T-Mobile to Start Selling iPhones on April 12

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NEW YORK (AP) — T-Mobile USA on Tuesday said it will start offering the iPhone on April 12, filling what its CEO said was "a huge void" in its phone lineup.

T-Mobile, the fourth-largest of the national U.S. phone companies, has been losing customers to the bigger companies, which all sell the iPhone.

"This is a big deal for us," T-Mobile CEO John Legere said at an event in New York.

The company will charge $100 up front for the iPhone 5, then another $20 per month for two years. That's on top of service fees for voice, text and data that start at $50 per month. The total monthly cost starts at $70 per month, a substantial discount to prices offered by bigger companies.

In some areas, where its network supports them, T-Mobile will also sell the older iPhone 4, for $15 down and $15 per month for two years, and the 4S for $70 plus $20 per month for two years.

T-Mobile's network has, until recently, not been able to offer high-speed data service to iPhones. It's now able to deliver high-speed data to iPhones in some cities, and it has lured over 2.1 million off-contract AT&T iPhones, executives said Tuesday.

The company also announced that it is firing up an even faster data network, based on so-called "LTE" technology, in Baltimore, Houston, Kansas City, Las Vegas, Phoenix, San Jose, Calif., and Washington. Unofficially, the network is also active here and there in New York, as demonstrated at the event.

By the end of the year, T-Mobile says LTE will be available where two-thirds of the nation's population lives. The iPhone 5 can access the LTE network for faster data downloads, while the older iPhones can't.

T-Mobile is the last of the four major carriers to launch an LTE network, but already has a relatively fast "4G" network. It's been hamstrung by a lack of space on the airwaves, but gained some room last year from AT&T as part the compensation for a failed buyout attempt. That's allowing it to start building the LTE network.

T-Mobile wants to boost its LTE capacity and speeds even further by merging with No. 5 carrier MetroPCS Communications Inc. and thus gaining access to its space on the airwaves. That deal faces opposition from MetroPCS shareholders. By coincidence, they are voting on the merger on April 12, the same day T-Mobile starts selling the iPhone.

T-Mobile also said it will start selling the Samsung Galaxy S 4 on or around May 1.

That's the successor to the Galaxy S III, which has been the chief competitor to the iPhone.

The new phone announcements come just days after T-Mobile ditched its conventional contract-based plans in favor of selling phones on an installment basis. It's separating the cost of the phone from the service, and when a phone is paid off, usually after two years, the monthly fee for the phone disappears from the billing statement.

On traditional contract-based plans still used by the other carriers, the buyer is deemed to have "paid off" the phone after a certain period, at which point the customer becomes eligible for a new, subsidized phone. The monthly payments, however, don't decline if the customer keeps the old phone.

T-Mobile phones won't come with service contracts, so customers are free to jump from to another carrier at any point, but they'll still be paying off their T-Mobile phone in monthly installments.

T-Mobile is positioning the change as a radical departure from industry practices, and is basing a new advertising campaign on being the "Uncarrier."

"We're cancelling our membership in the carrier club," Legere said. His personal style breaks with industry practices as well. At the event, held in an art gallery in Manhattan's Chelsea neighborhood, Legere wore a magenta t-shirt under his blazer. He sported a pair of jeans and black Alexander McQueen sneakers with red laces.

As before, T-Mobile's prices generally undercut those of the bigger phone companies. The chief weakness is that its data network coverage is poorer in rural areas.

"T-Mobile realizes that they have to change the rules of the game, because under the current rules, they're losing, and they're going to continue to lose," said telecommunications analyst Roger Entner at Recon Analytics. He's skeptical that the new plans, alone, can change its fortunes.

"Even if they're $5 cheaper, will that be enough? They're already charging a significant discount to Verizon and AT&T, and they're losing customers," Entner said.

T-Mobile is a unit of Germany's Deutsche Telekom AG.

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