\$ 123	\$ 67

**Operating Activities**

Cash provided by operating activities increased by \$75 million to \$5.0 billion for the year ended December 31, 2011 from \$4.9 billion for the year ended December 31, 2010. The increase was primarily attributable to cash inflows from changes in working capital accounts, mainly accounts receivable. The improvement in cash flows from the above was largely offset by the decrease in operating income, exclusive of non cash items such as depreciation and amortization, impairment and other non-cash charges in 2011 compared to the prior year.

Cash provided by operating activities decreased by \$532 million to \$4.9 billion during the year ended December 31, 2010 from \$5.4 billion for the year ended December 31, 2009. The decrease was primarily attributable to lower cash flows from changes in working capital accounts, mainly accounts receivable related to the decline in T-Mobile's branded customer base in 2010, as well as changes in inventory balances resulting from improvements in inventory procurement and management processes in 2009.

**Table of Contents****Investing Activities**

Cash used in investing activities was \$4.7 billion during the year ended December 31, 2011 compared to \$5.1 billion during the year ended December 31, 2010. The decrease was primarily due to \$310 million fewer funds invested with Deutsche Telekom as short-term investments on a net basis (short term affiliate loan receivable, net) during 2011 compared to 2010.

Cash used in investing activities was \$5.1 billion during the year ended December 31, 2010 compared to \$5.6 billion during the year ended December 31, 2009. The decrease was primarily due to \$868 million lower capital expenditures for property and equipment during 2010. During 2009, T-Mobile launched its 3G UMTS/HSPA network resulting in higher capital spending during 2009. In 2010, the focus of capital expenditures for property and equipment was on upgrading the HSPA network to HSPA+ which is less capital intensive. The decrease in network capital expenditures was partially offset by a \$427 million increase in additional funds invested with Deutsche Telekom as short-term investments (short term affiliate loan receivable, net) on a net basis during 2010 compared to 2009.

**Financing Activities**

There was no cash provided by financing activities during the year ended December 31, 2011 compared to cash provided by financing activities of \$123 million during the year ended December 31, 2010. The financing activities in 2010 related primarily to \$116 million in additional long-term debt borrowings from Deutsche Telekom. During the years ended December 31, 2011 and 2010, T-Mobile settled notes payables to affiliates with Deutsche Telekom through a non-cash transaction by offsetting borrowings from Deutsche Telekom with short-term investments held by Deutsche Telekom of \$0.5 billion and \$2.6 billion, respectively.

Cash provided by financing activities was \$123 million during the year ended December 31, 2010 compared to cash provided by financing activities of \$67 million during the year ended December 31, 2009. The change in cash provided by financing activities was a result of no debt repayments to Deutsche Telekom in 2010, compared to debt repayments of \$133 million in 2009. New long-term borrowings from Deutsche Telekom were \$116 million in 2010 compared to \$200 million in 2009.

**Cash Flows**

The following table shows cash flow information for the nine months ended September 30, 2012 and 2011:

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(in millions)</b>	
Net cash provided by operating activities	\$ 2,707	\$ 3,570
Net cash used in investing activities	\$ (2,667)	\$ (3,258)
Net cash provided by financing activities	\$	\$

**Operating Activities**

Cash provided by operating activities decreased by \$863 million to \$2.7 billion during the nine months ended September 30, 2012 from \$3.6 billion for the nine months ended September 30, 2011. The decrease was primarily attributable to changes in working capital accounts, including payments for AT&T transaction related costs and restructuring costs during the nine months ended September 30, 2012.

**Investing Activities**

Cash used in investing activities was \$2.7 billion during the nine months ended September 30, 2012 compared to \$3.3 billion during the nine months ended September 30, 2011. The decrease was primarily due to

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\$803 million fewer funds invested with Deutsche Telekom on a net basis (short term affiliate loan receivable, net) during the nine months ended September 30, 2012 compared to the same period in the prior year. The decrease in funds invested with Deutsche Telekom in 2012 was the result of utilizing accounts receivable from affiliates in exchange for spectrum licenses from Deutsche Telekom. The spectrum licenses were received from AT&T as part of the break-up consideration of the terminated AT&T transaction for the sale of T-Mobile.

**Financing Activities**

Cash provided by financing activities was consistent during the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, with no cash provided by financing activities in either period. During the nine month period ended September 30, 2012 and 2011, T-Mobile settled inter-company debt with Deutsche Telekom through non-cash transactions utilizing short-term investments held by Deutsche Telekom of \$644 million and \$500 million, respectively.

**Off-Balance Sheet Arrangements**

T-Mobile does not participate in, or secure, financing for any unconsolidated entities.

**Contractual Obligations**

Current accounting standards require disclosure of material obligations and commitments to making future payments under contracts, such as debt, lease agreements, and purchase obligations. T-Mobile discloses its payables to affiliates in Note 11 and commitments and contingencies in Note 18 to the T-Mobile consolidated audited financial statements for the three years ended December 31, 2011.

The following table provides aggregate information about T-Mobile's contractual obligations as of December 31, 2011. Other commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment.

	Payments Due by Period as of December 31, 2011				Total
	Less Than 1 Year	1 - 3 Years	3 - 5 Years (in millions)	More Than 5 Years	
Payables to affiliates (1)	\$ 644	\$ 3,621	\$ 2,905	\$ 7,914	\$ 15,084
Interest on payables to affiliates	616	1,523	1,052	5,298	8,489
Non-dedicated transportation lines	489	997	890	457	2,833
Operating leases, including dedicated transportation lines	1,791	3,167	2,692	5,681	13,331
Purchase obligations (2)	398	21	2		421
Total contractual obligations	\$ 3,938	\$ 9,329	\$ 7,541	\$ 19,350	\$ 40,158

(1) Represents principal amounts of payables to affiliates at maturity.

(2) T-Mobile calculated the minimum obligation for certain agreements to purchase goods or services based on termination fees that can be paid to exit the contract. Termination penalties are included in the above table as payments due in less than one year, as this is the earliest T-Mobile could exit these contracts. If T-Mobile elects to exit these agreements, termination fees for all such contracts could be approximately \$231 million.

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The following table provides aggregate information about T-Mobile's contractual obligations as of September 30, 2012. Other commitments and obligations are included in the table based on the year of required payment or an estimate of the year of payment.

	Payments Due by Period as of September 30, 2012				Total
	Less Than 1 Year	1 - 3 Years	3 - 5 Years (in millions)	More Than 5 Years	
Payables to affiliates (1)	\$ 1,273	\$ 4,253	\$ 1,000	\$ 7,910	\$ 14,436
Interest on payables to affiliates	624	1,321	1,035	4,842	7,822
Non-dedicated transportation lines	518	1,029	828	255	2,630
Operating leases, including dedicated transportation lines	1,770	3,323	3,065	6,514	14,672
Purchase obligations (2)	2,012	491	2,825		5,328
Total contractual obligations	\$ 6,197	\$ 10,417	\$ 8,753	\$ 19,521	\$ 44,888

(1) Represents principal amounts of payables to affiliates at maturity.

(2) T-Mobile calculated the minimum obligation for certain agreements to purchase goods or services based on termination fees that can be paid to exit the contract. Termination penalties are included in the above table as payments due in less than one year, as this is the earliest T-Mobile could exit these contracts. If T-Mobile elects to exit these agreements, termination fees for all such contracts could be approximately \$750 million.

The tables do not include the payments to be made on T-Mobile's interest rate swaps and cross currency interest rate swaps. Certain of T-Mobile's other noncurrent liabilities have been excluded from the tables due to the uncertainty of the timing of payments, combined with the absence of historical trending to be used as a predictor of such payments.

The purchase obligations reflected in the table above are primarily commitments to purchase handsets and accessories, equipment, software, programming and network services, and marketing activities, which will be used or sold in the ordinary course of business. These amounts do not represent T-Mobile's entire anticipated purchases in the future, but represent only those items for which T-Mobile is contractually committed. Where T-Mobile is committed to make a minimum payment to the supplier regardless of whether it takes delivery, T-Mobile has included only that minimum payment as a purchase obligation.

**Related Party Transactions**

See Note 16 to the T-Mobile consolidated financial statements for the three years ended December 31, 2011 and Note 12 to the T-Mobile condensed consolidated financial statements for the nine months ended September 30, 2012.

**Restructuring Costs**

T-Mobile consolidated its call center operations from 24 to 17 facilities during the period ended September 30, 2012. In addition, T-Mobile restructured and optimized operations in other parts of the business to strengthen T-Mobile's competitiveness in the U.S. marketplace. For further discussion, see Note 13 to the T-Mobile condensed consolidated financial statements for the nine months ended September 30, 2012.

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### **Effect of New Accounting Standards**

In May 2011, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and IFRS. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts and expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance is effective for interim and annual periods beginning after December 15, 2011. The Company adopted this accounting pronouncement on January 1, 2012 with no material impact on results of operations, financial conditions or its financial disclosures.

In September 2011, FASB issued ASU 2011-08, Testing Goodwill for Impairment. It provides an option to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Given this option, an entity no longer would be required to calculate the fair value of a reporting unit unless the entity determines, based on that qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The new guidance is effective for interim and annual periods beginning after December 15, 2011. T-Mobile adopted this accounting pronouncement on January 1, 2012 with no material impact on results of operations, financial conditions or its financial disclosures.

In July 2012, FASB issued ASU 2012-02, Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. This update simplifies the guidance for testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill. The amendments in this Update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. T-Mobile has adopted these amendments for early impairment tests performed during the year ending December 31, 2012 with no material impact on results of operations, financial conditions or its financial disclosures.

### **Quantitative and Qualitative Disclosures about Financial, Credit, Market and Liquidity Risk**

T-Mobile is exposed to various types of market risks in the normal course of business, primarily from changes in interest rates and foreign currency exchange rates. These risks, along with other business risks, impact T-Mobile's cost of capital. T-Mobile's policy is to manage exposure related to fluctuations in interest rates and foreign exchange in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. In managing market risks, T-Mobile employs derivatives according to documented policies and procedures, including interest rate swap agreements for fluctuation in interest rates and cross currency interest rate swap agreements to manage foreign currency risk along with interest rate risk. The cross currency interest rate swap agreements manage foreign currency risk and interest rate risk related to T-Mobile's notes payables to affiliates denominated in Euros. T-Mobile does not use derivatives for trading or speculative purposes. T-Mobile does not foresee significant changes in the strategies used to manage market risk in the near future.

#### ***Interest Rate Risk***

T-Mobile is exposed to changes in interest rates, primarily on its notes payable to affiliates. As of December 31, 2011, T-Mobile had \$15.6 billion in notes payable with Deutsche Telekom. Changes in interest rates can lead to significant fluctuations in the fair value of T-Mobile's debt instruments. To manage interest expense, T-Mobile utilizes interest rate swaps. T-Mobile has established interest rate risk limits that are closely monitored by measuring interest rate sensitivities of its debt and interest rate derivatives portfolios.

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To perform the sensitivity analysis on its notes payable to affiliates balances, T-Mobile assessed the risk of a change in the fair value from the effect of a hypothetical interest rate change of 100 basis points on T-Mobile's variable and fixed rate debt. As of December 31, 2011, the change in the fair value of T-Mobile's notes payable to affiliates is shown in the table below:

<b>December 31, 2011</b>	<b>Fair Value</b>	<b>Fair Value assuming +100 basis point shift (in millions)</b>	<b>Fair Value assuming -100 basis point shift</b>
Current and long-term notes payables to affiliates	\$ 16,870	\$ 15,879	\$ 17,980

To perform the sensitivity analysis on its interest rate swaps not designated as hedges, T-Mobile assessed the risk of loss in fair values from the effect of a hypothetical interest rate change of 100 basis points on T-Mobile's portfolio of interest rate swaps. As of December 31, 2011, the change in the fair value of T-Mobile's interest rate swaps is shown in the table below:

<b>December 31, 2011</b>	<b>Fair Value</b>	<b>Fair Value assuming +100 basis point shift (in millions)</b>	<b>Fair Value assuming -100 basis point shift</b>
Interest rate swaps	\$ 96	\$ 52	\$ 141

**Foreign Exchange Risk**

While the vast majority of T-Mobile's financial transactions are conducted in U.S. dollars, T-Mobile is exposed to foreign currency exchange risk through its Euro denominated notes payable to affiliates. T-Mobile hedges exchange risk involved with its Euro denominated notes payables to affiliates through cross currency interest rate swaps. As of December 31, 2011, T-Mobile's notes payable to affiliates denominated in Euros have been economically hedged at issuance through cross currency interest rate swaps. Risks related to both interest rate risk and foreign currency exchange fluctuations associated with the underlying interest and principal payments were eliminated through swaps from fixed-rate foreign currencies to fixed-rate U.S. dollars at terms exactly mirroring those of the underlying Euro borrowing arrangements. At the time of maturity or payment, T-Mobile expects the gains or losses from its cross currency interest rate swaps to offset the losses and gains on its Euro denominated notes payable to affiliates.

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**T-MOBILE AND METROPCS UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information present the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations based upon the combined historical financial statements of T-Mobile and MetroPCS, after giving effect to the transaction between T-Mobile and MetroPCS and adjustments described in the accompanying notes. The transaction will be accounted for as a reverse acquisition under the acquisition method of accounting, which requires determination of the accounting acquirer. The accounting guidance for business combinations, Accounting Standards Codification 805, provides that in identifying the acquiring entity in a combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including: the relative voting rights of the stockholders of the constituent companies in the combined company, the existence of a large minority voting interest in the combined entity if no other owner or organized group of owners has a significant voting interest, the composition of the board of directors and senior management of the combined company, the relative size of each company and the terms of the exchange of equity securities in the business combination, including payment of any premium.

Because T-Mobile's indirect stockholder, Deutsche Telekom, will be entitled to designate the majority of the board of directors of the combined company, MetroPCS stockholders will receive the cash payment and Deutsche Telekom will receive a majority of the equity securities and voting rights of the combined company, T-Mobile is considered to be the acquirer of MetroPCS for accounting purposes. This means that T-Mobile will allocate the purchase price to the fair value of MetroPCS's assets and liabilities at the acquisition date, with any excess purchase price being recorded as goodwill.

The unaudited pro forma condensed combined balance sheet as of September 30, 2012 reflects the transaction as if it occurred on September 30, 2012. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2011 and the nine months ended September 30, 2012 reflect the transaction as if it occurred on January 1, 2011, the beginning of the earliest period presented.

The unaudited pro forma condensed combined financial information should be read in conjunction with the audited and unaudited historical financial statements of each of T-Mobile and MetroPCS and the notes thereto, as well as the disclosures contained in each company's Management's Discussion and Analysis of Financial Condition and Results of Operations. Additional information about the basis of presentation of this information is provided in Note 1 hereto.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the transaction have been prepared in accordance with business combination accounting guidance as provided in Accounting Standards Codification 805, and reflect the allocation of the preliminary purchase price to the acquired assets and liabilities based upon their estimated fair values, using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been completed as of the dates set forth above, nor is it indicative of the future results or financial position of the combined company. The unaudited pro forma condensed combined financial information also does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the transaction or any integration costs. Furthermore, the unaudited pro forma condensed combined statements of operations do not include certain nonrecurring charges and the related tax effects which result directly from the transaction as described in the notes to the unaudited pro forma condensed combined financial information.

**Table of Contents****Unaudited Pro Forma Condensed Combined Balance Sheet**

As of September 30, 2012

(in millions)

	Historical T-Mobile	Historical MetroPCS	Pro Forma Adjustments	Notes	Pro Forma Combined
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 430	\$ 2,057	\$ (1,500)	(3a)	\$ 2,053
			1,000	(5)	
			66	(6)	
Other current assets	4,913	1,128	(437)	(5)	5,604
Total current assets	5,343	3,185	(871)		7,657
Property and equipment, net	12,535	4,197	(2,457)	(3b)	14,275
Goodwill			791	(3b)	791
Spectrum licenses	14,360	2,562	1,238	(3b)	18,160
Other intangible assets, net	43		650	(3b)	693
Other assets	332	128			460
Total assets	\$ 32,613	\$ 10,072	\$ (649)		\$ 42,036
<b>Liabilities and Stockholders Equity</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 2,848	\$ 450	\$		\$ 3,298
Other current liabilities	2,014	335	(1,479)	(5)	870
Total current liabilities	4,862	785	(1,479)		4,168
Long-term payables to affiliates	13,620		1,380	(5)	15,000
Long-term debt, net		4,731	1,000	(5)	8,200
			2,469	(6)	
Other long-term liabilities	5,655	1,234	90	(3b)	6,678
			(305)	(3c)	
			4	(5)	
Total long-term liabilities	19,275	5,965	4,638		29,878
Total liabilities	24,137	6,750	3,159		34,046
Stockholders equity					
Common stock and paid-in capital	31,600	1,815	(1,500)	(3a)	31,260
			1,944	(3b)	
			(196)	(5)	
			(2,403)	(6)	
Accumulated other comprehensive loss	(9)	(5)	5	(3b)	1
			10	(5)	
Treasury stock		(10)	10	(3b)	
Accumulated (deficit) earnings	(23,115)	1,522	(1,522)	(3b)	(23,271)
			(156)	(5)	



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Total stockholders equity	8,476	3,322	(3,808)	7,990
Total liabilities and stockholders equity	\$ 32,613	\$ 10,072	\$ (649)	\$ 42,036

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Operations****For the Twelve Months Ended December 31, 2011****(in millions, except share and per share amounts)**

	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	T-Mobile	MetroPCS			
<b>Revenues</b>					
Total revenues	\$ 20,618	\$ 4,847	\$ 135	(6)	\$ 25,600
<b>Operating expenses</b>					
Network costs, excluding depreciation and amortization	4,952	1,474			6,426
Cost of equipment sales	3,646	1,440			5,086
Selling, general and administrative	6,728	644			7,372
Depreciation and amortization	2,982	539	(230)	(4a)	3,415
			124	(4b)	
Impairment charges	6,420				6,420
Other, net	169	3			172
Total operating expenses	24,897	4,100	(106)		28,891
Operating (loss) income	(4,279)	747	241		(3,291)
<b>Other (expense) income</b>					
Other expense, net	(655)	(268)	(539)	(5)	(1,582)
			(120)	(6)	
Total other expense, net	(655)	(268)	(659)		(1,582)
<b>(Loss) income before income taxes</b>	<b>(4,934)</b>	<b>479</b>	<b>(418)</b>		<b>(4,873)</b>
Income tax benefit (expense)	216	(178)	156	(4c)	194
Net (loss) income	\$ (4,718)	\$ 301	\$ (262)		\$ (4,679)
Net (loss) income per common share					
Basic	\$ (16.12)	\$ 0.83		(4d)	\$ (6.50)
Diluted	\$ (16.12)	\$ 0.82		(4d)	\$ (6.50)
Weighted average shares					
Basic	292,669,971	360,410,168		(4d)	719,539,741
Diluted	292,669,971	363,837,940		(4d)	719,539,741

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.



**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Operations****For the Nine Months Ended September 30, 2012****(in millions, except share and per share amounts)**

	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	T-Mobile	MetroPCS			
<b>Revenues</b>					
Total revenues	\$ 14,810	\$ 3,817	\$ 101	(6)	\$ 18,728
<b>Operating expenses</b>					
Network costs, excluding depreciation and amortization	3,515	1,130			4,645
Cost of equipment sales	2,456	1,003			3,459
Selling, general and administrative	5,004	507			5,511
Depreciation and amortization	2,391	469	(220)	(4a)	2,734
			94	(4b)	
Impairment charges	8,134				8,134
Other, net	(46)	5			(41)
Total operating expenses	21,454	3,114	(126)		24,442
Operating (loss) income	(6,644)	703	227		(5,714)
<b>Other (expense) income</b>					
Other expense, net	(412)	(152)	(417)	(5)	(1,071)
			(90)	(6)	
Total other expense, net	(412)	(152)	(507)		(1,071)
<b>(Loss) income before income taxes</b>	<b>(7,056)</b>	<b>551</b>	<b>(280)</b>		<b>(6,785)</b>
Income tax (expense) benefit	(272)	(188)	104	(4c)	(356)
Net (loss) income	\$ (7,328)	\$ 363	\$ (176)		\$ (7,141)
Net (loss) income per common share					
Basic	\$ (25.04)	\$ 0.99		(4d)	\$ (9.91)
Diluted	\$ (25.04)	\$ 0.99		(4d)	\$ (9.91)
Weighted average shares					
Basic	292,669,971	363,190,434		(4d)	720,929,874
Diluted	292,669,971	364,440,115		(4d)	720,929,874

The accompanying notes are an integral part of, and should be read together with this unaudited pro forma condensed combined financial information.



**Table of Contents****1. Basis of Presentation**

The historical financial information has been adjusted to give pro forma effect to events that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the transaction and certain other adjustments. The final determination of the purchase price allocation will be based on the fair values of assets acquired and liabilities assumed as of the date the transaction closes, and could result in a significant change to the unaudited pro forma condensed combined financial information, including goodwill.

T-Mobile's historical results are derived from T-Mobile's audited consolidated statement of operations and comprehensive (loss) income for the year ended December 31, 2011, unaudited condensed consolidated balance sheet as of September 30, 2012 and unaudited condensed consolidated statement of operations and comprehensive (loss) for the nine months ended September 30, 2012 under GAAP. MetroPCS historical results include the audited consolidated statement of income and comprehensive income for the year ended December 31, 2011, unaudited condensed consolidated balance sheet as of September 30, 2012 and unaudited condensed consolidated statement of income and comprehensive income for the nine months ended September 30, 2012 under GAAP.

**Description of Transaction**

On October 3, 2012, MetroPCS entered into the business combination agreement, by and among Deutsche Telekom, Global, Holding, T-Mobile and MetroPCS. Pursuant to the terms and subject to the conditions set forth in the business combination agreement, including receipt of the required MetroPCS stockholder approval of certain of the proposals described in this proxy statement, MetroPCS will: (i) effect a recapitalization that includes the reverse stock split of the MetroPCS common stock, pursuant to which each share of MetroPCS common stock outstanding as of the effective time of the reverse stock split will represent thereafter one-half of a share of MetroPCS common stock; (ii) as part of the recapitalization, make the cash payment in an amount equal to \$1.5 billion (or approximately \$4.08 per share pre-reverse stock split), without interest, in the aggregate to the record holders of MetroPCS common stock immediately following the effective time of the reverse stock split; and (iii) immediately following the cash payment, issue and deliver to Holding or its designee shares of MetroPCS common stock equal to 74% of the fully-diluted shares of MetroPCS common stock outstanding immediately following the cash payment, and Holding will deliver to MetroPCS all of the T-Mobile shares.

In addition, unless otherwise agreed to by the parties, on the business day immediately following the closing of the transaction, MetroPCS, Inc., a direct wholly-owned subsidiary of MetroPCS, will merge with and into its direct wholly-owned subsidiary Wireless, with Wireless continuing as the surviving entity and, immediately thereafter, Wireless will merge with and into T-Mobile, with T-Mobile continuing as the surviving entity. In this proxy statement, we refer to the reverse stock split, the cash payment, the MetroPCS stock issuance, the mergers and the other transactions contemplated by the business combination agreement, collectively, as the transaction.

The transaction is expected to be financed by the issuance by Wireless or T-Mobile of senior unsecured notes, which are assumed to be issued at market. Certain expected embedded features of these notes may result in future fair value adjustments and associated impacts to our statements of operations. However, as future changes in fair value are not determinable, an adjustment would not be factually supportable, and therefore no mark-to-market adjustment is made in the unaudited pro forma condensed combined statement of operations. The senior unsecured notes in an aggregate principal amount of up to \$18.5 billion are to be issued or offered as follows:

The \$15.0 billion notes will be issued by T-Mobile and purchased by Deutsche Telekom to refinance certain intercompany indebtedness owed by T-Mobile (aggregate principal amount of \$14.4 billion) and its subsidiaries to Deutsche Telekom and its subsidiaries (excluding T-Mobile and its subsidiaries).

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The \$2.5 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which MetroPCS intends to use to refinance the Wireless existing senior credit facility. The expected impact related to such refinancing has not been reflected in this unaudited pro forma condensed combined financial information as the terms of the \$2.5 billion notes are not known and therefore an adjustment would not be factually supportable.

The \$1.0 billion notes, which may be offered by Wireless to third-party investors and, to the extent not sold to third-party investors prior to the completion of the transaction, will be purchased by Deutsche Telekom upon the closing of the transaction, the proceeds of which MetroPCS intends to use for general corporate purposes, including to fund in part the cash payment.

In addition to the notes issued to finance the transaction, Deutsche Telekom (or one of its subsidiaries if the obligations of such subsidiary thereunder are unconditionally guaranteed by Deutsche Telekom) will make available for the benefit of T-Mobile and its subsidiaries, on the closing date of the transaction, the working capital revolving credit facility, which is a revolving unsecured credit facility with a maximum principal amount of no less than \$500.0 million to be used for working capital and other general corporate purposes, on terms substantially as set forth on Exhibit H to the business combination agreement.

Additionally, an adjustment to the consideration for the transaction may be made under the terms of the business combination agreement; however, because the conditions for the adjustment as defined in the business combination agreement are not factually supportable as of the date of the unaudited pro forma condensed combined financial information, no adjustment to the consideration for the transaction is reflected in the unaudited pro forma condensed combined financial information.

MetroPCS and T-Mobile expect to incur approximately \$55.0 million of transaction costs, including commitment fees. This estimate excludes financing fees related to the \$15.0 billion notes which are expected to be incurred and not estimable as of the date of this proxy. No adjustments have been reflected in the unaudited pro forma condensed combined financial information as such adjustments are considered not material.

Certain nonrecurring charges have been excluded from the unaudited pro forma condensed combined statements of operations in accordance with Article 11. The excluded nonrecurring charges are the acceleration of MetroPCS share based payments and the related severance and change in control payments. The estimated charge relating to the acceleration of MetroPCS share based payments is approximately \$72.0 million to be incurred by MetroPCS prior to the combination of the two companies. Integration efforts have not yet occurred, therefore the actual amount of severance and change in control payments that will ultimately be paid cannot be predicted with any degree of certainty.

For more details regarding the transaction, including the financing, see the sections entitled [The Transaction](#) and [Summary of the Financing](#) beginning on pages 64 and 112, respectively.

**Table of Contents****2. Calculation of Estimated Purchase Consideration**

The purchase consideration in a reverse acquisition is determined with reference to the value of equity that the accounting acquirer (in this case T-Mobile, the legal subsidiary) would have had to issue to the owners of the accounting acquiree (MetroPCS, the legal parent) to give them the same percentage interest in the combined entity. A preliminary estimate of the purchase price, assuming the transaction closed on November 12, 2012, is as follows (in millions, except shares and stock price):

Number of MetroPCS shares outstanding (i)	367,651,349
MetroPCS common stock price (ii)	\$ 10.05
Impact of reverse stock split:	
Estimated number of shares	183,825,675
Estimated stock price	\$ 20.10
Fair value of MetroPCS shares	\$ 3,695
Fair value of stock options (iii)	62
Cash consideration paid to stock option holders (iii)	2
Less: cash payment to MetroPCS stockholders (iv)	(1,500)
Estimated purchase price	\$ 2,259

- (i) Number of MetroPCS common stock issued and outstanding as of November 12, 2012, including 3,503,050 shares of MetroPCS unvested restricted stock, which will immediately vest upon closing.
- (ii) Closing price of MetroPCS common stock on the New York Stock Exchange on November 12, 2012.
- (iii) Pursuant to the business combination agreement, upon closing, the unvested equity awards will immediately vest and stock option holders will receive stock options of the combined entity upon closing, subject to stockholder's right for options where exercise price is less than the average closing price for the five days preceding the closing to elect to cash out such options. Stock options with low exercise prices, as defined in the business combination agreement, are assumed to be cancelled in exchange for cash consideration. Therefore, the fair value of stock options contemplates all stock options outstanding, adjusted for those options meeting the definition of low exercise price subject to cash payment.
- (iv) The estimated purchase price is driven by MetroPCS stock price and outstanding equity as of the closing date. The cash payment is made to MetroPCS stockholders prior to closing, and is a deduction from the total purchase price calculation as it decreases the value required to settle the outstanding equity.

For pro forma purposes, the fair value of the T-Mobile common stock used in determining the purchase price was \$10.05 per share based on the closing price of MetroPCS common stock on November 12, 2012. The final purchase consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to movements in MetroPCS common stock price as of the closing date of the transaction. A sensitivity analysis related to the fluctuation in the MetroPCS common stock price was performed to assess the impact a hypothetical change of 10% on the closing price of MetroPCS common stock on November 12, 2012 would have on the estimated purchase price and goodwill as of the closing date.

The following table shows the change in stock price, estimated purchase price and goodwill (dollars in millions, except stock price):

Change in stock price

Stock price

Goodwill



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		<b>Estimated Purchase Price</b>	
Increase of 10%	\$ 11.06	\$ 2,628	\$ 1,160
Decrease of 10%	9.05	1,889	421

**Table of Contents****Preliminary Purchase Price Allocation**

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of MetroPCS will be recorded at the acquisition date fair values and added to those of T-Mobile. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of September 30, 2012 and have been prepared to illustrate the estimated effect of the transaction. The allocation is dependent upon certain valuation and other studies that will not be completed until after the transaction has closed. Accordingly, the pro forma purchase price allocation is subject to further adjustments as additional information becomes available and as additional analyses and final valuations are conducted following the completion of the transaction. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table sets forth a preliminary allocation of the estimated purchase consideration to the identifiable tangible and intangible assets acquired and liabilities assumed of MetroPCS, with the excess recorded as goodwill (dollars in millions):

Current and other assets (1)	\$ 736
Property and equipment	1,740
Goodwill	791
Spectrum licenses	3,800
Other intangible assets	650
<b>Total assets</b>	<b>\$ 7,717</b>
Current liabilities less current portion of debt	\$ (749)
Deferred tax liabilities, net (2)	(696)
Other long-term liabilities	(315)
Debt (3)	(2,198)
<b>Total liabilities</b>	<b>\$ (3,958)</b>
<b>Net assets prior to the cash payment</b>	<b>\$ 3,759</b>
Less: cash payment to MetroPCS stockholders	(1,500)
<b>Net assets acquired</b>	<b>\$ 2,259</b>

(1) Current and other assets are presented excluding cash and cash equivalents, short-term investments, and deferred tax assets totaling \$2,573 million.

(2) MetroPCS unadjusted net deferred tax liabilities are \$1,001 million as of September 30, 2012.

(3) Debt includes long-term debt, including current portion, net of cash and cash equivalents and short-term investments. Acquisition date fair values for net property and equipment were calculated utilizing a cost approach that estimates the fair value of property and equipment needed to replace the functionality provided by the existing property and equipment. The estimated acquisition date fair values of property and equipment reflect a significant decrease in the carrying value of MetroPCS property and equipment due to advances in telecommunications equipment technology allowing a market participant to utilize a smaller quantity of property and equipment in a wireless network to achieve the same functionality. Additionally, MetroPCS cell sites are concentrated in dense urban areas, where a market participant would have significant overlapping coverage, thus the acquisition date fair value is impacted by the accelerated decommissioning of a large number of cell sites.

The final determination of the purchase price allocation upon the closing of the transaction will be based on MetroPCS net assets acquired as of that date and will depend on a number of factors, which cannot be predicted with any certainty at this time. The purchase price allocation may change materially based on the receipt of more detailed information. Therefore, the actual allocations will differ from the pro forma adjustments

presented.

**Table of Contents****3. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet**

- (a) Represents the \$1.5 billion cash payment to MetroPCS stockholders pursuant to the business combination agreement.
- (b) Reflects the acquisition method of accounting based on the estimated fair value of the assets and liabilities of MetroPCS as discussed in Note 2 above. Includes the elimination of MetroPCS historical stockholders' equity accounts because MetroPCS is not considered to be the accounting acquirer.
- (c) Represents adjustments to reflect the reduction of net deferred tax liabilities as a result of recording the acquired assets and assumed liabilities of MetroPCS at their fair value as well as recognition of MetroPCS net operating losses related to equity compensation which were previously unrecognized in the financial statements. The valuation allowances, which are included in net deferred tax liabilities, are unchanged from MetroPCS and T-Mobile's respective historical valuation allowances as neither MetroPCS nor T-Mobile anticipates a material change to its valuation allowances due to the transaction.

**4. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations**

- (a) Represents adjustments to record depreciation and amortization expense related to the reduced basis of property and equipment, which have been recorded at estimated fair value on a pro forma basis and will be depreciated and amortized over the estimated remaining useful lives on a straight-line basis utilizing T-Mobile's useful life assumptions. The following table illustrates the useful lives that T-Mobile has assumed and the respective adjusted basis for each class of property and equipment in arriving at the pro forma adjustment to record depreciation and amortization expense:

<i>(dollars in millions)</i>	<b>Useful Lives</b>	<b>Adjusted Basis</b>
Wireless communications systems	3-20 years	\$ 1,624
Furniture and equipment	3-5 years	40
Construction-in-progress		76
		\$ 1,740

- (b) Represents adjustments to record amortization expense related to other identifiable intangible assets calculated on a straight-line basis. These identifiable intangible assets include:

*Subscriber relationships (\$550 million)* Represents relationships with U.S. domestic subscribers that are expected to have an estimated useful life of approximately five years.

*Trade names (\$100 million)* Represents the MetroPCS brand that has been estimated to have a useful life of approximately seven years.

Indefinite lived intangible assets, including spectrum licenses and goodwill, are not subject to amortization but will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

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- (c) Represents adjustments to income tax expense for each period as a result of the tax impact on the pro forma adjustments. MetroPCS and T-Mobile utilized their respective statutory tax rates to compute the income tax expense related to each entity's pro forma condensed combined statements of operations adjustments as follows:

<i>(dollars in millions)</i>	<b>Year Ended December 31, 2011</b>		
	MetroPCS	T-Mobile	Total
Pro Forma Adjustments	\$ 55	\$ (473)	\$ (418)
Statutory Rate	38.6%	37.5%	
Tax Impact	\$ (21)	\$ 177	\$ 156

<i>(dollars in millions)</i>	<b>Nine Months Ended September 30, 2012</b>		
	MetroPCS	T-Mobile	Total
Pro Forma Adjustments	\$ 91	\$ (371)	\$ (280)
Statutory Rate	38.6%	37.5%	
Tax Impact	\$ (35)	\$ 139	\$ 104

- (d) Represents the loss per share, taking into consideration the pro forma weighted average shares outstanding calculated assuming the acceleration of the vesting of the restricted stock, applying the reverse stock split and the issuance of common stock equal to 74% of the fully-diluted shares of common stock outstanding.

	<b>Year Ended December 31, 2011</b>	<b>Nine Months Ended September 30, 2012</b>
Weighted average shares outstanding	360,410,168	363,190,434
Unvested restricted shares	3,503,050	3,503,050
	363,913,218	366,693,484
Reverse 1:2 stock split	0.50	0.50
	181,956,609	183,346,742
Issuance of shares to Deutsche Telekom	537,583,132	537,583,132
Pro forma basic and diluted weighted average shares	719,539,741	720,929,874

**5. Financing Agreements**

As described in Note 1, the transaction is expected to be financed by the issuance of senior unsecured notes to T-Mobile and MetroPCS. The adjustments represent the reduction of \$15.1 billion to current and long term payables to affiliates of \$1.5 billion (including accrued interest) and \$13.6 billion, respectively, the removal of \$437 million of other current assets, which represents net receivable from affiliate and interest rate swaps, and a loss on extinguishment of swaps of \$156 million. The adjustments represent the assumption of T-Mobile's intercompany indebtedness by Deutsche Telekom, including the write-off of T-Mobile's cross currency interest rate swaps and interest rate swaps related to such indebtedness. The addition of the \$15.0 billion notes reflects the notes T-Mobile will issue to Deutsche Telekom prior to or upon the closing of the transaction. Pursuant to the business combination agreement, the net receivable of \$196 million resulting from the exchange of indebtedness will be distributed to Deutsche Telekom.

The estimated committed interest rates for the \$15.0 billion senior notes are 8.16% and 7.28% for the permanent notes (\$7.5 billion) and reset notes (\$7.5 billion), respectively. The estimated committed interest rates are calculated based on current market information and a formula as outlined in the business combination



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agreement. See \$15.0 Billion Notes to Refinance T-Mobile-Deutsche Telekom Intercompany Indebtedness, and up to \$3.5 Billion Notes as Backstop for \$2.5 Billion Wireless Credit Agreement Refinancing and \$1.0 Billion Wireless New Notes on page 113 of the Revised Preliminary Proxy Statement. The first component of the formula is a reference yield which is based upon (i) three indices of high-yield bonds issued by telecommunications companies (50% weight), (ii) the prices of comparable bonds issued by Sprint Nextel Corporation (25% weight) and (iii) the prices of Wireless securities (25% weight). In calculating the estimated committed interest rates, the reference yield was adjusted as follows: (1) plus 100 basis points for reset notes or 187.5 basis points for non-reset notes; and (2) plus a combined maturity adjustment and distribution fee of 33 basis points for reset notes or 34 basis points for non-reset notes (assuming an eight year term). As a result of T-Mobile's exchange of indebtedness and removal of the related interest rate swaps, the pro forma adjustments reflect the adjustment to historical interest expense to record the estimated pro forma interest expense under the senior notes of \$1.15 billion for the year ended December 31, 2011 and \$870 million for the nine months ended September 30, 2012.

The pro forma adjustments also reflect the incurrence by MetroPCS of \$1.0 billion of additional fixed-rate senior unsecured notes to third-party investors. The \$1.0 billion is incremental to (i) the pre-existing \$2.0 billion in senior unsecured notes, which will remain outstanding with terms amended pursuant to revised supplemental indentures relating thereto entered into on December 14, 2012, and (ii) the pre-existing \$2.5 billion senior secured credit facility, which is to be refinanced in accordance with the terms of the business combination agreement. With the limited information available with regards to the terms of refinancing, the weighted average interest rate for MetroPCS' senior secured credit facility of 5.065% and 4.614% for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively, was used for the purpose of calculating the interest expense presented in the unaudited pro forma condensed combined statements of operations on the incremental \$1.0 billion. The pro forma adjustments reflect the estimated incremental pro forma interest expense of \$51 million for the year ended December 31, 2011 and \$35 million for the nine months ended September 30, 2012.

A sensitivity analysis on interest expense for the year ended December 31, 2011 and for the nine months ended September 30, 2012, has been performed to assess the effect of a change of 12.5 basis points of the hypothetical interest rate on the \$15.0 billion notes and the \$1.0 billion of fixed-rate senior unsecured notes offered by Wireless to third-party investors and Deutsche Telekom.

The following table shows the change in interest expense for the \$15.0 billion notes (in millions):

<b>Interest expense assuming</b>	<b>Year Ended December 31, 2011</b>	<b>Nine Months Ended September 30, 2012</b>
Increase of 0.125%	\$ 1,177	\$ 1,139
Decrease of 0.125%	883	854

The following table shows the change in interest expense for the \$1.0 billion of fixed-rate senior unsecured notes offered by Wireless (in millions):

<b>Interest expense assuming</b>	<b>Year Ended December 31, 2011</b>	<b>Nine Months Ended September 30, 2012</b>
Increase of 0.125%	\$ 52	\$ 36
Decrease of 0.125%	50	34

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**6. Tower Transaction**

On September 28, 2012, T-Mobile and Crown Castle International Corp. ( CCI ) entered into definitive agreements under which CCI was to acquire rights to approximately 7,200 wireless communication towers owned by T-Mobile (also referred to in this document as the tower transaction). Prior to closing on November 30, 2012, the tower portfolio included in the transaction was reduced to 7,105 sites. During the fourth quarter of 2012, T-Mobile received net proceeds of \$2,469 million of which the Company distributed \$2,403 million to its parent, Deutsche Telekom. Under the agreements, CCI acquired the sole right to lease and operate the wireless communication towers through either purchase of the towers, or under long-term prepaid lease and management agreements. Furthermore, CCI was granted an option to acquire any sites that were not sold to CCI at the end of their respective lease terms. T-Mobile will lease back and continue to have rights to space on the towers required to operate its wireless communications equipment. Due to T-Mobile's continuing involvement in the real estate properties, the tower transaction will be accounted for as a financing transaction. T-Mobile will record rental income for the lease of the portion of the towers not leased back by T-Mobile. Pursuant to the business combination agreement with MetroPCS, the parties agreed that T-Mobile will be permitted to consummate the tower transaction or any other transfer of the T-Mobile towers on terms that, taken as a whole, have an equivalent or more favorable economic impact to T-Mobile and its subsidiaries as compared to such tower transaction.

The adjustments in the unaudited pro forma condensed combined balance sheet assume the tower transaction occurred on September 30, 2012. All proceeds from the tower transaction are included as a financial liability on the balance sheet, and the net proceeds are considered to be distributed to Deutsche Telekom. The adjustments in the unaudited pro forma condensed combined statements of operations assume the tower transaction occurred on January 1, 2011, resulting in approximately \$135 million and \$101 million in co-location revenue from leasing the portion of towers not leased back by T-Mobile to CCI for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively, and approximately \$120 million and \$90 million in interest expense related to the financial liability for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively.



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**DATES FOR SUBMISSION OF STOCKHOLDER PROPOSALS FOR 2013 ANNUAL MEETING**

MetroPCS will hold its 2013 annual meeting of stockholders regardless of whether the transaction has been completed.

*Proposals Pursuant to Rule 14a-8.* Pursuant to Rule 14a-8 under the Exchange Act, MetroPCS stockholders may present proper proposals for inclusion in our proxy statement and for consideration at our 2013 annual meeting of stockholders. To be eligible for inclusion in our proxy statement with respect to our 2013 annual meeting of stockholders under Rule 14a-8, your proposal must be received by us no later than the close of business on December 17, 2012, and must otherwise comply with Rule 14a-8. While the MetroPCS board will consider stockholder proposals, MetroPCS reserves the right to omit from our proxy statement stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

*Business Proposals and Nominations Pursuant to our Bylaws.* Under MetroPCS bylaws, in order to nominate a director or bring any other business before the stockholders at the 2013 annual meeting of stockholders that will not be included in our proxy statement with respect to our 2013 annual meeting of stockholders pursuant to Rule 14a-8, you must comply with the procedures and timing specifically described in our bylaws. In addition, assuming the date of the 2013 annual meeting of stockholders is not more than 30 days before and not more than 60 days after the anniversary date of the 2012 annual meeting of stockholders, you must notify MetroPCS in writing and such written notice must be delivered to MetroPCS Secretary no earlier than January 24, 2013, and no later than February 23, 2013.

A copy of MetroPCS bylaws setting forth the requirements for the nomination of director candidates by stockholders and the requirements for proposals by stockholders may be obtained free of charge from MetroPCS Secretary at the address indicated on the first page of this proxy statement or on MetroPCS website at [www.metropcs.com](http://www.metropcs.com) under the Investor Relations tab, Corporate Governance. A nomination or proposal that does not comply with the above procedures will be disregarded. Compliance with the above procedures does not require MetroPCS to include the proposed nominee or proposal in our proxy solicitation material.

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**WHERE YOU CAN FIND MORE INFORMATION**

MetroPCS files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these reports, proxy statements and other information at the SEC's Public Reference Section at 100 F Street, N.E., Washington, D.C. 20549. Our SEC filings are available to the public on the SEC's website at <http://www.sec.gov>.

The SEC allows us to incorporate by reference information into this proxy statement. This means that we are disclosing important business and financial information to you by referring you to another document filed separately with the SEC. These documents contain important information about us and our financial condition. The information incorporated by reference is considered to be part of this proxy statement. Information that we file later with the SEC will automatically update and supersede the information included or incorporated by reference into this proxy statement.

We incorporate by reference into this proxy statement the documents listed below and any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this proxy statement until the date that the MetroPCS special meeting is held. The information incorporated by reference is an important part of this proxy statement. Nothing in this proxy statement shall be deemed to incorporate information furnished to, but not filed with, the SEC. Any statement in a document incorporated by reference into this proxy statement will be deemed to be modified or superseded to the extent a statement contained in (1) this proxy statement, or (2) any other subsequently filed document that is incorporated by reference into this proxy statement modifies or supersedes such statement.

MetroPCS Annual Report on Form 10-K for the fiscal year ended December 31, 2011

MetroPCS Quarterly Reports on Form 10-Q for the three months ended March 31, 2012, June 30, 2012 and September 30, 2012

MetroPCS Current Reports on Form 8-K filed on January 5, 2012, February 14, 2012, May 31, 2012, August 3, 2012, October 2, 2012, October 3, 2012, November 19, 2012, December 5, 2012, December 7, 2012 and December 17, 2012 (other than documents or portions of those documents not deemed to be filed)

MetroPCS Definitive Proxy Statement on Schedule 14A filed on April 16, 2012

You may request a copy of these filings, at no cost, using the following contact information:

MetroPCS Communications, Inc.

2250 Lakeside Boulevard

Richardson, Texas 75082

Attention: Investor Relations

(214) 570-4641

Email: [investor\\_relations@metropcs.com](mailto:investor_relations@metropcs.com)

You may also request a copy of these filings from our proxy solicitor, MacKenzie, using the following contact information:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

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Call Collect (212) 929-5500

or

Call Toll-Free (800) 322-2885

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

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THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES OF METROPCS COMMON STOCK AT THE SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED [ ]. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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**Report of Independent Auditors**

To the Board of Directors and

Stockholder of T-Mobile USA, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income (loss), of stockholder's equity, and of cash flows present fairly, in all material respects, the financial position of T-Mobile USA, Inc. and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington

April 20, 2012, except for earnings per share disclosed in Note 15 to the consolidated financial statements, as to which the date is November 16, 2012.

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**Table of Contents****T-Mobile USA, Inc.****Consolidated Balance Sheets****December 31, 2011 and 2010**

<i>(dollars in millions, except per share amounts)</i>	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 390	\$ 109
Accounts receivable, net of allowances for uncollectible accounts of \$347 and \$302, respectively	2,697	2,857
Accounts receivable from affiliates	1,820	310
Inventory	455	621
Current portion of deferred tax assets, net	668	914
Other current assets	572	500
<b>Total current assets</b>	<b>6,602</b>	<b>5,311</b>
Property and equipment, net of accumulated depreciation of \$15,599 and \$13,801, respectively	12,703	13,213
Goodwill	8,134	12,044
Spectrum licenses	12,814	15,282
Other intangible assets, net of accumulated amortization of \$216 and \$163, respectively	61	113
Investments in and advances to unconsolidated affiliates	35	33
Long-term investments	22	92
Other assets	238	203
<b>Total assets</b>	<b>\$ 40,609</b>	<b>\$ 46,291</b>
<b>Liabilities and Stockholder's Equity</b>		
Current liabilities		
Accounts payable	\$ 1,826	\$ 2,170
Accrued liabilities	1,232	1,078
Current payables to affiliates	1,046	805
Deferred revenue	257	299
Other current liabilities	143	103
<b>Total current liabilities</b>	<b>4,504</b>	<b>4,455</b>
Long-term payables to affiliates	15,049	15,854
Deferred tax liabilities	3,282	3,756
Deferred rents	1,672	1,446
Other long-term liabilities	317	288
<b>Total long-term liabilities</b>	<b>20,320</b>	<b>21,344</b>
Commitments and contingencies (Note 18)		
Stockholder's equity		
Common stock, par value \$0.000001 per share, and paid-in capital; 500,000,000 shares authorized, 292,669,971 shares issued and outstanding	31,600	31,600
Accumulated other comprehensive loss	(28)	(39)
Accumulated deficit	(15,787)	(11,069)
<b>Total stockholder's equity</b>	<b>15,785</b>	<b>20,492</b>



Total liabilities and stockholder's equity	\$ 40,609	\$ 46,291
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The accompanying notes are an integral part of these consolidated financial statements.

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**Table of Contents****T-Mobile USA, Inc.****Consolidated Statements of Operations and Comprehensive Income (Loss)****Years Ended December 31, 2011, 2010 and 2009***(dollars in millions, except per share amounts)*

	2011	2010	2009
<b>Revenues</b>			
Branded contract revenues	\$ 16,230	\$ 16,538	\$ 16,750
Branded prepaid revenues	1,307	1,384	1,488
Wholesale revenues	443	199	59
Roaming and other service revenues	501	612	663
Total service revenues	18,481	18,733	18,960
Equipment sales	1,901	2,404	2,403
Other revenues	236	210	168
Total revenues	20,618	21,347	21,531
<b>Operating expenses</b>			
Network costs, excluding depreciation and amortization	4,952	4,895	4,936
Cost of equipment sales	3,646	4,237	3,856
Customer acquisition, excluding depreciation and amortization	3,185	3,205	3,382
General and administrative, excluding depreciation and amortization	3,543	3,535	3,442
Depreciation and amortization	2,982	2,773	2,859
Impairment charges	6,420		
Other, net	169	(3)	
Total operating expenses	24,897	18,642	18,475
Operating (loss) income	(4,279)	2,705	3,056
<b>Other (expense) income</b>			
Interest expense to affiliates	(670)	(556)	(740)
Interest income	25	14	12
Other (expense) income, net	(10)	16	8
Total other expense, net	(655)	(526)	(720)
(Loss) income before income taxes	(4,934)	2,179	2,336
Income tax benefit (expense)	216	(822)	(860)
Net (loss) income	(4,718)	1,357	1,476
Net income attributable to non-controlling interest		(3)	(6)
Net (loss) income attributable to T-Mobile USA, Inc.	\$ (4,718)	\$ 1,354	\$ 1,470
<b>Other comprehensive (loss) income, net of tax</b>			
Unrealized loss on derivatives held as cash flow hedges, net of tax of \$28, \$42 and \$0, respectively	(47)	(71)	
Unrealized gain on foreign currency translation, net of tax of \$29, \$23 and \$0, respectively	49	40	
	9		(8)

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Unrealized gain (loss) on available-for-sale securities, net of tax of \$5, \$0 and \$5, respectively

Total comprehensive (loss) income attributable to T-Mobile USA, Inc.	\$	(4,707)	\$	1,323	\$	1,462
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**Net (loss) income per common share (Note 15):**

Basic and diluted	\$	(16.12)	\$	4.63	\$	5.02
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**Weighted average shares:**

Basic and diluted		292,669,971		292,669,971		292,669,971
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The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents****T-Mobile USA, Inc.****Consolidated Statements of Stockholder s Equity****Years Ended December 31, 2011, 2010 and 2009**

<i>(dollars in millions)</i>	Number of Common Shares	Par Value and Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total T-Mobile USA, Inc. Stockholder s Equity	Noncontrolling Interest	Total Stockholder s Equity
<b>Balances at December 31, 2008</b>	292,669,971	\$ 36,594	\$	\$ (13,906)	\$ 22,688	\$ 95	\$ 22,783
Income tax expense on share-based compensation awards and share-based compensation expense		(1)			(1)		(1)
Net income attributable to noncontrolling interest						6	6
Net income attributable to T-Mobile USA, Inc.				1,470	1,470		1,470
Other comprehensive loss, net of tax			(8)		(8)		(8)
<b>Balances at December 31, 2009</b>	292,669,971	36,593	(8)	(12,436)	24,149	101	24,250
Equity distribution of paid-in capital in exchange for payables to affiliates		(5,000)			(5,000)		(5,000)
Income tax expense on share-based compensation awards and loss from conversion to cash-settled awards		7		(2)	5		5
Net income attributable to noncontrolling interest						3	3
Derecognition of noncontrolling interest				15	15	(104)	(89)
Net income attributable to T-Mobile USA, Inc.				1,354	1,354		1,354
Other comprehensive loss, net of tax			(31)		(31)		(31)
<b>Balances at December 31, 2010</b>	292,669,971	31,600	(39)	(11,069)	20,492		20,492
Net loss				(4,718)	(4,718)		(4,718)
Other comprehensive income, net of tax			11		11		11
<b>Balances at December 31, 2011</b>	292,669,971	\$ 31,600	\$ (28)	\$ (15,787)	\$ 15,785	\$	\$ 15,785

The accompanying notes are an integral part of these consolidated financial statements.



**Table of Contents****T-Mobile USA, Inc.****Consolidated Statements of Cash Flows****Years Ended December 31, 2011, 2010 and 2009**

<i>(dollars in millions)</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Operating activities</b>			
Net (loss) income	\$ (4,718)	\$ 1,357	\$ 1,476
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Impairment charges	6,420		
Depreciation and amortization	2,982	2,773	2,859
Income tax (benefit) expense	(216)	822	860
Amortization of debt discount and premium, net	(84)	(59)	(39)
Bad debt expense	713	619	528
Deferred rent expense	218	219	243
Other non-cash income and expense, net	(43)	(52)	(1)
Changes in operating assets and liabilities			
Accounts receivable	(558)	(862)	(468)
Inventory	166	19	291
Other current and long-term assets	(182)	62	(31)
Accounts payable	(51)	(14)	(181)
Other current and accrued liabilities	157	21	(100)
Accrued liability for transaction-related costs	176		
Net cash provided by operating activities	4,980	4,905	5,437
<b>Investing activities</b>			
Purchases of property and equipment	(2,729)	(2,819)	(3,687)
Expenditures related to spectrum licenses	(23)	(18)	(34)
Short term affiliate loan receivable, net	(2,005)	(2,315)	(1,888)
Proceeds from disposals of property and equipment	2	17	1
Proceeds from disposals of financial assets	73	20	3
Investments in and advances to unconsolidated affiliates, net	(17)	(11)	2
Net cash used in investing activities	(4,699)	(5,126)	(5,603)
<b>Financing activities</b>			
Long-term debt repayments to affiliates			(133)
Long-term borrowings from affiliates		116	200
Other, net		7	
Net cash provided by financing activities		123	67
Change in cash and cash equivalents	281	(98)	(99)
<b>Cash and cash equivalents</b>			
Beginning of year	109	207	306
End of year	\$ 390	\$ 109	\$ 207

The accompanying notes are an integral part of these consolidated financial statements.



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**T-Mobile USA, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2011, 2010 and 2009**

**1. Organization**

T-Mobile USA, Inc. ( T-Mobile or the Company ) is Deutsche Telekom AG s ( Deutsche Telekom ) wholly-owned U.S. mobile communications segment. T-Mobile provides mobile communications services under the T-Mobile brand in the United States, Puerto Rico and the U.S. Virgin Islands. T-Mobile provides services using the Global System for Mobile Communications ( GSM ), General Packet Radio Service ( GPRS ), Enhanced Data rates for GSM Evolution ( EDGE ), Universal Mobile Telecommunications Systems ( UMTS ) and Evolved High Speed Packet Access ( HSPA+ ) technologies. T-Mobile s voice and data networks cover over 280 million people. At the end of 2011, T-Mobile s most advanced 4G HSPA+ network covered 184 million people. During 2010, T-Mobile established a wholly-owned single-parent captive insurance company to provide reinsurance for handset insurance policies and extended warranty contracts offered to T-Mobile s wireless customers.

**2. Summary of Significant Accounting Policies**

**Consolidation and Basis of Presentation**

The consolidated financial statements ( financial statements ) of T-Mobile include the accounts of all wholly-owned and all majority-owned subsidiaries over which T-Mobile exercises control, as well as variable interest entities where T-Mobile is deemed to be the primary beneficiary (Note 8). Entities over which T-Mobile exercises significant influence, but does not control and is not the primary beneficiary are accounted for using the equity method. Entities over which T-Mobile is not able to exercise significant influence are accounted for under the cost method. Certain prior period amounts have been reclassified to conform to the current period presentation. Intercompany transactions and balances have been eliminated in consolidation.

**Operating Segments**

The Company operates in a single operating segment and a single reporting segment as a wireless communications carrier. As of December 31, 2011 and 2010, and for the years ended, December 31, 2011, 2010 and 2009, all of the Company s revenues and long-lived assets related to operations in the United States, Puerto Rico and the U.S. Virgin Islands.

**Cash and Cash Equivalents**

T-Mobile includes highly liquid interest-earning investments with remaining maturities of three months or less at the date of purchase as cash equivalents. Cash equivalents are stated at cost, which approximates fair value. As of December 31, 2011 and 2010, outstanding checks of \$222.1 million and \$198.7 million, respectively, are included in accounts payable.

**Accounts Receivable and Allowance for Uncollectible Accounts**

Accounts receivable consist of amounts billed and currently due from customers, other carriers and third-party retail channels ( dealers ), as well as revenues earned but not yet billed at the end of each period. T-Mobile maintains an allowance for estimated losses resulting from uncollectible balances based on a number of factors, including collection experience, aging of the accounts receivable portfolio, credit quality of the customer base and other qualitative factors such as macro-economic conditions. The Company writes off account balances if collection efforts are unsuccessful and future collection is unlikely based on customer credit ratings and the length of time from the original billing date.



**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

The Company offers certain retail customers the option to pay for their handset and other purchases in installments over a period of up to 20 months. At the time of sale, the Company imputes interest on the transaction and records the deferred interest as a reduction to equipment revenues and the related accounts receivable. Interest income is recognized over the financed term of the customer contract. T-Mobile maintains an allowance for estimated losses resulting from uncollectible balances based on the aging of the Company's equipment installment plan balances and expected write-off experience (Note 4).

The following table summarizes the changes in the Company's allowance for uncollectible accounts related to its short-term accounts receivable balances:

<i>(dollars in millions)</i>	2011	2010	2009
<b>Allowance, Beginning of Year</b>	\$ 302	\$ 278	\$ 235
Bad debt expense	713	619	528
Write-offs	(698)	(598)	(485)
Change in deferred interest on short-term installment receivables (Note 4)	30	3	
<b>Allowance, End of Year</b>	\$ 347	\$ 302	\$ 278

**Inventory**

The Company's inventory consists primarily of wireless handsets and accessories, which are valued at the lower of cost or market (determined using current replacement cost). T-Mobile sells handsets and other mobile communication devices separately and in connection with service contracts. As part of the strategy to acquire and retain new customers the Company sometimes sells handsets and other mobile communication devices, in connection with a service contract, at a stated price below its standard cost. Because the handset discount is part of the Company's strategy for acquiring and retaining customers, the loss on the sale of handset (handset subsidy) is recognized at the time of the sale. The handset subsidy is expected to be recovered through future service revenue on the customer contract. Shipping and handling costs paid to wireless handset, device and accessory vendors are included in the standard cost of inventory. T-Mobile records inventory write-downs for obsolete and slow-moving items based on inventory turnover trends and historical experience.

**Long-Lived Assets**

Long-lived assets include assets such as property and equipment and intangible assets that do not have indefinite lives. The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable and exceeds its fair value. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and equipment are recorded at cost less accumulated depreciation and impairments, if any. Costs of major replacements and improvements are capitalized while expenditures that do not enhance or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of T-Mobile's wireless network are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which includes obtaining leases, zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use. T-Mobile capitalizes interest associated with the acquisition or construction of property and equipment. Capitalized interest is reported as a reduction in interest expense and depreciated as part of the



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**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

cost of the related asset. The Company recognized capitalized interest of \$23.8 million, \$35.0 million and \$56.2 million for the years ended December 31, 2011, 2010 and 2009, respectively. Depreciation commences once assets have been placed in service and is computed using the straight-line method over the estimated useful life of each asset. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that an asset's useful life is different from the previous assessment, the remaining book values are depreciated prospectively over the adjusted remaining estimated useful life. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term.

T-Mobile records a liability for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. Over time, the liability is accreted to its present value, and the capitalized cost is depreciated over the estimated useful life of the asset. The Company's obligations relate primarily to certain legal obligations to remediate leased property on which the Company's network infrastructure and administrative assets are located. The Company's liability associated with the retirement of long-lived assets was \$114.9 million and \$104.8 million as of December 31, 2011 and 2010, respectively. The corresponding asset related to the liability for the retirement of long-lived assets was \$59.3 million and \$63.5 million as of December 31, 2011 and 2010, respectively. The Company recognized accretion expense in network costs of \$6.9 million, \$5.5 million and \$3.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. During the years ended December 31, 2011 and 2010, no significant liabilities related to the asset retirement obligation have been incurred or settled.

**Software Capitalization**

The Company capitalizes certain costs incurred in connection with developing or acquiring internal use software. Capitalization on software commences once the final selection of software has been made and management authorizes and commits to funding the software project, and ceases at the point at which the software is ready for its intended use. Capitalized costs include direct development costs associated with internal use software, including internal direct labor costs and external costs of materials and services. Capitalized software costs are included in property and equipment, net and are being amortized on a straight-line basis over a period of up to seven years. Costs incurred during the preliminary project stage, as well as maintenance and training costs are expensed as incurred.

**Goodwill**

As of December 31, 2011, the carrying value of T-Mobile's goodwill is \$8.1 billion. Goodwill consists of the excess of the purchase price over the fair value of net identifiable assets acquired in purchase business combinations. At December 31, 2011 and 2010, the majority of goodwill is related to Deutsche Telekom's acquisition of VoiceStream Wireless Corporation and Powertel, Inc. (now jointly T-Mobile) on May 31, 2001.

**Spectrum Licenses**

As of December 31, 2011, the carrying value of T-Mobile's spectrum licenses is \$12.8 billion. The Company has determined that its spectrum licenses should be treated as indefinite-lived intangible assets. Spectrum licenses are carried at costs incurred to acquire spectrum licenses and the costs, if any, to prepare the licenses for use. The Federal Communications Commission (FCC) issues spectrum licenses that

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### **T-Mobile USA, Inc.**

#### **Notes to Consolidated Financial Statements**

##### **December 31, 2011, 2010 and 2009**

authorize wireless carriers to provide service in specific geographic service areas for up to fifteen years. The spectrum licenses provide the Company with the exclusive right to utilize designated radio frequency spectrum to provide mobile communication services. The FCC has specific standards applying to wireless spectrum license renewals which provide that it will award a spectrum license renewal to a licensee that has met certain standards based on past performance. Historically, the FCC has granted license renewals routinely and at a nominal cost. The spectrum licenses held by the Company expire at various dates; however, the Company believes it will be able to meet all requirements necessary to secure renewal of its spectrum licenses. Moreover, the Company has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of its spectrum licenses and therefore treats the spectrum licenses as indefinite-lived intangible assets.

Spectrum licenses acquired as part of an exchange of nonmonetary assets are valued at fair value at the time the exchange occurs. If the transaction lacks commercial substance or the fair value is not measurable the acquired spectrum licenses are recorded at the book value of the assets tendered.

#### **Impairment Tests of Goodwill and Indefinite-lived Intangible Assets**

The Company assesses the carrying value of its goodwill and other indefinite-lived intangible assets (spectrum licenses) for potential impairment annually as of December 31 or more frequently if events or changes in circumstances indicate that such assets might be impaired.

The Company uses a two-step process to determine impairments of goodwill. The first step involves determining the fair value of the reporting unit (calculated using a market approach and/or a discounted cash flow method) and comparing that measurement to the carrying value. If the fair value is less than the carrying value, there is a potential impairment and step two is performed. In the second step, a determination of the fair values of all of the assets and liabilities of the reporting unit is made, including those that may not be currently recorded, such as unfavorable/favorable leases and customer lists. The excess of the fair value of the reporting unit over the sum of the fair value of all of those assets and liabilities represents a new implied goodwill amount, which is then compared to the recorded goodwill. If the implied fair value of goodwill is lower than the carrying amount of goodwill then an impairment loss is recognized.

The Company tests its spectrum licenses for impairment on an aggregate basis, consistent with the Company's management of the overall business at a national level. The Company estimates fair value using the Greenfield approach, which is an income approach to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. If the estimated fair value of the spectrum licenses is lower than the carrying amount, an impairment loss is recognized.

#### **Fair Value of Financial Instruments**

As of December 31, 2011 and 2010, the carrying values of cash and cash equivalents, accounts receivable, accounts receivable from affiliates and accounts payable approximate fair value due to the short-term maturities of these instruments. There were no financial instruments with a carrying value materially different from their fair value, based on quoted market prices or rates for the same or similar instruments, or internal valuation models.

#### **Investments**

Investment securities consist of auction rate securities ( ARS ) and securities held in a grantor trust related to the Company's nonqualified deferred compensation plan. T-Mobile classifies its investment securities as

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**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

available for sale. As of December 31, 2011, the Company's ARS investments are included in other current assets as they are expected to be sold within one year. As of December 31, 2010, the Company's ARS investments were included in long-term investments. The securities related to the Company's nonqualified deferred compensation plan are included in long-term investments (Note 13).

**Derivative Instruments and Hedging Activities**

Derivative instruments are recorded on the balance sheet at their fair values (Note 10). Changes in the fair value of derivative instruments are recorded each period in interest expense or other comprehensive (loss) income, depending on the type of derivative and whether the derivative is designated as part of an effective hedge transaction. T-Mobile does not enter into derivatives for trading or speculative purposes. The Company has entered into derivative agreements to manage exposure to fluctuations in interest rates, through interest rate swap agreements. The Company also entered into derivative agreements to manage foreign currency risk along with interest rate risk, through cross currency interest rate swap agreements. The interest rate swap agreements are not designated as hedging instruments and, accordingly, changes in fair value related to such agreements are reflected within interest expense. The cross currency interest rate swap agreements manage foreign currency risk and interest rate risk related to the Company's payables to affiliates denominated in Euros. The cross currency interest rate swaps are designated as cash flow hedges and meet the criteria to qualify for hedge accounting. At the inception of the cash flow hedges and quarterly thereafter, the Company performs an assessment to determine whether changes in the fair values or cash flows of the derivatives are deemed highly effective in offsetting changes in the fair values or cash flows of the hedged transaction. If at any time subsequent to the inception of the cash flow hedges, the assessment indicates that the derivative is no longer highly effective as a hedge, the Company will discontinue hedge accounting and recognize all subsequent derivative gains and losses in results of operations. The effective portion of the change in fair value of the cross currency interest rate swaps is recorded in other comprehensive (loss) income and reclassified to interest expense in the period in which the hedged transaction affects earnings.

**Revenue Recognition**

Service revenues are earned from providing access to and usage of the Company's mobile communications network and are recognized when the service is rendered. Branded contract service revenues may be billed in advance or in arrears depending on the plan or contract entered into by the customer. Branded prepaid service revenues include revenues earned from pay-in-advance customers generally not originated under contract; recognition of prepaid revenue is deferred until services are rendered or the prepaid balance expires. Access revenue from customers paying a recurring charge for specified services is recognized ratably over the service period. Usage revenue, including roaming revenue and long-distance revenue is recognized when the service is rendered. Wholesale revenues are earned for providing services to mobile virtual network operators and machine-to-machine customers and are recognized when the service is provided. Roaming and other service revenues primarily include revenues from other wireless carriers for roaming by their customers on the Company's network. Equipment sales, including those on installment plans (Note 4), are composed of revenues from the sale of mobile communication devices and accessories and are recognized when the products are delivered to and accepted by the customer or dealer.

The Company sells both wireless services and equipment to customers through its company-owned sales channels. For contracts that involve multiple components, such as wireless services and equipment, revenue is allocated between the separate units of accounting, based on such components' relative selling prices on a standalone basis, subject to the requirement that revenue recognized is limited to the amounts already received from the customer that are not contingent upon the delivery of additional products or services to

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### **T-Mobile USA, Inc.**

#### **Notes to Consolidated Financial Statements**

##### **December 31, 2011, 2010 and 2009**

the customer in the future. For sales made by third parties, the Company defers nonrefundable, up-front activation fees and associated costs to the extent of the related revenues and amortizes these over the estimated term of the customer relationship.

Federal Universal Service Fund ( USF ) and other fees which are assessed by various governmental authorities in connection with the services that the Company provides to its customers are reported on a gross basis in service revenues and network costs on the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). For the years ended December 31, 2011, 2010 and 2009, the Company recorded approximately \$462.8 million, \$460.1 million and \$396.0 million, respectively, of USF and other fees on a gross basis. Sales, use and excise taxes for all service plans are reported on a net basis in general and administrative expenses on the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

#### **Lease Accounting**

The Company has operating leases for its cell sites, retail locations, corporate offices and dedicated transportation lines, some of which have escalating rentals during the initial lease term and during subsequent optional renewal periods. The Company recognizes rent expense on a straight-line basis, over the initial lease term and renewal periods that are considered reasonably assured at the inception of the lease (Note 18).

#### **Advertising Expense**

T-Mobile expenses the cost of advertising and other promotional expenditures to market the Company's brand as incurred. Advertising expense was \$711.0 million, \$582.4 million and \$693.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

#### **Income Taxes**

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect when these differences are realized. A valuation allowance is maintained against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company accounts for uncertainty in income taxes recognized in the financial statements in accordance with Accounting Standards Codification ( ASC ) ASC 740, Income Taxes, which provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company uses judgment to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position and adjusts unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law.

#### **Other Comprehensive (Loss) Income**

Other comprehensive (loss) income in 2011, 2010 and 2009 consisted of adjustments, net of tax, related to unrealized gains (losses) on available-for-sale securities, unrealized losses on cash flow hedging derivatives and unrealized gains on foreign currency translation. These are reported in accumulated other comprehensive loss as a separate component of stockholder's equity until realized in earnings.

**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

The following table summarizes the components included in accumulated other comprehensive loss as of December 31, 2011 and 2010:

<i>(dollars in millions)</i>	<b>2011</b>	<b>2010</b>
Unrealized (loss) on derivatives held as cash flow hedges, net of tax	\$ (118)	\$ (71)
Unrealized gain on foreign currency translation, net of tax	89	40
Unrealized gain (loss) on available-for-sale securities, net of tax	1	(8)
Accumulated other comprehensive loss	\$ (28)	\$ (39)

**Stock-based Compensation**

At December 31, 2011, T-Mobile did not have any authorized stock option plans except for suspended legacy plans, of which no options remained authorized or available for future grants. Stock options outstanding represent options to purchase shares of Deutsche Telekom American Depository Receipts. In 2010, Deutsche Telekom ceased listing its American Depository Receipts on the New York Stock Exchange, and as a result, all outstanding options were converted into cash settled stock appreciation rights with equivalent terms. Outstanding cash-settled stock appreciation rights are included in long-term payables to affiliates at fair value and were not material as of December 31, 2011 or 2010.

**Concentrations of Risk**

The Company sells handsets, wireless data devices and prepaid cards to T-Mobile's dealer network. T-Mobile's policy is to limit the amount of credit granted to individual dealers and to regularly monitor the dealer accounts receivable balances and activity. No dealer or customer accounted for greater than 10% of revenues or accounts receivable at December 31, 2011 or 2010.

T-Mobile purchases a substantial portion of its wireless infrastructure equipment and handsets from only a few major suppliers. Loss of any of these suppliers could adversely affect operations until a comparable substitute could be found.

Local and long-distance telephone and other companies provide certain communication services to T-Mobile. Disruption of these services could adversely affect operations until an alternative telecommunication provider could be found.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingencies at the date of the consolidated financial statements. Significant estimates include service revenues earned but not yet billed, allowances for uncollectible accounts and sales returns, tax liabilities, deferred income taxes, the estimated useful lives of the Company's wireless communications equipment and other long-lived assets, reasonably assured renewal terms for operating leases, and fair value measurements related to goodwill, spectrum licenses, intangible assets, investments and derivatives. T-Mobile bases estimates on historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. These estimates are inherently subject to judgment and actual results may differ from such estimates if management's assumptions prove invalid or conditions change.

**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009****Recently-Issued Accounting Standards**

In June 2011, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2011-05, Presentation of Comprehensive Income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. The Company has adopted this recently-issued accounting pronouncement for the year ended December 31, 2011.

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance will be effective for T-Mobile for the year ending December 31, 2012. The Company does not expect this recently-issued accounting pronouncement to have a material impact on results of operations, financial conditions or its financial disclosures.

In September 2011, FASB issued ASU 2011-08, Testing Goodwill for Impairment. It provides an option to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Given this option, an entity no longer would be required to calculate the fair value of a reporting unit unless the entity determines, based on that qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The new guidance will be effective for T-Mobile for the year ending December 31, 2012. The Company does not expect this recently-issued accounting pronouncement to have a material impact on results of operations, financial conditions or its financial disclosures.

**3. Termination of Agreement for Sale of T-Mobile to AT&T**

On March 20, 2011, Deutsche Telekom and AT&T Inc. ( AT&T ) entered into a definitive agreement (the Stock Purchase Agreement ) under which AT&T would have acquired T-Mobile from Deutsche Telekom in a cash and stock transaction valued at approximately \$39 billion, subject to adjustment in accordance with the agreement. On August 31, 2011, the U.S. Department of Justice ( DOJ ) filed a complaint in the Federal District Court of Washington, D.C. to block the acquisition. On November 24, 2011, AT&T and Deutsche Telekom withdrew their pending applications at the FCC for the transfer of T-Mobile spectrum licenses to AT&T as part of AT&T's acquisition of T-Mobile. On December 20, 2011, AT&T and Deutsche Telekom jointly announced the termination of the Stock Purchase Agreement. AT&T agreed to provide Deutsche Telekom with additional consideration ( break-up consideration ) under the terminated Stock Purchase Agreement. As a result, AT&T made a \$3.0 billion cash payment to Deutsche Telekom in December 2011. The break-up consideration also included Advanced Wireless Services ( AWS ) spectrum and a long-term agreement on UMTS roaming within the U.S. that was subsequently received in 2012 (Note 19). None of the components of the break-up consideration are reflected in T-Mobile's consolidated financial statements as of December 31, 2011.

In connection with this terminated transaction, T-Mobile incurred AT&T transaction-related costs of \$186.9 million for the year ended December 31, 2011, primarily consisting of employee-related expenses. In addition, T-Mobile is expected to be reimbursed for certain costs associated with the terminated transaction in accordance with a reimbursement agreement with AT&T. As of December 31, 2011, a receivable of \$9.5 million is included in other current assets for the specific reimbursable expenses.



**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009****4. Equipment Installment Plan Receivables**

The Company offers certain retail customers the option to pay for their handsets and other purchases in installments over a period of up to 20 months. At the time of sale, the Company imputes interest on the installment receivables and records the deferred interest as a reduction to equipment revenues and the related accounts receivable. Interest income is recognized over the financed term of the customer contract. The current portion of the Company's equipment installment plan receivables is included in accounts receivable, net and was \$159.7 million and \$157.2 million as of December 31, 2011 and 2010, respectively. The long-term portion of the equipment installment plan receivables is included in other assets and was \$95.9 million and \$29.0 million as of December 31, 2011 and 2010, respectively.

**Credit Quality**

The Company assesses the collectability and credit quality of the equipment installment plan receivables based upon a variety of factors, including aging of the accounts receivable portfolio, credit quality of the customer base, historical write-off experience, payment trends and other qualitative factors such as macro-economic conditions.

Based upon customer credit profiles, the Company classifies customers into the categories of Prime and Subprime. Prime customers are those with lower delinquency risk and Subprime customers are those with higher delinquency risk. Some customers within the Subprime category are required to pay an advance deposit for wireless service and equipment financed under the equipment installment plan.

The balance and aging of the equipment installment plan receivables on a gross basis by credit category for the year ended December 31, 2011 are as follows:

<i>(dollars in millions)</i>	Credit Category		
	Prime	Subprime	Total
Unbilled	\$ 124	\$ 164	\$ 288
Current	5	7	12
Past due	3	3	6
Total equipment installment plan receivables	\$ 132	\$ 174	\$ 306

The Company records bad debt expense based on an estimate of the percentage of equipment revenue that will not be collected. This estimate is based on a number of factors including historical write-off experience, credit quality of the customer base, and other factors such as macro-economic conditions. The Company monitors the aging of its equipment installment plan receivables and writes-off account balances if collection efforts are unsuccessful and future collection is unlikely based on customer credit ratings and the length of time from the original billing date.

Activity in the allowance for credit losses for the equipment installment plan receivables was as follows:

<i>(dollars in millions)</i>	2011	2010	2009
<b>Allowance, Beginning of Year</b>	\$ 34	\$ 16	\$ 1
Change in deferred interest on short-term and long-term installment receivables	36	5	
Bad debt expense	35	65	24
Write-offs	(54)	(52)	(9)

<b>Allowance, End of Year</b>	\$ 51	\$ 34	\$ 16
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Included in the allowance for credit losses is deferred interest of \$41.1 million and \$5.2 million for the years ended December 31, 2011 and 2010, respectively. There was no deferred interest included in the allowance for credit losses for the year ended December 31, 2009.

**5. Property and Equipment**

<i>(dollars in millions)</i>	<b>Useful Lives</b>	<b>2011</b>	<b>2010</b>
Buildings and improvements	Up to 40 years	\$ 998	\$ 963
Wireless communications systems	3 20 years	20,068	18,919
Capitalized software	3 7 years	4,222	3,765
Furniture and equipment	3 5 years	2,007	2,015
Construction in progress		1,007	1,352
Accumulated depreciation and amortization		(15,599)	(13,801)
<b>Property and equipment, net</b>		<b>\$ 12,703</b>	<b>\$ 13,213</b>

Depreciation expense relating to property and equipment was \$2.9 billion, \$2.7 billion and \$2.8 billion for the years ended December 31, 2011, 2010 and 2009, respectively.

As a result of changes in useful life assumptions for property and equipment based on performance of a useful life study, the Company increased the useful lives of certain asset classes effective January 1, 2010, resulting in a reduction of depreciation of approximately \$268.0 million for the year ended December 31, 2010.

As a result of a reassessment of cell site lease renewal options reasonably assured of exercise (Note 18), the Company shortened useful life assumptions for certain long-lived assets related to cell sites effective July 1, 2010, resulting in approximately \$76.0 million additional depreciation expense in 2010.

**6. Goodwill, Spectrum Licenses and Other Intangible Assets****Goodwill and Spectrum Licenses**

The change in carrying values of goodwill and spectrum licenses for the years ended December 31, 2011 and 2010 is as follows:

<i>(dollars in millions)</i>	<b>Balances at December 31, 2009</b>	<b>Additions and Disposals</b>	<b>Balances at December 31, 2010</b>	<b>Additions and Disposals</b>	<b>Impairment</b>	<b>Balances at December 31, 2011</b>
Goodwill (at cost)	\$ 18,446	\$ 19	\$ 18,465	\$	\$	\$ 18,465
Accumulated impairment	(6,421)		(6,421)		(3,910)	(10,331)
<b>Goodwill</b>	<b>\$ 12,025</b>	<b>\$ 19</b>	<b>\$ 12,044</b>	<b>\$</b>	<b>\$ (3,910)</b>	<b>\$ 8,134</b>

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Spectrum licenses (at cost)	\$ 23,187	\$ 26	\$ 23,213	\$ 38	\$	\$ 23,251
Accumulated impairment	(7,931)		(7,931)	4	(2,510)	(10,437)
Spectrum licenses	\$ 15,256	\$ 26	\$ 15,282	\$ 42	\$ (2,510)	\$ 12,814

In connection with its annual assessment for impairment of goodwill and indefinite-lived intangible assets as of December 31, 2011, the Company recorded a non cash impairment charge of \$3.9 billion against the carrying value of goodwill and \$2.5 billion against the carrying value of its spectrum licenses. Both amounts are included in impairment charges in the Consolidated Statements of Operations and Comprehensive

**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

Income (Loss). The Company also recorded a related deferred tax benefit of \$1.0 billion to reflect the impact on the respective deferred tax liability due to the reduced book to tax basis difference of goodwill and spectrum licenses. No impairments were indicated as of December 31, 2010.

**Goodwill**

In step one of the 2011 goodwill impairment test, the carrying value of the reporting unit was determined to exceed its fair value due to the Company experiencing legal and regulatory challenges against a planned sale of the reporting unit, subscriber declines and lower service revenues, which resulted in a reduction in the estimated fair value of the reporting unit as compared to the 2010 estimate of fair value.

The Company estimated the fair value of the reporting unit using an income approach, specifically based on the present value of estimated future cash flows. Future cash flows were based on the Company's estimates of revenues, operating income before interest, depreciation and amortization ( OIBDA ) margin and a long-term growth rate taking into consideration expected industry and market conditions. The cash flows were discounted using a weighted average cost of capital reflecting the risks associated with the business and the projected cash flows.

The estimated fair value of the reporting unit was lower than its carrying value, so the Company performed the second step of the impairment test, as described in Note 2 to the Consolidated Financial Statements, to determine the amount of the goodwill impairment.

**Licenses**

In its annual impairment test of spectrum licenses the Company estimated the fair value using the Greenfield approach, which is an income approach. Future cash flows were based on the Company's estimates and assumptions of revenues, OIBDA margin, network build-out period, and a long-term growth rate for a market participant taking into consideration expected industry and market conditions. The cash flows were discounted using a weighted average cost of capital reflecting the risks associated with the business and the projected cash flows. Due to adverse changes in the competitive landscape and regulatory environment in 2011, management changed its assumptions on which market participants would be able to transact for the asset leading to declines in the estimated cash flows used to value the spectrum licenses. At December 31, 2011, the estimated fair value of the spectrum licenses was lower than its carrying value so the Company recognized the impairment charge as described above.

**Other Intangible Assets**

The components of intangible assets subject to amortization are as follows:

	Useful Lives	2011		2010		Net Carrying Amount	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization		
<i>(dollars in millions)</i>							
Customer list	1 - 6 years	\$ 209	\$ (186)	\$ 23	\$ 209	\$ (138)	\$ 71
Other	Up to 25 years	68	(30)	38	67	(25)	42
		\$ 277	\$ (216)	\$ 61	\$ 276	\$ (163)	\$ 113



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**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009****Amortization Expense**

Amortization expense for intangible assets subject to amortization was \$51.3 million, \$51.7 million and \$52.5 million for the years ended December 31, 2011, 2010 and 2009, respectively. Estimated aggregate future amortization expense for intangible assets subject to amortization is \$25.2 million in 2012, \$6.8 million in 2013, \$2.7 million in 2014, \$2.5 million in 2015, \$2.4 million in 2016 and \$20.9 million thereafter.

**7. Investments in and Advances to Unconsolidated Affiliates**

The Company's investments in and advances to unconsolidated affiliates relate primarily to an investment in Iowa Wireless Services LLC (Iowa Wireless). Iowa Wireless provides mobile wireless cellular phone communication services to rural areas of Iowa, Illinois and Missouri. T-Mobile has a 53.6% ownership interest in Iowa Wireless. However, the Company does not have a controlling interest in the entity as it does not have a majority of the voting interest, and therefore accounts for its investment in Iowa Wireless on an equity basis. The Company's share of the income and losses of Iowa Wireless is not significant to the financial statements.

Additionally, T-Mobile makes contributions to JVL Ventures LLC, a joint venture created in 2010 with AT&T Mobility and Verizon Wireless chartered with implementing a national mobile commerce payment network. The Company accounts for its 20.0% investment in this joint venture on an equity basis and records its share of the joint venture's operating losses. The Company's share of the losses is not material to the financial statements. The Company contributed \$17.5 million and \$9.8 million to the joint venture during the years ended December 31, 2011 and 2010, respectively. In accordance with the terms of the joint venture agreement, certain performance measures may be triggered in 2012 and the Company may opt to contribute additional capital ratably based on its equity ownership percentage over the operating life of the joint venture.

**8. Variable Interest Entity**

Cook Inlet/VoiceStream GSM VII PCS Holdings LLC, (CIVS VII) is a joint venture funded by contributions from the Company and Cook Inlet Voice and Data Services, Inc. (Cook Inlet) with the majority (50.1%) of the initial capital contributions provided by Cook Inlet. CIVS VII is managed by Cook Inlet and owns spectrum licenses. The Company utilizes these spectrum licenses under certain operating agreements and compensates CIVS VII based on minutes of use. Each partner provides funding for the venture based on the initial ownership proportions until certain maximums are reached. The maximum aggregate contribution is \$80 million for Cook Inlet, which was reached in 2005. The maximum aggregate contribution for T-Mobile is \$453 million. Prior to 2010, T-Mobile's capital contribution was \$155.2 million, which represented 66% of the total capital in the joint venture. In 2010, CIVS VII made a distribution to Cook Inlet, increasing T-Mobile's ownership from 66% to 80%. The results of CIVS VII have been consolidated in the Company's financial statements, which include \$267.9 million and \$252.3 million in assets held by the joint venture as of December 31, 2011 and 2010, respectively.

In conjunction with the joint venture agreement for CIVS VII, the Company entered into an Exchange Rights Agreement with Cook Inlet in November 2004. The exchange rights granted Cook Inlet the right to exchange its ownership interest in the joint venture for Deutsche Telekom shares or cash. This original Exchange Rights Agreement expired in 2010, and an amended Exchange Rights Agreement between T-Mobile and Cook Inlet was entered into in December 2010. The amended agreement allows Cook Inlet, with advance notice, to exchange its ownership interest in the joint venture for cash equal to the sum of Cook Inlet's original contribution to the joint venture plus accrued interest. The agreement also provides

**Table of Contents****T-Mobile USA, Inc.****Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009**

T-Mobile, with advance notice, the right to terminate Cook Inlet's exchange right during the first five years, or to cause Cook Inlet to exchange its joint venture interest for cash beginning on the sixth anniversary and continuing for 10 years. The updated exchange right does not meet the definition of a derivative instrument. The terms of the amended Exchange Rights Agreement entered into in 2010 are accounted for as a financing of the Company's purchase of Cook Inlet's interest in the joint venture, resulting in the derecognition of a noncontrolling interest.

As of December 31, 2011, the exchange right, which represented a liability of \$88.3 million, had not been exercised. On January 25, 2012, T-Mobile gave notice of its intent to terminate Cook Inlet's exchange rights pursuant to the amended Exchange Rights Agreement dated December 20, 2010. On February 2, 2012, Cook Inlet gave notice that it will exercise its exchange rights. As of October 15, 2012, both T-Mobile's notice of its intent to terminate the exchange rights, as well as Cook Inlet's notice that it will exercise its exchange rights, were mutually terminated pursuant to a Rescission Agreement entered into by the parties. As such, both of the parties' rights were restored and are currently in existence (Note 19).

**9. Accrued Liabilities**

Accrued liabilities are summarized as follows:

<i>(dollars in millions)</i>	<b>2011</b>	<b>2010</b>
Property and other taxes	\$ 482	\$ 528
Payroll and benefits	293	302
Dealer commissions	143	105
Toll and interconnect	39	19
Accrued liability for transaction-related costs	176	
Other	99	124
	<b>\$ 1,232</b>	<b>\$ 1,078</b>

**10. Fair Value Measurements and Derivative Instruments**

The Company accounts for certain assets and liabilities at fair value. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company uses a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1      Observable inputs that reflect quoted prices in active markets for identical assets or liabilities;
  - Level 2      Inputs other than the quoted prices in active markets that are observable either directly or indirectly; and
  - Level 3      Unobservable inputs for which there is little or no market data, which require the Company to develop its own assumptions.
- T-Mobile uses observable market data, when available. Assets and liabilities of the Company measured at fair value include interest rate swaps, cross currency interest rate swaps designated as cash flow hedges, auction rate securities, and investments and obligations related to the Company's nonqualified deferred compensation plan. During the years ended December 31, 2011 and 2010, the Company did not have any transfers between Levels 1, 2 or 3 in the three-tier value hierarchy.





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**T-Mobile USA, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2011, 2010 and 2009**

**Interest Rate Swaps**

The Company manages interest rate risk by entering into interest rate swaps, which are included in other current assets and other current liabilities as of December 31, 2011. The total notional amount of such interest rate swaps held by the Company at December 31, 2011 was \$2.8 billion. Interest rate swaps are valued using discounted cash flow techniques. These techniques incorporate market-based observable inputs such as interest rates and credit spreads, considering each instrument's term, notional amount, discount rate and credit risk.

The Company's interest rate swaps are classified as Level 2 in the three-tier value hierarchy. The Company recorded gains on the change in the fair value of the interest rate swaps of \$73.4 million, \$117.1 million and \$34.9 million during the years ended December 31, 2011, 2010 and 2009, respectively, which were included in interest expense.

**Cross Currency Interest Rate Swaps**

In 2010, the Company entered into three cross currency interest rate swaps designated as cash flow hedges to exchange the proceeds from approximately \$2.3 billion of intercompany Euro denominated notes payable to affiliates assumed on October 1, 2010 (Note 16) into U.S. dollars and to fix the future interest and principal payments in U.S. dollars, as well as mitigate the impact of foreign currency transaction gains or losses over the terms of the payables to affiliates extending to 2025. The fair value of the cross currency interest rate swaps as of December 31, 2011 was \$8.3 million included in other assets, and \$16.6 million included in other long-term liabilities. The fair value of the cross currency interest rate swaps as of December 31, 2010 was \$53.2 million included in other assets, and \$1.5 million included in other long-term liabilities. Cross currency interest rate swaps are valued using discounted cash flow techniques. These techniques incorporate market-based observable inputs such as interest rates and credit spreads, considering each instrument's term, notional amount, discount rate and credit risk.

The Company evaluates hedge effectiveness at the inception of the hedge prospectively as well as retrospectively and at the end of each reporting period, records any ineffective portion of the hedging instruments in interest expense. In the years ended December 31, 2011 and 2010, the hedges were evaluated as 100% effective, thus no gain (loss) was recognized in interest expense due to hedge ineffectiveness.

The Company's cross currency interest rate swaps are classified as Level 2 in the three-tier value hierarchy. For the year ended December 31, 2011, a \$47.0 million, net of tax, loss on the cross currency interest rate swaps was recognized in other comprehensive (loss) income. For the year ended December 31, 2010, a \$70.8 million, net of tax, loss on the cross currency interest rate swaps was recognized in other comprehensive (loss) income.

**Auction Rate Securities**

The Company's ARS are included in other current assets. These securities are primarily AAA-rated with remaining maturities through 2043; the underlying assets are government-backed student loans. Due to the lack of availability of observable market quotes for the Company's auction rate securities portfolio, the fair value was estimated based on a discounted cash flow valuation model and an internal analysis by management of other-than-temporary impairment factors. The discounted cash flow model considered terms, credit rating and management's assumptions regarding expected liquidation date. Management also considered other market transactions and information received from third party brokers in order to conclude that the fair value based on the discounted cash flow valuation model was reasonable. Significant inputs to the valuation are unobservable in active markets and are therefore classified as Level 3 in the three-tier

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value hierarchy. Prior to June 30, 2011, T-Mobile's investment in ARS was reported at fair value with unrealized gains and losses included as a component of other comprehensive (loss) income. At June 30, 2011, the Company recognized \$5.0 million in interest expense as an other-than-temporary loss related to a change in its ARS investment strategy to sell below the par value of the securities. Based on T-Mobile's expectations to sell its ARS in the next year, the Company reclassified these securities from long-term investments to other current assets in 2011.

**Nonqualified Deferred Compensation Plan**

Included in long-term investments and other long-term liabilities are available for sale securities and obligations, respectively, relating to the Company's nonqualified deferred compensation plan, which are valued using quoted market prices in active markets or broker-dealer quotations. The nonqualified deferred compensation plan assets and liabilities are classified as Level 1 in the three-tier value hierarchy.

The following tables provide a summary by level of the fair value of financial instruments as of December 31, 2011 and 2010 that are measured on a recurring basis:

<i>(dollars in millions)</i>	2011			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Interest rate swaps	\$	\$ 96	\$	\$ 96
Cross currency interest rate swaps		8		8
Auction rate securities			7	7
Nonqualified deferred compensation plan	22			22
	\$ 22	\$ 104	\$ 7	\$ 133
<b>Liabilities</b>				
Cross currency interest rate swaps	\$	\$ 17	\$	\$ 17
Nonqualified deferred compensation plan	22			22
	\$ 22	\$ 17	\$	\$ 39

<i>(dollars in millions)</i>	2010			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Interest rate swaps	\$	\$ 78	\$	\$ 78
Cross currency interest rate swaps		53		53
Auction rate securities			74	74
Nonqualified deferred compensation plan	17			17
	\$ 17	\$ 131	\$ 74	\$ 222
<b>Liabilities</b>				
Interest rate swaps	\$	\$ 9	\$	\$ 9

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Cross currency interest rate swaps		2		2
Nonqualified deferred compensation plan	17			17
	\$ 17	\$ 11	\$	\$ 28

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The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended December 31, 2011, 2010 and 2009:

<i>(dollars in millions)</i>	<b>Auction Rate Securities</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Balance, Beginning of Year</b>	\$ 74	\$ 97	\$ 121
Unrealized losses included in other comprehensive (loss) income			(13)
Sales	(76)	(23)	(11)
Reversal of unrealized loss	14		
Realized loss on auction rate securities	(5)		
<b>Balance, End of Year</b>	\$ 7	\$ 74	\$ 97

The following table summarizes the fair values of derivatives not designated as hedging instruments in the Consolidated Balance Sheets at December 31, 2011 and 2010:

<i>(dollars in millions)</i>	<b>Derivatives Not Designated as Hedging Instruments</b>	
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Interest rate swaps	\$ 96	\$ 78
	\$ 96	\$ 78
<b>Liabilities</b>		
Interest rate swaps	\$	\$ 9
	\$	\$ 9

The following table summarizes the activity related to derivatives not designated as hedging instruments in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2011, 2010 and 2009:

<i>(dollars in millions)</i>	<b>Derivatives Not Designated as Hedging Instruments</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Amount of gain recognized in income</b>			
Interest rate swaps	\$ 73	\$ 117	\$ 35
	\$ 73	\$ 117	\$ 35

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The following table summarizes the fair values of derivatives designated as hedging instruments in the Consolidated Balance Sheets at December 31, 2011 and 2010:

<i>(dollars in millions)</i>	<b>Derivatives Designated as Hedging Instruments</b>	
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cross currency interest rate swaps	\$ 8	\$ 53
	\$ 8	\$ 53
<b>Liabilities</b>		
Cross currency interest rate swaps	\$ 17	\$ 2
	\$ 17	\$ 2

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The following tables summarizes the activity related to derivatives designated as hedging instruments in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2011, 2010 and 2009:

<i>(dollars in millions)</i>	<b>Derivatives Designated as Hedging Instruments</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Amount of loss recognized in other comprehensive income (loss), net of tax</b>			
Cross currency interest rate swaps	\$ (47)	\$ (71)	\$
	\$ (47)	\$ (71)	\$

**11. Payables to Affiliates**

Payables to affiliates consist of notes payable, net of discounts and premiums, and other payables to affiliates. T-Mobile has obtained funding from Deutsche Telekom or its affiliates to meet working capital, capital expenditure, and other obligations. Notes payable arrangements with affiliates accrue interest from the date of issuance at stated interest rates or LIBOR plus an applicable margin, with accrued interest payable semi-annually, quarterly or monthly. The applicable interest rate on certain notes payable is subject to periodic change based on changes in the credit rating of Deutsche Telekom.

On October 1, 2010, T-Mobile distributed additional paid-in capital of \$5.0 billion to Deutsche Telekom funded through the assumption of \$5.2 billion of notes payable to affiliates, net of \$0.2 billion due for cross currency interest rate swaps entered into as economic hedges in connection with the debt assumption (Notes 12 and 16). As part of the transaction, the Company assumed three notes payable to affiliates denominated in Euros that have maturities extending to 2025, which are included in the Notes payable to affiliates, thereafter line.

As of December 31, 2011, payables to affiliates were as follows:

<i>(dollars in millions)</i>	<b>2011</b>
Notes payable to affiliates, due 2012 (2.815%)	\$ 644
Notes payable to affiliates, due 2013 (1.770% 7.099%)	1,273
Notes payable to affiliates, due 2014 (2.550% 3.531%)	2,348
Notes payable to affiliates, due 2015 (2.689%)	1,905
Notes payable to affiliates, due 2016 (2.738%)	1,000
Notes payable to affiliates, thereafter (3.992% 8.195%)	7,914
	15,084
Unamortized discount and premium, net	543
Other payables to affiliates	468
	16,095
Total payable to affiliates	16,095
Less: Current maturities of long-term payables to affiliates	644
Less: Other current payables to affiliates	402

Long-term payables to affiliates	\$ 15,049
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As of December 31, 2010, payables to affiliates were as follows:

<i>(dollars in millions)</i>	<b>2010</b>
Notes payable to affiliates, due 2011 (3.552%)	\$ 500
Notes payable to affiliates, due 2012 (2.849%)	644
Notes payable to affiliates, due 2013 (1.747% 7.099%)	1,273
Notes payable to affiliates, due 2014 (2.575% 3.501%)	2,348
Notes payable to affiliates, due 2015 (2.726%)	1,905
Notes payable to affiliates, thereafter (2.698% 8.195%)	8,993
	15,663
Unamortized discount and premium, net	630
Other payables to affiliates	366
 Total payable to affiliates	 16,659
Less: Current maturities of long-term payables to affiliates	500
Less: Other current payables to affiliates	305
 Long-term payables to affiliates	 \$ 15,854

The fair value of the Company's notes payables to affiliates is estimated based on comparable market yields for similar issuances. The following table presents the carrying amounts and fair values of the Company's current and long-term notes payables to affiliates:

<i>(dollars in millions)</i>	<b>2011</b>		<b>2010</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Notes payables to affiliates	\$ 15,627	\$ 16,870	\$ 16,293	\$ 17,472

Although the Company has determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available at December 31, 2011 and 2010. As such, the Company's estimates are not necessarily indicative of the amount that the Company could realize in a current market exchange and current estimates of fair value could differ significantly.

**12. Stockholder's Equity**

In October 2010, T-Mobile distributed additional paid-in capital of \$5.0 billion to Deutsche Telekom in a transaction that also included the assumption of payables to affiliates (Notes 11 and 16).

**13. Employee Savings and Compensation Plans  
Employee Retirement Savings Plan**

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The Company sponsors a retirement savings plan for the majority of its employees under section 401(k) of the Internal Revenue Code and similar plans. The plans allow employees to contribute a portion of their pretax income in accordance with specified guidelines. The plans match a percentage of employee contributions up to certain limits. Employer matching contributions were \$51.5 million, \$57.6 million and \$54.9 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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**Notes to Consolidated Financial Statements**

**December 31, 2011, 2010 and 2009**

**Nonqualified Deferred Compensation Plan**

The Company maintains a nonqualified deferred compensation plan for certain employees. Assets related to the plan are held in a grantor trust and are subject to the claims of creditors in the event of bankruptcy. As of December 31, 2011, assets of \$22.4 million were recorded at market value and classified as long-term investments and the related \$22.4 million deferred liability was included in other long-term liabilities. As of December 31, 2010, assets of \$17.3 million were recorded at market value and classified as long-term investments and the related \$17.4 million deferred liability was included in other long-term liabilities. Realized investment gains and losses are recognized in earnings and changes in unrealized gains and losses, not considered to be other than temporary, are recorded in other comprehensive (loss) income.

**Executive Compensation Plan**

For the years up to 2010, T-Mobile granted performance-based cash bonus awards under its Phantom Share Plan ( PSP ). Under the PSP, awards could be earned, in whole or in part, based upon customer growth on a sliding scale from 60% to 150% of the original number of phantom shares granted.

The value of a phantom share appreciated or depreciated from its \$10 per share face value in proportion to the change in the Company's appraised enterprise value over the performance period. The value of an award was determined by multiplying the number of phantom share awards earned by the appraised value of a phantom share. Awards were earned and paid out ratably over a performance period of up to three years. Achievement of performance targets was determined annually and required approval by the Supervisory Board of Deutsche Telekom.

Effective January 1, 2011, T-Mobile replaced the PSP with a performance-based Long Term Incentive Plan ( LTIP ) tied to the Company's EBITDA and customer satisfaction targets. LTIP awards are earned over a performance period of up to three years with 50% of the target value earned on a ratable schedule and 50% of the target value earned at the end of the three year performance period.

Compensation expense reported within operating expenses related to the Company's PSP and executive compensation plan was \$51.6 million, \$39.0 million and \$16.3 million for the years ended December 31, 2011, 2010 and 2009, respectively. Payments of \$32.5 million, \$41.4 million, and \$83.9 million were made to participants related to T-Mobile's executive bonus plans during the years ended December 31, 2011, 2010 and 2009, respectively.