

METROPCS COMMUNICATIONS INC
Form DEFA14A
March 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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.
(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:

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(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):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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On March 12, 2013, MetroPCS Communications, Inc. mailed a letter to stockholders in connection with its proposed combination with T-Mobile USA, Inc. recommending that stockholders vote 'FOR' the proposed combination. The letter highlights the significant benefits to MetroPCS' stockholders of the value maximizing proposed combination and corrects inaccurate and misleading statements that have been made regarding the proposed combination.

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MetroPCS Mails Letter Urging Stockholders to Vote
'For' Proposed Combination with T-Mobile USA

Richardson, TX (March 12, 2013) - MetroPCS Communications, Inc. (NYSE: PCS; "MetroPCS" or the "Company") today mailed a letter to stockholders in connection with its proposed combination with T-Mobile USA, Inc. ("T-Mobile") recommending that stockholders vote 'FOR' the proposed combination. The letter highlights the significant benefits to MetroPCS' stockholders of the value maximizing proposed combination and corrects inaccurate and misleading statements that have been made regarding the proposed combination.

The full text of the letter follows:

March 12, 2013

Dear Fellow Stockholder:

On April 12, 2013, MetroPCS Communications, Inc. ("MetroPCS") will hold a Special Meeting of Stockholders to vote on the proposed combination of MetroPCS with T-Mobile USA, Inc. ("T-Mobile"), which will create the value leader in the U.S. wireless marketplace. MetroPCS stockholders of record as of the close of business on March 11, 2013 are entitled to vote at the Special Meeting.

The MetroPCS board has always been committed to considering strategic options and pursuing those that drive stockholder value. After a multi-year, thorough review of MetroPCS' options, with the assistance of independent financial and legal advisors, the MetroPCS board has unanimously concluded that the proposed combination with T-Mobile is the best strategic alternative for our stockholders. The immediate cash payment you will receive and the significant ownership interest you will hold in the combined company represent a substantial premium to MetroPCS' stand-alone value, and your meaningful ownership in the combined company will allow you to participate in the potential synergies and value created by this combination.

**PROPOSED T-MOBILE / METROPCS COMBINATION IS THE
BEST ALTERNATIVE FOR METROPCS' STOCKHOLDERS**

After conducting a thorough, multi-year process, MetroPCS' board of directors and special committee, with the assistance of their independent financial and legal advisors, concluded that the proposed combination with T-Mobile was the best strategic alternative for the Company and its stockholders:

- Compelling economic terms for MetroPCS' stockholders;
- Addresses MetroPCS' critical spectrum needs and competitive disadvantages;
- Permits MetroPCS brand expansion into unserved and underserved major metro areas; and
- Improves the customer value proposition through a stronger, deeper data network and a broader, better device line-up.

If the proposed combination is not approved, MetroPCS' stockholders will not enjoy its compelling benefits, which could lead to a loss of value for MetroPCS' stockholders.

PROPOSED T-MOBILE / METROPCS COMBINATION IS MORE ATTRACTIVE THAN METROPCS ON A STAND-ALONE BASIS

The proposed combination will provide MetroPCS' stockholders with a \$1.5 billion aggregate cash payment, or approximately \$4.06 per share (prior to the reverse stock split that will occur in connection with the closing of the proposed combination), as well as an approximate 26% ownership stake in the combined company that allows MetroPCS stockholders to participate in the expected significant equity upside of the combined company. The proposed combination maximizes stockholder value as illustrated below:

· At 5x 2013 forecasted EBITDA (illustrative):¹

○ The value for MetroPCS stockholders, including the net present value of projected cost synergies,² represents an approximately 70%³ - 93%⁴ premium to the stand-alone MetroPCS value per share; and

○ The stand-alone MetroPCS value per share (after deducting \$1.5 billion in cash reserved for the acquisition of spectrum) represents an approximately 19% decline vs. the current MetroPCS share price.¹

· Based on the five-year discounted cash flow analysis undertaken by the MetroPCS special committee's independent financial advisor,⁵ MetroPCS stockholders would receive:

○ Approximately 46% premium vs. a stand-alone MetroPCS value; and

○ Approximately 143% premium vs. the average price target,⁶ assuming the \$6-7 billion of net present value² projected cost synergies are achieved.

PROPOSED T-MOBILE / METROPCS COMBINATION CREATES SUSTAINABLE LONG-TERM VALUE FOR STOCKHOLDERS

We expect MetroPCS stockholders to benefit meaningfully from the combined company's:

· Value Leadership: The combined company will be well-positioned and have a significant presence in the industry's fast-growing prepaid (i.e., no annual contract) services space - and offer an outstanding customer experience with great customer value and choice;

· Increased Size and Scale: The combined company will be well-positioned competitively with significant spectrum holdings, deep nationwide network coverage and more network capacity;

· Significant Synergies: The combined company will benefit from projected cost synergies of \$6-7 billion net present value;² and

· Strong Financial Position: The combined company will have attractive growth prospects, financial flexibility and direct capital markets access to compete effectively, and a sustainable capital structure and credit profile as evidenced by S&P's BB credit rating.

METROPCS CONDUCTED AN EXTENSIVE, MULTI-YEAR PROCESS TO MAXIMIZE VALUE, CULMINATING IN THE PROPOSED T-MOBILE / METROPCS COMBINATION

The MetroPCS board and special committee, with the assistance of independent financial and legal advisors, undertook an extensive, multi-year process to explore all strategic and financial alternatives - including remaining a standalone company. During this thorough and robust process, MetroPCS:

· Engaged in discussions with all major spectrum holders and potential strategic parties regarding potential spectrum acquisition and M&A opportunities;

· Participated in significant FCC auctions of spectrum with disappointing results;

Weighed the benefits and risks of the proposed combination against the benefits and risks of MetroPCS remaining a stand-alone company; and
·Determined that the proposed combination with T-Mobile would deliver the highest value to MetroPCS stockholders.

THE COMBINED COMPANY WILL BE THE VALUE LEADER IN U.S. WIRELESS

The combined company will be well-capitalized and positioned to compete effectively with large national carriers as the premier challenger in the U.S. wireless marketplace. The proposed combination will:

- Allow the combined company to extend the MetroPCS brand into unserved and underserved major metro areas;
- Facilitate the offering of a broad product portfolio, including Apple devices;
- Generate substantial additional growth in the fast-growing no contract space; and
- Provide significant spectrum with a path to at least 20x20 MHz 4G LTE in approximately 90% of the top 25 U.S. metro areas by 2014+ for a fast, reliable and robust nationwide 4G LTE network.

THE COMBINED COMPANY'S STRONG FINANCIALS AND CAPITAL STRUCTURE ARE COMPELLING FOR METROPCS STOCKHOLDERS

The combined company will have an attractive growth profile and the financial flexibility to compete effectively. In addition, the combined company's capital structure will provide MetroPCS' current stockholders with the opportunity for significant participation in the attractive equity upside potential of the combined company. Specifically, the combined company is expected to have:

- Target five-year (from 2012 to 2017) compounded annual growth rates in the range of 3% to 5% for revenues, 7% to 10% for EBITDA and 15% to 20% for free cash flow;⁷
- Target EBITDA margins of 34% to 36% at the end of the five-year period (from 2012 to 2017); and
- Projected cost synergies of \$6-7 billion net present value,² with an annual run-rate of \$1.2-1.5 billion after an integration period.

THE STATEMENTS REGARDING THE PROPOSED COMBINATION BY CERTAIN STOCKHOLDERS ARE INACCURATE AND MISLEADING

MetroPCS would like to correct important inaccuracies and misperceptions regarding the proposed combination:

Misperception #1: Leverage is too high.

· Reality: Leverage is appropriate for the combined company and is in-line with peers and MetroPCS' historical average.

o The combined company's S&P credit rating of BB is higher than peers and MetroPCS; and

o The combined company will de-lever organically after 2013 through cost savings initiatives, a reduction in capital expenditures and post-integration synergies; and

o Investor comfort with the combined company's capital structure and credit profile is underscored by strong support for the combined company's recent senior notes offering as well as the December 2012 consent solicitation on MetroPCS' existing senior notes.

Misperception #2: The Deutsche Telekom ("DT") debt terms are unreasonable.

· Reality: The debt terms are market-based and represent a favorable deal for the combined company.

o No market exists for the size of the required \$21 billion debt commitment - at the time of the deal or today;

o The pricing mechanism is designed to reflect market conditions;

o The DT debt enables the combined company to avoid significant fees and pricing risk at close; and

o With DT's financing, the combined company will have a long-lasting capital structure in place at close with no near-term maturities and significant breathing room.

Misperception #3: The combined company should issue secured debt.

- Reality: Unsecured debt provides the combined company with flexibility for the future.
- oSecured debt would limit the combined company's ability to invest and compete; and
- oUnsecured debt was a key DT requirement and an important negotiation consideration.

Misperception #4: The 26% / 74% ownership split is unfair at multiple parity.

- Reality: A less favorable ownership stake ranging from 17%³-24%⁴ would result after appropriate deduction for MetroPCS' \$1.5 billion of cash reserved for spectrum acquisitions and adjustments to EBITDA, as disclosed in the MetroPCS amended definitive proxy statement.
- oCombination with T-Mobile results in significantly more value to MetroPCS stockholders vs. stand-alone.

**MAXIMIZE THE VALUE OF YOUR INVESTMENT IN METROPCS - VOTE "FOR"
THE PROPOSED COMBINATION WITH T-MOBILE ON A GREEN PROXY CARD**

The MetroPCS board unanimously recommends that you vote your shares FOR all of the proposals relating to the proposed combination with T-Mobile by returning the GREEN proxy card you will receive shortly with a "FOR" vote for all proposals. The failure to vote or an abstention has the same effect as a vote against the proposed combination. Because some of the proposals required to close the proposed transaction require at least an affirmative vote of a majority of all outstanding shares, your vote is important. If stockholders do not approve the proposals related to the proposed combination, there is no assurance MetroPCS will be able to deliver the same or better stockholder value in the future.

We urge you to discard any white proxy cards you may receive, as they were sent by a dissident stockholder. If you previously submitted a white proxy card, we urge you to cast your vote as instructed on the GREEN proxy card as soon as you receive it. A vote on the GREEN proxy card will revoke any earlier dated proxy card that was submitted, including any white proxy card. If you have questions or need assistance voting your shares, please contact our proxy solicitor, MacKenzie Partners, Inc., toll-free at (800) 322-2885 or call collect at (212) 929-5500.

On behalf of your board of directors, we thank you for your continued support.

Sincerely,

/s/ Roger D. Linquist
Roger D. Linquist
Chairman of the Board and Chief Executive Officer

If you have any questions, require assistance in voting your shares, or need additional copies of MetroPCS's proxy materials, please call MacKenzie Partners at the phone numbers listed below.

105 Madison Avenue
New York, NY 10016
(212) 929-5500 (call collect)
Or
TOLL-FREE (800) 322-2885

About MetroPCS Communications, Inc.

Dallas-based MetroPCS Communications, Inc. (NYSE: PCS) is a provider of no annual contract, unlimited wireless communications service for a flat-rate. MetroPCS is the fifth largest facilities-based wireless carrier in the United States based on number of subscribers served. With Metro USA(SM), MetroPCS customers can use their service in areas throughout the United States covering a population of over 280 million people. As of December 31, 2012, MetroPCS had approximately 8.9 million subscribers. For more information please visit www.metropcs.com.

Additional Information and Where to Find It

This document relates to a proposed transaction between MetroPCS and Deutsche Telekom. In connection with the proposed transaction, MetroPCS has filed with the Securities and Exchange Commission (the "SEC") an amended definitive proxy statement. Security holders are urged to read carefully the amended definitive proxy statement and all other relevant documents filed with the SEC or sent to stockholders as they become available because they will contain important information about the proposed transaction. All documents, when filed, will be available free of charge at the SEC's website (www.sec.gov). You may also obtain these documents by contacting MetroPCS' Investor Relations department at 214-570-4641, or via e-mail at investor_relations@metropcs.com. This communication does not constitute a solicitation of any vote or approval.

Participants in the Solicitation

MetroPCS and its directors and executive officers will be deemed to be participants in any solicitation of proxies in connection with the proposed transaction. Information about MetroPCS' directors and executive officers is available in MetroPCS' annual report on Form 10-K, filed with the SEC on March 1, 2013. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the amended definitive proxy statement and other relevant materials filed with the SEC regarding the proposed transaction. Investors should read the amended definitive proxy statement when it is filed carefully before making any voting or investment decisions.

Cautionary Statement Regarding Forward-Looking Statements

This document includes "forward-looking statements" for the purpose of the "safe harbor" provisions within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Any statements made in this document that are not statements of historical fact, and statements about our beliefs, opinions, projections, strategies, and expectations, are forward-looking statements and should be evaluated as such. These forward-looking statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "views," "projects," "should," "could," "may," "become," "forecast," and other similar expressions. These forward-looking statements include, among others, statements about the benefits of the proposed combination, the prospects, value and value creation capability of the combined company, compelling terms and nature of the proposed combination, future expansion of the MetroPCS brand into new areas, whether metro areas are unserved or underserved, benefits to MetroPCS customers, value of the proposed combination to MetroPCS stockholders, future MetroPCS stock prices, expected growth in the no contract space, customer perceptions of the combined company's service, projected cost synergies and the combined company's ability to achieve them, forecasts of combined company revenues, EBITDA, and FCF, projected 5-year CAGRs, ability of the combined company to compete, MetroPCS' ability to acquire spectrum, the combined company's spectrum position, the combined company's competitive position, impact of the proposed combination on LTE roll-out and benefits of LTE network, MetroPCS' projected upgrade rate, projected financing costs, ability of the combined company to deleverage over time, ability and rates of financing available in the market, and other statements regarding the combined company's strategies, prospects, projected results, plans, or future performance.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of MetroPCS, Deutsche Telekom and T-Mobile and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, the possibility that the proposed transaction is delayed or does not close, including

due to the failure to receive the required stockholder approvals or required regulatory approvals, the taking of governmental action (including the passage of legislation) to block the proposed transaction, the failure to satisfy other closing conditions, the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, the significant capital commitments of MetroPCS and T-Mobile, global economic conditions, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, actions taken or conditions imposed by governmental or other regulatory authorities and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in MetroPCS' annual report on Form 10-K, filed March 1, 2013, and other filings with the SEC available at the SEC's website (www.sec.gov). The results for any prior period may not be indicative of results for any future period.

The forward-looking statements speak only as to the date made, are based on current assumptions and expectations, and are subject to the factors above, among others, and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. You should not place undue reliance on these forward-looking statements. MetroPCS, Deutsche Telekom and T-Mobile do not undertake a duty to update any forward-looking statement to reflect events after the date of this document, except as required by law.

The premium is calculated based on EBITDA multiples used by P. Schoenfeld Asset Management LP (PSAM) and Paulson & Co. Inc. (Paulson) and applied to combined company EBITDA for 2013, which forecasts are set

1. forth in MetroPCS' amended definitive proxy statement. The stock price is the closing price on the NYSE of \$10.50 on March 11, 2013.

Net present value calculated with 9% discount rate and 38% tax rate. Synergies are preliminary projections and

2. subject to change.

EBITDA is based on T-Mobile management forecasted combined company EBITDA for 2013, which forecasts are

3. set forth in MetroPCS' amended definitive proxy statement.

EBITDA is based on MetroPCS management forecasted combined company EBITDA for 2013, which forecasts

4. are set forth in MetroPCS' amended definitive proxy statement.

Based on the analysis conducted by the financial advisor to the special committee of MetroPCS' board of directors,

5. as included in MetroPCS' amended definitive proxy statement.

Calculated based on the average target prices of publicly available research analyst reports for MetroPCS published on or after July 25, 2012 that were available to the financial advisor to the special committee of the

6. MetroPCS board of directors as of October 2, 2012, which were referenced by the financial advisor to the special committee of MetroPCS' board of directors, as included in the amended definitive proxy statement.

7. Free Cash Flow defined as EBITDA less Capital Expenditure (excluding spectrum spend).