

T-Mobile USA racks up prepaying subscribers

February 25 2010, By PETER SVENSSON , AP Technology Writer

(AP) -- T-Mobile USA, the fourth-largest U.S. wireless carrier, said Thursday it gained 371,000 new customers in the fourth quarter, reversing subscriber losses in the third quarter.

But the new subscribers were mainly low-paying ones who don't sign contracts, and T-Mobile USA's earnings and revenue fell from the same period a year earlier.

T-Mobile USA, which is owned by Germany's Deutsche Telekom AG, ended the year with 33.8 million customers, up 1 million from a year ago. That means T-Mobile isn't growing as quickly as [Verizon Wireless](#), which had 91.2 million subscribers at the end of the year, or AT&T Inc., which had 85.1 million. Sprint Nextel Corp., in third place with 48.1 million, has been losing customers.

T-Mobile USA has been building a faster data network in hopes of competing for higher-paying buyers of "smart" phones. The trends point against it, however: T-Mobile lost 117,000 net contract customers in the quarter, while adding a net 488,000 prepaying customers, who don't often have smart phones or data plans.

T-Mobile's net income was \$306 million, down from \$483 million in the fourth quarter of 2008.

Revenue was \$5.41 billion, down from \$5.72 billion in the fourth quarter of 2008. The main reason for the revenue decline was continuing price

cuts: T-Mobile USA customers paid an average of \$47 per month, down from \$50 per month a year earlier.

Prices for voice and text-messaging services have been declining across the industry as competition intensifies. AT&T and Verizon Wireless are compensating by selling more data plans.

The Wall Street Journal reported three weeks ago that [Deutsche Telekom](#) is considering an initial public offering for [T-Mobile](#) USA, to help fund the network buildout. The company hasn't commented on the report.

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