

AT&T Ends Bid To Add Network Capacity Through T-Mobile USA Purchase

Company Reaffirms Its Commitment to Mobile Broadband Leadership

Dallas, Texas, December 19, 2011

AT&T Inc. (NYSE: T) said today that after a thorough review of options it has agreed with Deutsche Telekom AG to end its bid to acquire T-Mobile USA, which began in March of this year.

The actions by the Federal Communications Commission and the Department of Justice to block this transaction do not change the realities of the U.S. wireless industry. It is one of the most fiercely competitive industries in the world, with a mounting need for more spectrum that has not diminished and must be addressed immediately. The AT&T and T-Mobile USA combination would have offered an interim solution to this spectrum shortage. In the absence of such steps, customers will be harmed and needed investment will be stifled.

"AT&T will continue to be aggressive in leading the mobile Internet revolution," said Randall Stephenson, AT&T chairman and CEO. "Over the past four years we have invested more in our networks than any other U.S. company. As a result, today we deliver best-in-class mobile broadband speeds – connecting smartphones, tablets and emerging devices at a record pace – and we are well under way with our nationwide 4G LTE deployment.

"To meet the needs of our customers, we will continue to invest," Stephenson said. "However, adding capacity to meet these needs will require policymakers to do two things. First, in the near term, they should allow the free markets to work so that additional spectrum is available to meet the immediate needs of the U.S. wireless industry, including expeditiously approving our acquisition of unused Qualcomm spectrum currently pending before the FCC. Second, policymakers should enact legislation to meet our nation's longer-term spectrum needs.

"The mobile Internet is a dynamic industry that can be a critical driver in restoring American economic growth and job creation, but only if companies are allowed to react quickly to customer needs and market forces," Stephenson said.

To reflect the break-up considerations due Deutsche Telekom, AT&T will recognize a pretax accounting charge of \$4 billion in the 4th quarter of 2011. Additionally, AT&T will enter a mutually beneficial roaming agreement with Deutsche Telekom.

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