

DRIVING THE FUTURE OF MOBILE BROADBAND AT&T AND T-MOBILE USA TO COMBINE

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On March 20, 2011, AT&T announced plans to acquire T-Mobile USA from German-owned Deutsche Telekom, creating a world-class technology platform in mobile broadband and wireless services in the U.S. The transaction signals a major commitment by a U.S. company to advance America's leadership in mobile broadband and will make super high-speed wireless broadband available to most of the nation.

Transaction Terms:

- \$39 billion purchase price, comprised of \$25 billion in cash / \$14 billion in stock
- Deutsche Telekom will receive an equity stake in AT&T that, based on the terms of the agreement, would equate to an equity interest of approximately 8%.
- A Deutsche Telekom representative will join the AT&T Board of Directors.

The Transaction Addresses AT&T and T-Mobile Spectrum Exhaust Challenges:

- Driven by explosive growth for mobile broadband data services, AT&T and T-Mobile face particularly significant spectrum constraints and impending spectrum exhaust in some major U.S. markets.
- AT&T's mobile data traffic grew 8000% over the past four years, but usage is only in the early stages – by 2015, AT&T expects growth to be 8-10 times what it was in 2010.
- The combination of T-Mobile's and AT&T's technologically compatible networks offers a fast and efficient solution to allow them to meet consumer demand for mobile broadband, improve service, and help drive growth and investment in U.S. mobile broadband networks.

The Transaction will Create Significant Public Benefits:

- The transaction allows AT&T to commit to an expanded 4G LTE deployment to 95% of the U.S. population -- up from 80% as previously planned -- covering an additional 46.5 million Americans and 1.2 million square miles.
- Increased mobile broadband availability in small, rural communities largely helps to achieve the FCC's and President's goal to "connect every part of America to the digital age" (President Barack Obama, State of the Union, January 2011), promoting economic growth, investment and job creation.
- Customers will experience voice and data service improvements due to increased spectrum efficiencies and network capacity and output.
- Because T-Mobile and AT&T have compatible spectrum positions and networks, the consumer benefits of this transaction will be realized faster and more seamlessly than would be possible with other industry combinations.
- T-Mobile's customers will have access to industry-leading devices and a nationwide 4G LTE network, a significant benefit because T-Mobile USA does not have a clear path to delivering LTE.

- German-owned T-Mobile -- the only major foreign-controlled U.S. telecom network -- will become a part of a U.S.-based company that has the only union workforce in the wireless industry.

The U.S. Wireless Industry will Remain Fiercely Competitive:

- The large majority of Americans today can choose from at least five wireless providers offering nationwide service.
- Following completion of this transaction, major competitors include: AT&T, Verizon Wireless, Sprint/Clearwire, MetroPCS, Leap Wireless, U.S. Cellular and Cellular South.
- Carriers such as MetroPCS and Leap Wireless are rapidly gaining share and have strong growth prospects.
- More competition is emerging, including LightSquared and Clearwire.
- Google and Skype are providing additional sources of voice competition.

We are Confident of Regulatory Approvals:

- The transaction is subject to approval by the DOJ and the FCC.
- AT&T is confident this deal meets the antitrust standards of the DOJ and the public interest standards of the FCC. We understand that Congress, the DOJ and the FCC will have questions and we look forward to addressing them.
- The transaction is expected to close in approximately 12 months.

AT&T is Committed to Expanding 4G LTE to 95% of U.S. Population or 294 Million People

