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July 17, 2013

Ex Parte

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Expanding the Economic and Innovation Opportunities of Spectrum through Incentive Auctions, GN Docket No. 12-268; Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269

Dear Ms. Dortch:

On July 15, Kathleen Grillo, John Scott, and I met separately with Louis Peraertz, Legal Advisor for Wireless, International, and Public Safety to Acting Chairwoman Clyburn; David Goldman, Senior Legal Advisor to Commissioner Rosenworcel; and Courtney Reinhard, Legal Advisor for Wireless to Commissioner Pai.

First, we discussed proposals by some parties for a limit on spectrum holdings below 1 GHz and explained how those proposals would severely restrict Verizon's participation in the forthcoming broadcast incentive auction. Second, we provided a July 11 Deutsche Bank report,[1] which confirms the increasing value of above-1 GHz spectrum, underscores why all of the 2.5 GHz Broadband Radio Service and Educational Broadcasting Service spectrum should be included in the spectrum screen, and further debunks the notion that adopting a below-1 GHz limit would be sound competition policy.

As to the effect of imposing a below-1 GHz spectrum limit, we discussed the following scenarios that illustrate how a one-third limit on holdings below 1 GHz would affect Verizon Wireless:

- *If 1/3 limit is applied up-front* (prior to auction): Verizon Wireless is barred from acquiring licenses in 9 of top 10 markets and 18 of top 20 markets.

[1] BRETT FELDMAN ET AL., DEUTSCHE BANK MARKETS RESEARCH, SPRINT NEXTEL. CORP., THE NEW SPECTRUM POWERHOUSE; REINSTATING COVERAGE AT BUY (July 11, 2013) ("DEUTSCHE BANK REPORT"). A copy of the report is attached.

- *If 1/3 limit includes 50 MHz available at auction* (assumes auction clears 72 MHz): Verizon Wireless is barred from acquiring licenses in 7 of top 10 markets and 13 of top 20 markets.

- *If 1/3 limit includes 70 MHz available at auction* (assumes auction clears 84 MHz): Verizon Wireless is barred from acquiring licenses in 7 of top 10 markets and 13 of top 20 markets.

We noted that some parties have proposed even more restrictive limits (e.g., 1/4 or 1/6), which would further preclude Verizon's ability to compete in the auction and reduce auction revenues. We explained that "safety valve" proposals, which would allow carriers that are otherwise barred from participating as a result of a limit to bid on, for example, 10 MHz of spectrum,[2] are not attractive options, given the significant cost of deploying new handsets and cell site antennas that incorporate the 600 MHz band.

A new, separate limit on holdings below 1 GHz would not only restrict auction participation and depress auction revenues, it also lacks an economic or technical basis. The record in these proceedings shows, for example, that in urban and suburban areas where spectrum is scarce, the propagation characteristics of higher frequency bands offer advantages to carriers seeking to expand capacity, and that higher bands provide handset design advantages. The Deutsche Bank report underscores the value of Sprint's above-1 GHz spectrum and demonstrates why a below-1 GHz spectrum aggregation limit is at odds with today's market realities:

> Looking ahead, we expect all operators to deploy much denser cell site configurations in order to deliver higher data speeds. So, the goal is to add cell sites, not limit them. *As networks densify, we believe that higher frequency bands will be viewed as increasingly valuable specifically because they do not propagate too far thereby enabling carriers to place their sites closer together without creating interference*.
>
> Our key point is that Sprint's 2.5 GHz bands have historically been viewed as less valuable because they were less efficient for building 'coverage' networks. But, based on the increasing focus on building denser 'capacity' networks, and the growing asymmetry in uplink vs. downlink signals, *we believe that these*

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[2] *See, e.g.*, Letter from Trey Hanbury, Hogan Lovells US LLP, to Marlene H. Dortch, Secretary, FCC, GN Docket No. 12-268 and WT Docket No. 12-269 (filed May 30, 2013).

> *bands are arguably the most efficient spectrum for how carriers will build networks over the next 10 years*.[3]

Given the evolution of the wireless marketplace and the benefits of high band spectrum, the Commission should steer away from regulatory restrictions that are based on the frequency of particular spectrum. What the Commission *should* do instead, consistent with the compelling record already before it, is to add the 2.5 GHz BRS/EBS band to the existing spectrum screen because that spectrum is not only available for mobile use, it is obviously already in use. The Commission's existing spectrum screen – once it is corrected to include all spectrum that is available – is a sufficient regulatory tool to identify spectrum aggregation that could raise competitive concerns. No party has explained why it has not served that purpose or could not in the future.

This letter is being filed pursuant to Section 1.1206 of the Commission's Rules. Should you have any questions, please contact the undersigned.

Sincerely,

Attachment

cc: Louis Peraertz
David Goldman
Courtney Reinhard

[3] DEUTSCHE BANK REPORT at 3 (emphasis added).

Deutsche Bank
Markets Research

Rating
Buy

North America
United States

TMT
Telecom Services

Company
Sprint Nextel Corp.

Reuters	Bloomberg	Exchange	Ticker
S.N	S US	NYS	S

Date
11 July 2013

Recommendation Change

Price at 10 Jul 2013 (USD)	7.18
Price target	8.00
52-week range	7.39 - 3.20

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The new spectrum powerhouse; reinstating coverage at Buy

Softbank + Sprint + Clearwire - Nextel = the most potential upside in wireless

We are reinstating coverage of Sprint with a Buy rating and $8 price target. Our positive call is based on 2 key factors. First, Sprint is the new king of spectrum with more bandwidth available for LTE than all of its national competitors combined. Second, we believe Sprint will grow EBITDA at least 3x faster than its peers over the next 3 years, even if we do not factor in merger synergies or improved revenue trends. NT trends will likely remain soft as Sprint focuses on its LTE build-out and merger integration. But, with over 30% potential upside in the stock, we believe investors should build positions now.

Spectrum advantage – see Figures 1-3 for key spectrum comparison charts

With Clearwire, Sprint has >200 MHz of spectrum, 2x T's and VZ's positions. More importantly, Sprint has more spectrum free-and-clear to deploy LTE than T, VZ and TMUS combined. While most of this is 2.5 GHz, we believe the value of higher frequencies will increase materially because they enable carriers to build denser LTE networks capable of delivering higher speeds.

The best EBITDA growth story in wireless – a premium multiple is warranted

We expect Sprint to grow EBITDA 55% over the next 2 years, an outlook that could prove very conservative. This is because our wireless EBITDA estimates only account for Network Vision costs savings and run-rate revenue growth; we have not factored in any potential merger synergies, additional cost savings or improved revenue trends. In light of this outlook and upside potential, we believe Sprint is attractively valued, trading in-line with the high-end of its peers (7.1x '14E EBITDA vs. 5.7-6.8x). We believe a premium is warranted and that a multiple of 8x '14E would better reflect Sprint's growth potential.

Patience is key

We do not expect fundamental trends to improve until 1H14 when LTE coverage is better. For the rest of 2013, we expect post paid sub losses and for margins to remain compressed on peak Network Vision spending. However, 2014 should be a key inflection year for both margins and post paid trends.

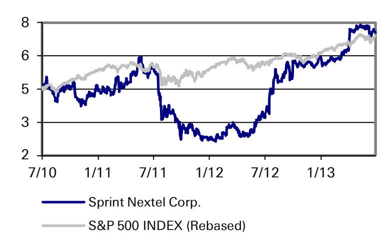
Price target and risks – details on pages 14-17

Our PT is a 50/50 blend of EV/EBITDA (8x '14E) and DCF (7.5% WACC, 3% TCF growth). Key risks include wireless competition, merger integration challenges, high leverage and majority interest of Softbank. Note: upside potential based on estimated post merger adjusted closing price for 'New' Sprint (see Fig 15).

Key changes

Rating	Hold to Buy	↑	
Price target	4.25 to 8.00	↑	88.2%
EPS (USD)	-0.70 to -0.86	↓	23.6%
Revenue (USDm)	35,347.2 to 35,389.1	↑	0.1%

Price/price relative



Performance (%)	1m	3m	12m
Absolute	0.0	14.9	125.1
S&P 500 INDEX	0.6	4.1	23.2

Forecasts And Ratios

Year End Dec 31	2012A	2013E	2014E
FY EPS (USD)	-1.44	-0.86	-0.52
Revenue (USD)	35,345.0	35,389.1	35,574.4
EBITDA (USD)	4,803	5,496	7,110

Source: Deutsche Bank estimates, company data

[1] Includes the impact of FAS123R requiring the expensing of stock options.

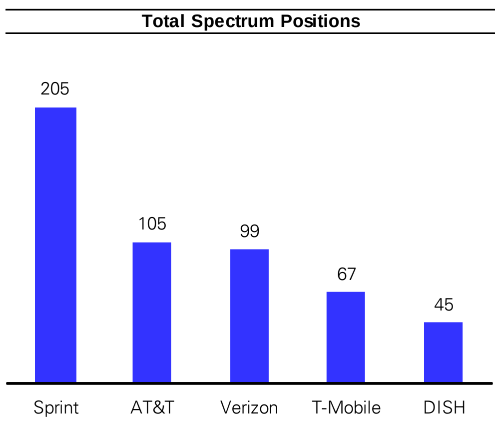
Spectrum powerhouse

More spectrum for LTE than all of its competitors combined

Our positive long term view on Sprint is heavily based on its extensive spectrum holdings, which we believe position it to deploy the highest capacity (and potentially highest speed) LTE network in the US. As shown below in Figure 1, Sprint has the largest total spectrum portfolio in the US, and, as shown in Figure 2, more spectrum that is free-and-clear to support LTE than all of its national competitors combined.

Detailed carrier-by-carrier spectrum holdings tables begin on page 18

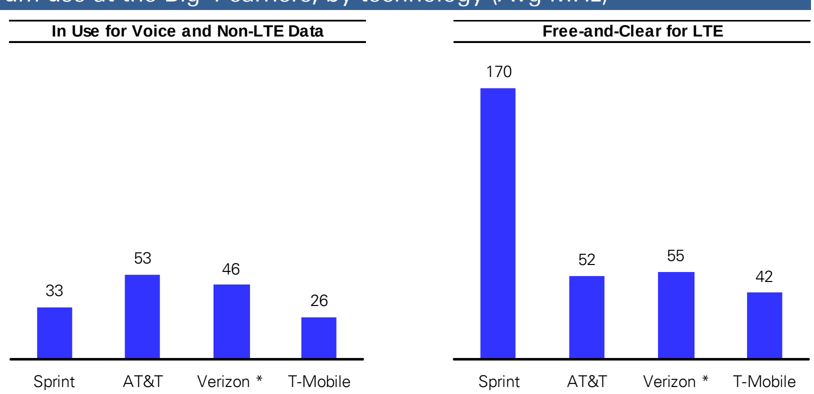
Figure 1: Total licensed spectrum holdings of the Big 4 carriers and DISH (Avg MHz)



	Sprint	AT&T	Verizon	T-Mobile	DISH
Nationwide	✓	✓	✓	✓	✓
Avg Depth (MHz)	205	105	99	67	45
POPs (M)	313	313	309	314	313
MHz POPs (B)	63.9	32.8	30.6	21.1	14.0

Source: The FCC, company materials and Deutsche Bank estimates

Figure 2: Spectrum use at the Big 4 carriers, by technology (Avg MHz)



	Sprint	AT&T	Verizon *	T-Mobile	Sprint	AT&T	Verizon *	T-Mobile
Nationwide	✓	✓	✓	✓	✓	✓	✓	x
Avg Depth (MHz)	33	53	46	26	170	52	55	42
POPs (M)	313	310	297	280	313	313	309	225
MHz POPs (B)	10.2	16.4	13.8	7.4	53.3	16.3	16.8	9.4

* Verizon excludes 700 MHz A licenses that are up for sale

Source: The FCC, company materials and Deutsche Bank estimates

The most spectrum for LTE…and potentially the best

As networks densify, we believe that higher frequency bands will be viewed as increasingly valuable specifically because they do not propagate too far thereby enabling carriers to place their sites closer together without creating interference

In Figure 3, we show not just the quantity, but also the composition of the spectrum that is free-and-clear to support LTE at the Big 4 carriers and DISH. In our view, Sprint stacks up well on both measures. In addition to having the most spectrum for LTE, it has the largest holdings of high frequency spectrum. Historically, higher frequency bands, such as Sprint's 2.5 GHz licenses, have been viewed as less attractive due to their limited propagation characteristics, which made them inefficient for establishing wireless coverage. In other words, as the major carriers focused on establishing coverage over the last 10-15 years, they placed a premium on lower frequency bands because they enabled them to create the most coverage with the fewest number of cell sites (and therefore less capex and lower recurring site maintenance expense).

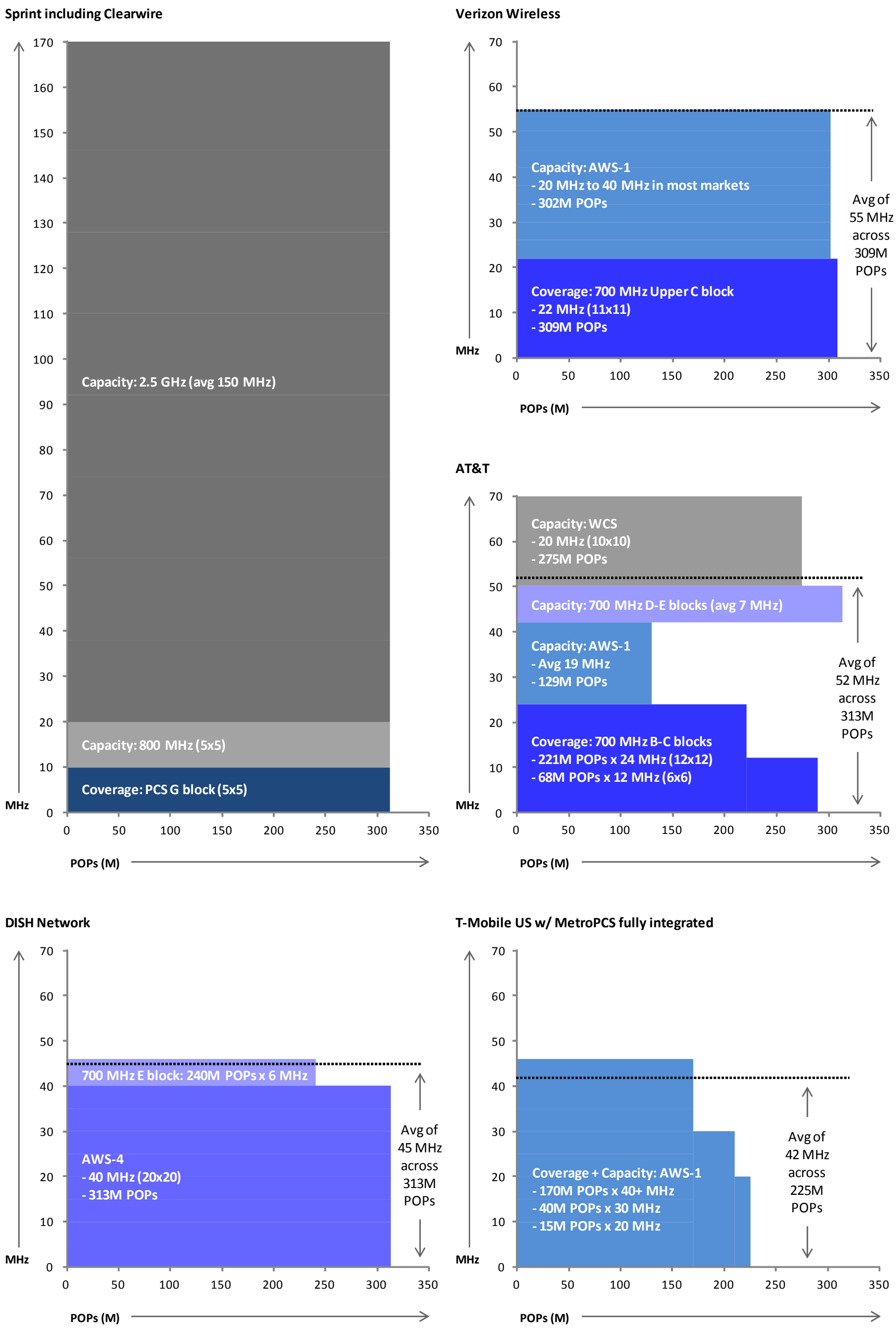
Looking ahead, we expect all operators to deploy much denser cell site configurations in order to deliver higher data speeds. So, the goal is to add cell sites, not limit them. As networks densify, we believe that higher frequency bands will be viewed as increasingly valuable specifically because they do not propagate too far thereby enabling carriers to place their sites closer together without creating interference.

Another interesting feature of Sprint's 2.5 GHz licenses is that they are not paired meaning certain portions have not been designated by the FCC for downlink and uplink signals. This enables Sprint to deploy TDD LTE technology in these bands, as opposed to the more common FDD version. Unlike FDD, which is deployed in paired spectrum bands, TDD does not limit uplink and downlink signals to pre-allocated portions of a carrier's spectrum. Instead, it dynamically uses as much uplink or downlink capacity as needed. Currently, downlink signals use far more capacity than uplink signals. This makes FDD/paired spectrum inefficient as this solution provides identical capacity to both uplink and downlink traffic.

Our key point is that Sprint's 2.5 GHz bands have historically been viewed as less valuable because they were less efficient for building 'coverage' networks. But, based on the increasing focus on building denser 'capacity' networks, and the growing asymmetry in uplink vs. downlink signals, we believe that these bands are arguably the most efficient spectrum for how carriers will build networks over the next 10 years.

A downside of TDD is that it is not the most common form of LTE being used today, especially in the US (where Sprint is the only carrier with plans to use it). So, the ecosystem of handsets and network gear is less developed. However, we view this as a timing issue. For example, as highlighted in a report by our colleague Brian Modoff, by 2016 TDD is expected to support nearly 40% of global LTE connections, including deployments in Japan by Sprint's parent company, Softbank. (See "From Start to Mobile Clouds and Beyond", 5/15/13, Figure 71.) We therefore expect that Sprint will be able to procure common network elements and handsets based on TDD technology without too much difficulty. In fact, Sprint expects to have TDD-based handsets in its line-up before year-end. We also note that Sprint's current LTE network is based on FDD (using its PCS G block license and soon its 800 MHz license), so it is already able to support mainstream devices, such as the iPhone, that are based on FDD.

Figure 3: Spectrum that is free-and-clear to support LTE at the Big 4 carriers and DISH



Source: The FCC, company materials and Deutsche Bank estimates

Sprint has the most spectrum on a national basis that is both free-and-clear and well suited for LTE

Please see Figures 18-22 for details on the composition of each operator's spectrum holdings, including use by technology.

Material upside potential to our long term EBITDA outlook

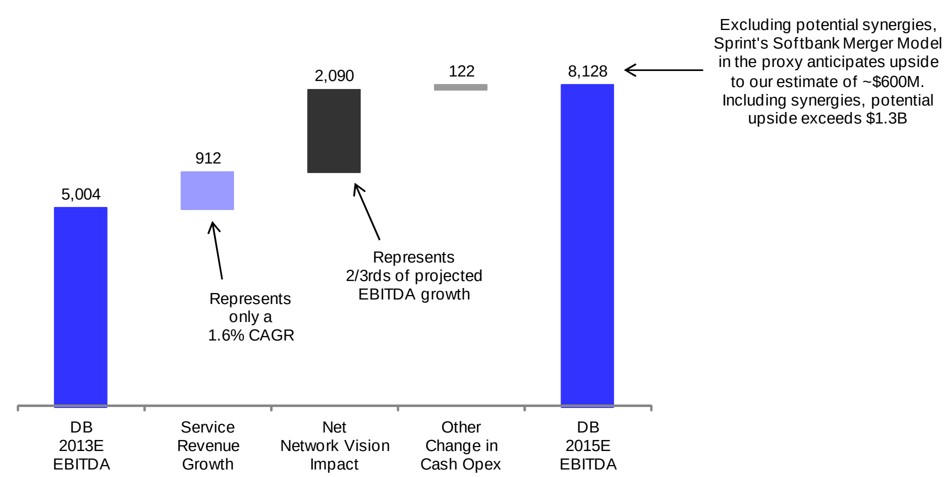
We see nearly 30% annual growth in wireless EBITDA just from run-rate revenue growth and Network Vision cost savings

Our forecasts for Sprint anticipate that the company can grow consolidated EBITDA at a 25% CAGR over the next 2 years (2013-2015), by far the highest rate of projected EBITDA growth among large cap wireless operators in the US. However, we actually view our outlook as conservative as it implies no meaningful improvement in Sprint's fundamentals despite access to Softbank's balance sheet and Clearwire's spectrum. Our conservatism is highlighted in Figure 4, where we break-out the drivers of this growth, which primarily comes from two areas: (1) modest growth in wireless service revenue and (2) net cost savings from Network Vision.

As shown, 2/3rds of the growth that we are modeling in Sprint's wireless EBITDA over the next 2 years comes primarily from Network Vision, which we expect to achieve recurring savings of $1.6 billion in 2015 vs. a $500 million drag in 2013. These savings primarily come from shutting down the Nextel network ($1.1 billion) and reduced roaming costs on the Sprint network ($500 million). The remaining wireless EBITDA growth in our model is from growth in wireless service revenue, which we project at a 2-year CAGR of only 1.6% (i.e. in-line with the current run-rate).

If Sprint is able to achieve any of the additional operating improvements and/or cost synergies it anticipates from its merger with Softbank, then upside potential to our numbers could be material. For example, according to the Softbank Merger Model forecasts in Sprint's proxy, the company sees over $600 million of upside to our 2015 consolidated EBITDA estimate excluding potential synergies, and an additional $700 million if synergies are factored in. At the high end, this would drive 17% upside to our 2015 EBITDA estimate and a nearly 40% CAGR in EBITDA over the next 2 years.

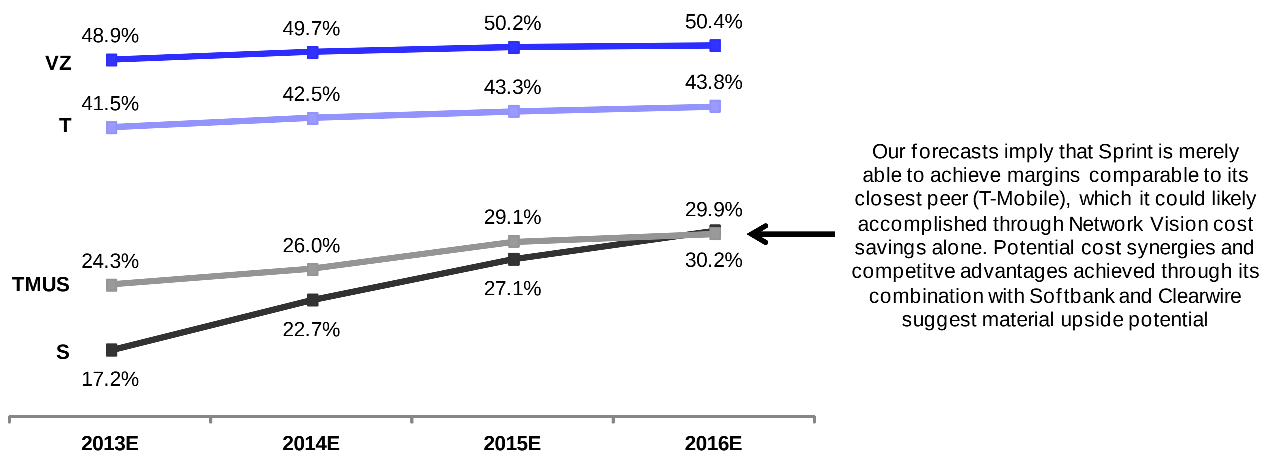
Figure 4: Drivers of DB's 2-year wireless EBITDA growth forecast vs. proxy outlook



Source: Deutsche Bank estimates and company materials

To further illustrate our conservatism, please see Figure 5 in which we compare Sprint's wireless EBITDA margins to Verizon's, AT&T's and T-Mobile's. As shown, our outlook for Sprint implies that within 3 years it is merely able to achieve margins that are comparable to the low-end of its peer group (T-Mobile). We believe that Sprint could likely close this gap through Network Vision cost savings alone, which supports our view that numbers could move materially higher if Sprint is able to achieve the cost synergies and competitive advantages of its combinations with Softbank and Clearwire.

Figure 5: Wireless EBITDA margin forecasts for the Big 4 wireless carriers



Source: Deutsche Bank estimates and company materials

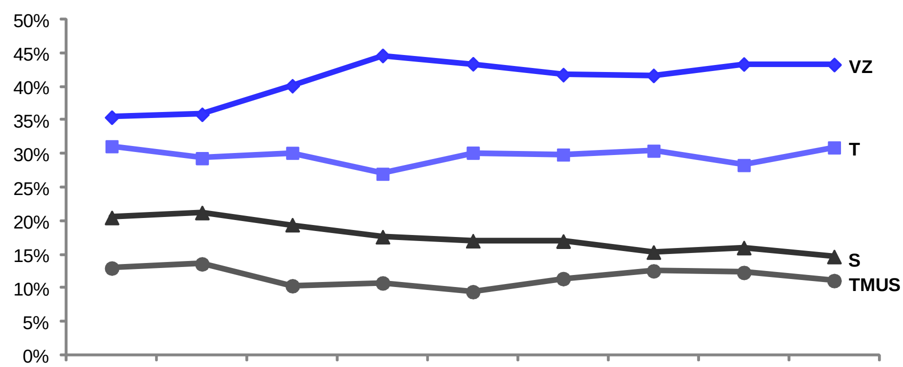
Near-term headwinds

Near-term fundamental trends may be uneven due to Network Vision completion and Clearwire integration

While we see significant potential for Sprint to improve fundamentals over the next several years, below we highlight a few areas where lingering issues are likely to pressure results over the next few quarters.

Post paid customer losses. We expect continued post paid subscriber losses until Sprint's initial LTE network overlay is complete in 1H14. This project is impacting post paid net adds in two ways. First, until the upgrade is complete, network quality is likely to remain spotty resulting in elevated Sprint-brand churn levels like we saw in 1Q13 (1.84%). Second, we expect Sprint to hold back on marketing until it can advertise a quality LTE network experience across its entire footprint. We therefore expect Sprint's post paid gross adds to remain below historical levels (on both an absolute and market share basis) into early 2014. These impacts could also be somewhat exacerbated near-term due to (1) improving trends at TMUS, which is expected to report a return to growth in its own post paid business in 2Q, and (2) poor trends in acquired US Cellular markets that could take a few quarters to turn around. The net impact is that we expect Sprint's post paid customer base to decline 5-6% per quarter for the balance of 2013 before returning to growth next year. Post paid service revenue, however, should be much more stable for the balance of the year due to continued flow-through of the $10 unlimited data add-on charge for smartphone subs with unlimited data plans.

Figure 6: Big 4 post paid gross adds and gross add share



Share	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13E	3Q13E	4Q13E
Verizon	35.4%	35.9%	40.1%	44.6%	43.4%	41.8%	41.7%	43.4%	43.3%
AT&T	31.1%	29.3%	30.1%	27.0%	30.1%	29.9%	30.4%	28.3%	30.9%
Sprint	20.5%	21.2%	19.4%	17.6%	17.0%	17.0%	15.3%	16.0%	14.7%
T-Mobile US*	13.0%	13.6%	10.3%	10.8%	9.4%	11.4%	12.6%	12.3%	11.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
000s									
Verizon	3,654	3,026	3,116	3,981	4,706	3,491	3,530	3,810	4,495
AT&T	3,208	2,474	2,340	2,408	3,270	2,496	2,580	2,487	3,213
Sprint	2,114	1,791	1,508	1,572	1,847	1,419	1,300	1,408	1,524
T-Mobile US*	1,337	1,146	803	959	1,025	952	1,064	1,082	1,154
Total	10,313	8,437	7,766	8,920	10,847	8,357	8,473	8,788	10,386

* TMUS is branded contract

Source: Company materials and Deutsche Bank estimates

Weak prepaid customer trends. We expect a loss of 1.25 million prepaid subs in 2Q13 driven by a deactivation of roughly 1.35 million customers under Sprint's Assurance brand. This is the expected number of customers who will not meet the government's recertification requirement in order to remain eligible to receive subsidized Lifeline services such as Assurance. Following 2Q, we expect prepaid customer trends to remain soft for several quarters due to a few factors including (1) pressures on the acquired Clearwire retail customer base and (2) lower Assurance gross adds due to stricter qualification requirements. Our model shows modest prepaid sub growth in 2H13, primarily due to seasonal strength in 4Q, with a net decline of 500k subs in 2014, primarily due to ongoing declines in the Clearwire retail base.

However, we expect prepaid service revenue to grow through 2H13 and 2014, primarily due to higher ARPU as the customer mix improves. For example, the lost 1.35 million Assurance customers have an ARPU near $10 while the acquired 1.3 million Clearwire retails customers have an ARPU near $43.50.

Margin pressures. Consolidated EBITDA margins are likely to decline in 2Q13 (as guided) as Network Vision spending peaks. For example, we estimate a 242 bp decline QoQ in 2Q13 to 16.7% (of Sprint's total service revenue). The company sees Network Vision having a more neutral impact on EBITDA in 2H13, although margins will likely remain under pressure in the back half due to seasonal weakness in 4Q. However, we expect margins to turn sharply higher in 2014 as the net benefits of Network Vision kick in. For example, we estimate 500+ bp of EBITDA margin expansion to 22.4% in 2014 followed by 400+ bp of expansion to 26.6% in 2015.

Negative FCF. We expect capex intensity to remain elevated due to heavy network investment, resulting in materially negative FCF through 2014. Specifically, we expect wireless capex as a percent of service revenue of 26.2% in 2013 and 26.0% in 2014, followed by 19.0% in 2015 during which we expect FCF to be approximately breakeven.

Forecasts indicate a need to raise $2 billion to $4 billion

We expect Sprint to seek additional financing within the next 12 months. Our view is based on our forecasts for cash burn of nearly $8 billion during 2Q13-2015, plus some additional debt maturities totaling approximately $700 million during this time period. These cash uses exceed Sprint's estimated 1Q13 pro forma cash position (as detailed in Figure 7) of $6.6 billion, indicating a need for Sprint to raise at least $2 billion just to maintain a positive cash balance. We therefore believe that a more substantial debt raise is likely in order to ensure that Sprint maintains a comfortable cash cushion as it looks to build-out the 2.5 GHz spectrum licenses it acquired with Clearwire. We have therefore factored into our model a $4 billion debt raise (at an 8% cost) during 2H13.

Our funding analysis assumes that Sprint repays non-Clearwire debt as it matures while looking to refinance Clearwire debt (at the same cost). So, our $4 billion funding assumption is mostly an anticipated increase in gross debt. We have not factored into our model the cost of any additional spectrum purchases, such as the H block, which could add to Sprint's funding needs. However, we believe that even with net debt/EBITDA of ~4x (high relative to peers), Sprint should not have difficulty funding strategic spectrum acquisitions due to the strength of Softbank's balance sheet. (Note: as discussed in the next section of this note, for valuation purposes we have assumed a $3 billion future spectrum purchase, which is added to net debt when calculating our price target and Sprint's current market valuation.)

Figure 7: Cash balance forecasts and funding needs ($ millions)

	1Q13	Close Softbank	Close Clearwire	Other	Pro forma	Expected Debt Issue	Pro forma
Cash, cash equivalents and ST investments	**7,769**				**7,769**		
(-) Cash to acquire USM				(480)	(480)		
(+) Cash investment by Softbank		1,900			1,900		
(+) Cash from Softbank warrants		287			287		
(+) Cash acquired from Clearwire (1Q13)			797		797		
(-) Cash to acquire Clearwire minority shares			(3,669)		(3,669)		
Pro forma cash	**7,769**				**6,604**		**6,604**
(-) 2Q13E - 4Q13E FCF					(4,194)		(4,194)
(+) Other changes in cash					(211)	4,000	3,789
YE13E Cash					**2,199**		**6,199**
(-) 2014E FCF					(3,468)		(3,468)
(-) Debt repayment					(181)		(181)
YE14E Cash					**(1,450)**		**2,550**
(-) 2015E FCF					(90)		(90)
(-) Debt repayment					(536)		(536)
YE15E Cash					**(2,076)**		**1,924**

A debt issue of approximately $4 billion would allow Sprint to maintain a substantial cash cushion through 2015

Source: Company materials and Deutsche Bank estimates

Summary model

Figure 8: Sprint annual summary model

Annual Summary Forecasts									CAGRe	CAGRe
Income Statement ($ millions)	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**'12-'17**	**'13-'18**
Wireless	30,301	32,334	32,667	33,139	33,437	33,908	34,342	34,656	1.2%	1.2%
Wireline	4,326	3,881	3,512	3,236	3,018	2,845	2,709	2,606	-6.9%	-5.8%
Eliminations/Other	(948)	(870)	(789)	(800)	(800)	(800)	(800)	(800)		
Revenue	**33,679**	**35,345**	**35,389**	**35,574**	**35,654**	**35,952**	**36,251**	**36,462**	0.5%	0.6%
% Growth	3.4%	4.9%	0.1%	0.5%	0.2%	0.8%	0.8%	0.6%		
Adj EBITDA	**5,072**	**4,803**	**5,496**	**7,110**	**8,550**	**9,673**	**10,662**	**11,539**	17.3%	16.0%
% Growth	-10.0%	-5.3%	14.4%	29.4%	20.3%	13.1%	10.2%	8.2%		
% Margin	15.1%	13.6%	15.5%	20.0%	24.0%	26.9%	29.4%	31.6%		
EPS (GAAP)	($0.96)	($1.44)	($0.86)	($0.52)	($0.51)	($0.05)	$0.29	$0.56	NM	NM
% Growth	NM	NM	NM	NM	-2.3%	-90.2%	-683.9%	93.7%		
Cash Flow ($ millions)	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**'12-'17**	**'13-'18**
Cash Flows										
Cash Flow from Ops	3,691	2,999	3,211	4,560	5,986	7,222	8,412	9,555		
Cash Flow from Investing	(3,443)	(6,375)	(11,772)	(8,028)	(6,076)	(6,051)	(6,014)	(6,109)		
Cash Flow from Financing	26	4,280	6,117	(181)	(536)	(2,000)	(2,745)	(3,000)		
Free Cash Flow (reported)	**429**	**(1,449)**	**(4,687)**	**(3,468)**	**(90)**	**1,171**	**2,398**	**3,446**	NM	NM
% of Total Revenue	1.3%	-4.1%	-13.2%	-9.7%	-0.3%	3.3%	6.6%	9.4%		
% Growth	-82.9%	-437.8%	223.5%	-26.0%	-97.4%	-1402.1%	104.7%	43.7%		
FCF / Share *	$0.14	($0.48)	($1.31)	($0.87)	($0.02)	$0.29	$0.60	$0.86	NM	NM
% Growth	-83.0%	-436.2%	171.4%	-33.8%	-97.4%	-1402.1%	104.7%	43.7%		
Capex (cash based)	**3,130**	**4,261**	**7,586**	**8,028**	**6,076**	**6,051**	**6,014**	**6,109**		
% Growth	61.8%	36.1%	78.0%	5.8%	-24.3%	-0.4%	-0.6%	1.6%		
% of Revenue	17.0%	16.8%	21.4%	22.6%	17.0%	16.8%	16.6%	16.8%		
Balance Sheet ($ millions)	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**'12-'17**	**'13-'18**
Cash	5,597	8,200	6,199	2,550	1,924	1,095	748	1,194		
Gross Debt	20,274	24,341	29,415	29,234	28,699	26,699	23,954	20,954		
Net Debt	14,677	16,141	23,217	26,685	26,775	25,603	23,205	19,760		
Net Debt / EBITDA	2.9x	3.4x	4.2x	3.8x	3.1x	2.6x	2.2x	1.7x		
EBITDA / Interest Expense	5.0x	3.4x	2.6x	2.8x	3.3x	3.9x	4.7x	5.8x		
Average Cost of Debt	5.2%	6.7%	8.2%	8.9%	8.9%	8.9%	8.9%	8.9%		

* Sprint defined FCF/Share = (Cash Flow from Operations - Cash Capex - Rebanding Capex - Other Investments, Net - Dividends) / Fully Diluted Shares

Source: Deutsche Bank estimates and company reports

Figure 9: Sprint quarterly summary model

Quarterly Summary Forecasts										
Income Statement ($ millions)	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**1Q13**	**2Q13E**	**3Q13E**	**4Q13E**	**2013E**
Wireless	7,950	8,067	8,042	8,275	32,334	8,089	8,130	8,182	8,266	32,667
Wireline	998	995	939	949	3,881	893	900	854	865	3,512
Eliminations/Other	(214)	(219)	(218)	(219)	(870)	(189)	(200)	(200)	(200)	(789)
Revenue	**8,734**	**8,843**	**8,763**	**9,005**	**35,345**	**8,793**	**8,830**	**8,835**	**8,931**	**35,389**
% Growth	5.1%	6.4%	5.2%	3.2%	4.9%	0.7%	-0.2%	0.8%	-0.8%	0.1%
Adj EBITDA	**1,213**	**1,451**	**1,279**	**860**	**4,803**	**1,524**	**1,329**	**1,573**	**1,070**	**5,496**
% Growth	-19.9%	10.4%	-8.8%	2.1%	-5.3%	25.6%	-8.4%	23.0%	24.4%	14.4%
% Margin	13.9%	16.4%	14.6%	9.6%	13.6%	17.3%	15.0%	17.8%	12.0%	15.5%
EPS (GAAP)	($0.29)	($0.46)	($0.26)	($0.44)	($1.44)	($0.21)	($0.30)	($0.09)	($0.26)	($0.86)
% Growth	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Cash Flow ($ millions)	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**1Q13**	**2Q13E**	**3Q13E**	**4Q13E**	**2013E**
Cash Flows										
Cash Flow from Ops	978	1,177	628	216	2,999	940	892	951	428	3,211
Cash Flow from Investing	(1,295)	(1,393)	(897)	(2,790)	(6,375)	(1,158)	(2,570)	(5,859)	(2,185)	(11,772)
Cash Flow from Financing	1,965	(1,019)	54	3,280	4,280	142	(304)	6,282	(4)	6,117
Free Cash Flow (reported)	**138**	**209**	**(487)**	**(1,309)**	**(1,449)**	**(493)**	**(1,198)**	**(1,239)**	**(1,757)**	**(4,687)**
% of Total Revenue	1.6%	2.4%	-5.6%	-14.5%	-4.1%	-5.6%	-13.6%	-14.0%	-19.7%	-13.2%
% Growth	-22.5%	-21.7%	78.4%	-609.3%	-437.8%	-457.2%	-673.4%	154.4%	34.2%	223.5%
FCF / Share *	$0.05	$0.07	($0.16)	($0.44)	($0.48)	($0.16)	($0.40)	($0.31)	($0.44)	($1.31)
% Growth	-22.7%	-21.9%	78.0%	-607.6%	-436.2%	-455.6%	-669.0%	90.6%	0.7%	171.4%
Capex (cash based)	**783**	**928**	**1,073**	**1,477**	**4,261**	**1,381**	**2,000**	**2,100**	**2,105**	**7,586**
% Growth	21.6%	22.3%	31.2%	62.5%	36.1%	76.4%	115.5%	95.7%	42.5%	78.0%
% of Revenue	9.0%	10.5%	12.2%	16.4%	16.8%	15.7%	22.7%	23.8%	23.6%	21.4%
Balance Sheet ($ millions)	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**1Q13**	**2Q13E**	**3Q13E**	**4Q13E**	**2013E**
Cash	7,572	6,762	6,329	8,200	8,200	7,769	5,787	7,959	6,199	6,199
Gross Debt	22,268	21,264	21,304	24,341	24,341	24,500	24,197	29,419	29,415	29,415
Net Debt	14,696	14,502	14,975	16,141	16,141	16,731	18,409	21,460	23,217	23,217
Net Debt / EBITDA	3.0x	2.5x	2.9x	4.7x	3.4x	2.7x	3.5x	3.4x	5.4x	4.2x
EBITDA / Interest Expense	4.1x	4.5x	3.4x	2.0x	3.4x	3.5x	3.0x	2.5x	1.7x	2.6x
Average Cost of Debt	5.9%	6.2%	7.4%	7.8%	6.7%	7.4%	7.5%	9.5%	9.0%	8.2%

* Sprint defined FCF/Share = (Cash Flow from Operations - Cash Capex - Rebanding Capex - Other Investments, Net - Dividends) / Fully Diluted Shares

Source: Deutsche Bank estimates and company reports

Figure 10: Wireless segment annual summary model

Annual Wireless Summary Forecasts									CAGRe	CAGRe
Financials ($ millions)	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**'12-'17**	**'13-'18**
Post Paid Revenue	22,634	23,701	23,374	23,510	24,139	24,739	25,263	25,664	1.3%	1.9%
Prepaid Revenue	4,495	4,902	5,253	5,399	5,357	5,475	5,626	5,777	2.8%	1.9%
Wholesale/Affiliate Revenue	261	483	432	452	475	491	506	520	0.9%	3.8%
Total Service Revenue	**27,390**	**29,086**	**29,059**	**29,361**	**29,971**	**30,705**	**31,395**	**31,961**	1.5%	1.9%
% Growth	5.8%	6.2%	-0.1%	1.0%	2.1%	2.4%	2.2%	1.8%		
Equipment Revenue	2,911	3,248	3,607	3,777	3,465	3,203	2,947	2,695	-1.9%	-5.7%
% Growth	7.7%	11.6%	11.1%	4.7%	-8.3%	-7.6%	-8.0%	-8.5%		
Total Wireless Revenue	**30,301**	**32,334**	**32,667**	**33,139**	**33,437**	**33,908**	**34,342**	**34,656**	1.2%	1.2%
% Growth	6.0%	6.7%	1.0%	1.4%	0.9%	1.4%	1.3%	0.9%		
% of Consolidated Revenue	90.0%	91.5%	92.3%	93.2%	93.8%	94.3%	94.7%	95.0%		
EBITDA	**4,267**	**4,147**	**5,004**	**6,658**	**8,128**	**9,275**	**10,283**	**11,174**	19.9%	17.4%
% Growth	-5.8%	-2.8%	20.7%	33.0%	22.1%	14.1%	10.9%	8.7%		
% of Service Revenue	15.6%	14.3%	17.2%	22.7%	27.1%	30.2%	32.8%	35.0%		
Capex (accrual based)	**2,416**	**4,884**	**7,606**	**7,634**	**5,695**	**5,680**	**5,651**	**5,753**		
% Growth	67.3%	102.2%	55.7%	0.4%	-25.4%	-0.2%	-0.5%	1.8%		
% of Service Revenue	8.8%	16.8%	26.2%	26.0%	19.0%	18.5%	18.0%	18.0%		
Subscriber Metrics	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**'12-'17**	**'13-'18**
Post Paid										
Post Paid ARPU	$57.27	$60.81	$63.20	$64.78	$65.75	$66.41	$66.74	$66.74	1.9%	1.1%
% Growth	4.2%	6.2%	3.9%	2.5%	1.5%	1.0%	0.5%	0.0%		
Post Paid Churn	1.86%	2.02%	2.10%	1.70%	1.50%	1.30%	1.20%	1.10%		
Post Paid Net Adds (000s)	(98)	(1,137)	(2,128)	300	400	500	500	500	-184.8%	-174.9%
Post Paid Subs (000s)	33,014	31,877	30,094	30,394	30,794	31,294	31,794	32,294	-0.1%	1.4%
% Growth	-0.3%	-3.4%	-5.6%	1.0%	1.3%	1.6%	1.6%	1.6%		
Prepaid										
Prepaid Net Adds (000s)	2,512	798	(631)	(500)	250	450	450	450	-10.8%	-193.5%
Prepaid Subs (000s)	14,789	15,587	16,319	15,819	16,069	16,519	16,969	17,419	1.7%	1.3%
% Growth	20.5%	5.4%	4.7%	-3.1%	1.6%	2.8%	2.7%	2.7%		
Wholesale/Affiliates										
Wholesale/Affiliate Net Adds (000s)	2,697	944	26	750	500	500	500	500	-11.9%	80.6%
Wholesale/Affiliate Subs (000s)	7,218	8,162	8,201	8,951	9,451	9,951	10,451	10,951	5.1%	6.0%
% Growth	59.7%	13.1%	0.5%	9.1%	5.6%	5.3%	5.0%	4.8%		
Total										
Total ARPU	$43.65	$43.42	$44.35	$44.58	$44.81	$44.86	$44.73	$44.44	0.6%	0.0%
Total Churn	2.23%	2.12%	2.49%	2.25%	1.97%	1.78%	1.65%	1.52%		
Total Net Adds (000s)	5,111	605	(2,733)	550	1,150	1,450	1,450	1,450	19.1%	-188.1%
Total Subs (000s)	**55,021**	**55,626**	**54,613**	**55,163**	**56,313**	**57,763**	**59,213**	**60,663**	1.3%	2.1%
% Growth	10.2%	1.1%	-1.8%	1.0%	2.1%	2.6%	2.5%	2.4%		
Sub Mix										
% Post Paid	60.0%	57.3%	55.1%	55.1%	54.7%	54.2%	53.7%	53.2%		
% Prepaid	26.9%	28.0%	29.9%	28.7%	28.5%	28.6%	28.7%	28.7%		
% Wholesale/Affiliate	13.1%	14.7%	15.0%	16.2%	16.8%	17.2%	17.6%	18.1%		

Source: Deutsche Bank estimates and company reports

Figure 11: Wireless segment quarterly summary model

Quarterly Wireless Summary Forecasts										
Financials ($ millions)	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**1Q13**	**2Q13E**	**3Q13E**	**4Q13E**	**2013E**
Post Paid Revenue	5,908	5,965	5,936	5,892	23,701	5,916	5,868	5,804	5,786	23,374
Prepaid Revenue	1,204	1,225	1,235	1,238	4,902	1,227	1,267	1,374	1,385	5,253
Wholesale/Affiliate Revenue	103	124	121	135	483	133	131	83	85	432
Total Service Revenue	**7,215**	**7,314**	**7,292**	**7,265**	**29,086**	**7,276**	**7,267**	**7,261**	**7,255**	**29,059**
% Growth	7.4%	8.2%	5.7%	3.6%	6.2%	0.8%	-0.6%	-0.4%	-0.1%	-0.1%
Equipment Revenue	735	753	750	1,010	3,248	813	863	920	1,011	3,607
% Growth	5.8%	9.1%	21.8%	11.0%	11.6%	10.6%	14.6%	22.7%	0.1%	11.1%
Total Wireless Revenue	**7,950**	**8,067**	**8,042**	**8,275**	**32,334**	**8,089**	**8,130**	**8,182**	**8,266**	**32,667**
% Growth	7.2%	8.3%	7.0%	4.5%	6.7%	1.7%	0.8%	1.7%	-0.1%	1.0%
% of Consolidated Revenue	91.0%	91.2%	91.8%	91.9%	91.5%	22.9%	92.5%	92.7%	93.6%	92.3%
EBITDA	**1,052**	**1,299**	**1,118**	**678**	**4,147**	**1,395**	**1,204**	**1,455**	**950**	**5,004**
% Growth	-18.0%	17.9%	-7.9%	1.5%	-2.8%	32.6%	-7.3%	30.1%	40.1%	20.7%
% of Service Revenue	14.6%	17.8%	15.3%	9.3%	14.3%	19.2%	16.6%	20.0%	13.1%	17.2%
Capex (accrual based)	**710**	**1,012**	**1,376**	**1,786**	**4,884**	**1,706**	**1,900**	**2,000**	**2,000**	**7,606**
% Growth	-50.8%	125.4%	152.0%	176.0%	987.8%	120.4%	-21.4%	181.7%	97.6%	55.7%
% of Service Revenue	9.8%	13.8%	18.9%	24.6%	16.8%	23.4%	26.1%	27.5%	27.6%	26.2%
Subscriber Metrics	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**1Q13**	**2Q13E**	**3Q13E**	**4Q13E**	**2013E**
Post Paid										
Post Paid ARPU	$59.88	$60.88	$61.18	$61.47	$60.81	$62.47	$63.21	$63.63	$63.93	$63.20
% Growth	6.6%	7.4%	6.1%	4.9%	6.2%	4.3%	3.8%	4.0%	4.0%	3.9%
Post Paid Churn	2.01%	1.79%	2.09%	2.18%	2.02%	2.09%	2.58%	1.90%	1.85%	2.10%
Post Paid Net Adds (000s)	(192)	(246)	(456)	(243)	(1,137)	(560)	(1,093)	(325)	(150)	(2,128)
Post Paid Subs (000s)	32,822	32,576	32,120	31,877	31,877	31,317	30,569	30,244	30,094	30,094
% Growth	-0.5%	-1.0%	-2.2%	-3.4%	-3.4%	-4.6%	-6.2%	-5.8%	-5.6%	-5.6%
Prepaid										
Prepaid Net Adds (000s)	489	141	19	149	798	369	(1,250)	0	250	(631)
Prepaid Subs (000s)	15,278	15,419	15,438	15,587	15,587	15,956	14,769	16,069	16,319	16,319
% Growth	16.4%	11.8%	8.1%	5.4%	5.4%	4.4%	-4.2%	4.1%	4.7%	4.7%
Wholesale/Affiliates										
Wholesale/Affiliate Net Adds (000s)	785	388	14	(243)	944	(224)	0	0	250	26
Wholesale/Affiliate Subs (000s)	8,003	8,391	8,405	8,162	8,162	7,938	7,951	7,951	8,201	8,201
% Growth	63.0%	54.6%	34.2%	13.1%	13.1%	-0.8%	-5.2%	-5.4%	0.5%	0.5%
Total										
Total ARPU	$43.28	$43.35	$43.27	$43.40	$43.42	$43.76	$44.65	$45.01	$44.43	$44.35
Total Churn	2.16%	2.00%	2.13%	2.16%	2.12%	2.11%	3.38%	2.27%	2.22%	2.49%
Total Net Adds (000s)	1,082	283	(423)	(337)	605	(415)	(2,343)	(325)	350	(2,733)
Total Subs (000s)	**56,103**	**56,386**	**55,963**	**55,626**	**55,626**	**55,211**	**53,288**	**54,263**	**54,613**	**54,613**
% Growth	9.9%	8.2%	4.8%	1.1%	1.1%	-1.6%	-5.5%	-3.0%	-1.8%	-1.8%
Sub Mix										
% Post Paid	58.5%	57.8%	57.4%	57.3%	57.3%	56.7%	57.4%	55.7%	55.1%	55.1%
% Prepaid	27.2%	27.3%	27.6%	28.0%	28.0%	28.9%	27.7%	29.6%	29.9%	29.9%
% Wholesale/Affiliate	14.3%	14.9%	15.0%	14.7%	14.7%	14.4%	14.9%	14.7%	15.0%	15.0%

Source: Deutsche Bank estimates and company reports

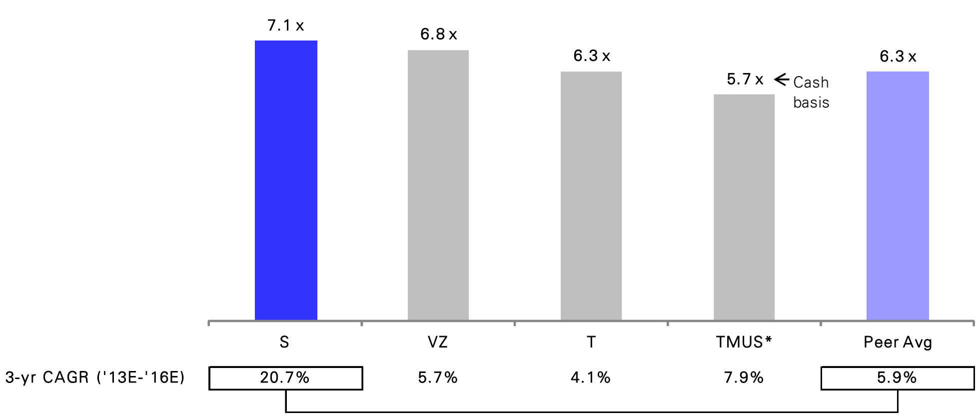
Attractive valuation

Near-term valuation multiples do not reflect long-term growth

Sprint is trading at 7.1x 2014E EBITDA vs. a range of 5.7x to 6.8x for VZ, T and TMUS. While this suggests that stock has limited upside potential, we believe that valuation is compelling in light of our outlook for materially faster EBITDA growth at Sprint vs. these peers. For example, we estimate that Sprint can grow EBITDA at a 3-year CAGR (2013-2016) of nearly 21%, which is more than 3x the growth that we project, on average, for VZ (5.7%), T (4.4%) and TMUS (7.9%). Based on our growth outlook for Sprint, we believe the stock should trade at a premium to all of its peers. For example, if Sprint were trading at 8x 2014E EBITDA (the basis of our price target, as discussed next), it would have no premium when compared to its peers on a 2016 basis (see Figure 13).

Sprint is trading at the high-end of its peer group on 2014E EBITDA; this looks attractive to us based on our outlook for EBITDA growth that is more than 3x the growth we forecast for its key comps

Figure 12: Enterprise value-to-EBITDA multiples (2014E) and estimated 3-year EBITDA CAGRs for Sprint vs. the other national wireless carriers



* TMUS '14 EBITDA on a 'cash basis' represents reported EBITDA (excluding merger integration costs) less an adjustment for the variance we estimate between booked equipment revenue and handset installment payments we expect during 2014.

Source: Deutsche Bank estimates, company materials and FactSet

Figure 13: Implied EV/EBITDA multiples for 2015 and 2016

$ millions	S	VZ	T	TMUS*	Peer Avg
Multiple	Price Target	Market	Market	Market	
EV/'14E EBITDA	8.0 x	6.8 x	6.3 x	5.7 x	6.3 x
(x) '14 EBITDA	7,110	28,342	43,479	5,392	
(=) Enterprise Value	56,882	193,722	273,351	30,738	
(÷) '15 EBITDA	8,550	29,982	45,071	6,061	
(÷) '16 EBITDA	9,673	31,174	46,845	6,290	
(=) EV/'15E EBITDA	6.7 x	6.5 x	6.1 x	5.1 x	5.9 x
(=) EV/'16E EBITDA	5.9 x	6.2 x	5.8 x	4.9 x	5.6 x

Even if the stock were at 8x '14E EBITDA, its near-term premium vs. its peers rapidly goes away due to higher projected EBITDA growth

* TMUS '14 EBITDA on a 'cash basis' represents reported EBITDA (excluding merger integration costs) less an adjustment for the variance we estimate between booked equipment revenue and handset installment payments we expect during 2014.

Source: Company materials, Deutsche Bank estimates and FactSet

Price target methodology

We do not factor in potential value for NOLs or excess spectrum

We established a 12-month price target for Sprint of $8.00. This implies over 40% potential upside from the adjusted post-merger share price. We have developed our price target using a blend of two equally weighted methodologies: EV/EBITDA and DCF. We believe our price target methodologies are conservative for the following reasons:

- Both methodologies add to net debt a potential $3 billion purchase of spectrum. This represents a rough estimated valuation for the 10 MHz H block that the FCC is required to auction prior to March 2015. As the owner of the adjacent 10 MHz G block, Sprint, in our view, is the most likely winning bidder. The estimated cost of this block to Sprint is based on a valuation of $1 per MHz POP, which is in-line with historical valuations in the 1900 MHz band as well as recent transactions involving comparable AWS-1 spectrum licenses.
- We are not including any benefit from Sprint's and Clearwire's federal NOLs, which totaled $10.8 billion and $1.3 billion, respectively, as of 4Q12.
- We are not assigning any potential value to excess 2.5 GHz spectrum.

Figure 14: Price target calculation

Price Target Calculation

DCF Method		**EBITDA Method ($M)**	
WACC	7.5%	Fwd Year EBITDA ('14E)	7,110
Terminal UFCF Growth	3.0%	Fwd 5-Year CAGR ('13-'18)	16.0%
Private-to-Public Discount	0%	Targeted EBITDA Multiple	8.0 x
Price Target	$8.25	Price Target	$7.75
Weight	50%	Weight	50%

Price Target	**$8.00**
Estimated Adjusted Post Merger Closing Price for 'New' Sprint	$5.98
Potential Upside (Downside)	33.8%

Source: Deutsche Bank estimates, company materials and FactSet

Figure 15: Estimated adjusted closing price of 'New' Sprint on 7/10/13

Theoretical 100 share porfolio	
Unadjusted Closing Price (7/10/13)	**$7.18**
Shares	100
Market Value	$718
Acquisition Price	$7.65
Cash Value / Share	$5.50
Value of Cash Payment	$550
÷ Acquisition Price	$7.65
Share Sold for Cash	72
Remaining Shares	28
Market Value of Remaining Shares	$168
Estimated Adjusted Closing Price (7/10/13)	**$5.98**

Source: Deutsche Bank estimates, company materials and FactSet

EBITDA methodology. Our EBITDA-based valuation of $7.75 is based on a target multiple of 8.0x 2014E EBITDA. Our target represents the mid-point of a range of 7.5-8.5x, which is above Sprint's peer valuations due to our view that it will grow EBITDA substantially faster over the next several years. See Figure 16 for details.

Figure 16: EV/EBITDA-based price target calculation ($ millions)

			Price Target	
$ millions	**Low**	**High**	**Average**	**Current**
'14E EBITDA	**7,110**	**7,110**	**7,110**	**7,110**
'13-'18 EBITDA CAGR	16.0%	16.0%	16.0%	16.0%
EBITDA Multiple	**7.5 x**	**8.5 x**	**8.0 x**	**7.1 x**
Multiple-to-Growth	47%	53%	50%	44%
Enterprise Value	**53,327**	**60,438**	**56,882**	**50,169**
- YE13 Net Debt	(23,217)	(23,217)	(23,217)	(23,217)
- Estimated Future Spectrum Purchases	(3,000)	(3,000)	(3,000)	(3,000)
Equity Value	**27,110**	**34,221**	**30,666**	**23,953**
÷ YE13 Diluted Shares, est (M)	4,007	4,007	4,007	4,007
Value / Share (rounded)	**$6.75**	**$8.50**	**$7.75**	**$5.98**
Estimated Adjusted Post Merger Closing Price for 'New' Sprint	$5.98	$5.98	$5.98	
Potential Upside (Downside)	12.9%	42.2%	29.6%	

Source: Deutsche Bank estimates, company materials and FactSet

DCF methodology. Our DCF-based valuation of $8.25 is calculated using a 7.5% WACC and a 3.0% terminal growth rate to unlevered free cash flow. Our terminal growth rate is higher than we use to value Sprint's peers due to our view that it will grow substantially faster over the next several years. See Figure 17 for details.

Figure 17: Discounted cash flow-based price target calculation ($ millions)

Cost of Capital	
Cost of Debt	9.0%
Tax Rate	38%
After Tax Cost of Debt	**5.6%**
Risk Free Rate	3.0%
Market Risk Premium	5.8%
Beta	1.00
Cost of Equity	**8.8%**
Targeted Debt / Total Cap	40%
Targeted Equity / Total Cap	60%
WACC	**7.5%**
Terminal UFCF Growth Rate	3.0%
Implied Terminal UFCF Multiple	23.0x
Implied Terminal EBITDA Multiple	6.5x

Discounted Cash Flow	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**Terminal**
EBIT	107	1,211	1,143	2,671	4,463	5,896	
% Growth	-105.9%	1031.2%	-5.6%	133.8%	67.1%	32.1%	
Tax Rate	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	
After Tax EBIT	66.4	750.7	708.5	1,656.1	2,766.8	3,655.2	
+ D&A	5,386.3	5,899.5	7,407.8	7,002.2	6,199.4	5,643.0	
- Capex	(8,017.0)	(8,028.1)	(6,075.6)	(6,051.1)	(6,013.7)	(6,109.3)	
- Change in Working Capital	203.0	0.0	0.0	0.0	0.0	0.0	
Unlevered Free Cash Flow	**(2,361)**	**(1,378)**	**2,041**	**2,607**	**2,953**	**3,189**	**3,285**
% Growth	-292.5%	-41.6%	-248.1%	27.8%	13.2%	8.0%	3.0%
Periods:		**1**	**2**	**3**	**4**	**5**	**5**
Future Value		(1,378)	2,041	2,607	2,953	3,189	75,482
Discount Factor		1.07	1.16	1.24	1.33	1.43	1.43
Present Value		(1,282)	1,766	2,100	2,212	2,223	52,622
Periods:	**1-5**	**Term**					
PV of Cash Flows	7,020	52,622					
% of Enterprise Value	11.8%	88.2%					

DCF Valuation		
Enterprise Value	**59,642**	
- YE13 Net Debt, est	(23,217)	
- Estimated spectrum purchase	(3,000)	
Private Market Equity Value	**33,425**	
Public Market Discount	0%	
Public Market Equity Value	**33,425**	
÷ YE13 Diluted Shares, est (M)	4,007	
Value / Share	**$8.25**	
Current Price	$5.98	<<< Estimated Adjusted Post Merger Closing Price for 'New' Sprint
Potential Upside (Downside)	38%	

Source: Deutsche Bank estimates, company materials and FactSet

Risks

Key risks include: (1) deteriorating wireless customer metrics and/or financial performance due to competition, the economy or poorly executed merger integration, (2) technical challenges associated with deploying 2.5 GHz spectrum using TDD technology, (3) a high debt load, and the potential need to raise more debt, which could limit the company's financial and strategic flexibility, (4) the controlling stake in Sprint by Softbank, whose interests may not align with those of the minority public shareholders, (5) a lack of scale vs. the #1 and #2 wireless carriers in the US, which Sprint may not be able to close through organic growth, or through M&A or other strategic transactions due to potential regulatory constraints and (6) other potential regulatory reforms that could adversely impact Sprint.

Spectrum tables

Verizon Wireless

Figure 18: Verizon's licensed mobile spectrum holdings, by band and by use

	Avg Depth	POPs	MHz POPs		
Spectrum Band	MHz	millions	millions	%	**Comments**
700 MHz (Lower "A" block)	12	151	1,815	6%	Interference with adjacent broadcasters may limit the use of these licenses
700 MHz (Lower "B" block)					Verizon has sold or agreed to sell all of its previously held 700 MHz B block licenses
700 MHz (Lower "C" block)					
700 MHz (Upper "C" block)	22	309	6,792	21%	
700 MHz (Lower "D" block)					
700 MHz ("E" block)					
SMR (800 MHz - 900 MHz)					
Cellular (850 MHz)	29	257	7,374	23%	
AWS-1 (1700 MHz + 2100 MHz)	33	302	10,040	31%	Includes licenses VZ agreed to have transfered/lease from AT&T and Grain in Jan '13
PCS (1900 MHz)	21	297	6,378	20%	
AWS-4 (2000 MHz + 2200 MHz)					
WCS (2300 MHz)					
EBS/BRS (2500 MHz - 2700 MHz)					
Total Licensed	**105**	**309**	**32,399**	**100%**	

Spectrum Use by Technology

	Avg Depth	POPs	MHz POPs	
Voice and 3G	MHz	millions	millions	%
Cellular	29	257	7,374	23%
PCS	21	297	6,378	20%
Voice and 3G Spectrum	**46**	**297**	**13,752**	**42%**

	Avg Depth	POPs	MHz POPs	
LTE	MHz	millions	millions	%
Coverage: 700 MHz Upper "C "block	22	309	6,792	21%
Capacity: AWS-1	33	302	10,040	31%
LTE Spectrum	**55**	**309**	**16,832**	**52%**

Summary of Spectrum Use

	Avg Depth	POPs	MHz POPs		
Summary	MHz	millions	millions	%	
Voice and 3G	46	297	13,752	42%	
LTE	55	309	16,832	52%	
Spectrum in Use	**99**	**309**	**30,584**	**94%**	
Held for sale: 700 MHz A block	12	151	1,815	6%	Could be retained by Verizon as a source of LTE capacity
Total Licensed	**105**	**309**	**32,399**	**100%**	

Source: The FCC, company materials and Deutsche Bank estimates

AT&T

Figure 19: AT&T's licensed mobile spectrum holdings, by band and by use

Spectrum Band	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
700 MHz (Lower "A" block)	12	1	13	0%	
700 MHz (Lower "B" block)	12	242	2,905	9%	
700 MHz (Lower "C" block)	12	267	3,206	10%	
700 MHz (Upper "C" block)					
700 MHz (Lower "D" block)	6	313	1,878	6%	Unpaired downlink band
700 MHz ("E" block)	6	72	433	1%	Unpaired downlink band; DISH is the other primary holder of these licenses
SMR (800 MHz - 900 MHz)					
Cellular (850 MHz)	27	202	5,533	17%	
AWS-1 (1700 MHz + 2100 MHz)	19	129	2,417	7%	Excludes licenses that AT&T agreed to transfer/sell to Verizon and Grain in Jan '13
PCS (1900 MHz)	35	310	10,877	33%	
AWS-4 (2000 MHz + 2200 MHz)					
WCS (2300 MHz)	20	275	5,494	17%	A blocks (5x5) and B blocks (5x5) only, including licenses that T has agreed to acquire
EBS/BRS (2500 MHz - 2700 MHz)					These tables exclude AT&T's minimal holdings in the EBS band
Total Licensed	**105**	**313**	**32,755**	**100%**	

Spectrum Use by Technology

Voice and 3.5G	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %
Cellular	27	202	5,533	17%
PCS	35	310	10,877	33%
Voice and 3G Spectrum	**53**	**310**	**16,410**	**50%**

LTE	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
700 MHz (A-C blocks): 24MHz+	24	221	5,304	16%	71% of T's coverage; primarily adjacent B & C blocks, which can be used as 10x10s
700 MHz (A-C blocks): 12 MHz	12	68	820	3%	22% of T's coverage; B or C blocks, which are individually 5x5s
Spectrum for LTE Coverage	**21**	**285**	**6,124**	**19%**	91% of T's coverage
700 MHz (D-E blocks)	7	313	2,311	7%	
AWS-1	19	129	2,417	7%	41% of T's coverage
WCS	20	275	5,494	17%	88% of T's coverage
Spectrum for LTE Capacity	**33**	**313**	**10,221**	**31%**	
LTE Spectrum	**52**	**313**	**16,345**	**50%**	

Summary of Spectrum Use

Summary	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %
Voice and 3G	53	310	16,410	50%
LTE	52	313	16,345	50%
Total Licensed	**105**	**313**	**32,755**	**100%**

Source: The FCC, company materials and Deutsche Bank estimates

Sprint

Figure 20: Sprint's licensed mobile spectrum holdings, by band and by use

Spectrum Band	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
700 MHz (Lower "A" block)					
700 MHz (Lower "B" block)					
700 MHz (Lower "C" block)					
700 MHz (Upper "C" block)					
700 MHz (Lower "D" block)					
700 MHz ("E" block)					
SMR (800 MHz - 900 MHz)	14	313	4,377	7%	14 MHz in the 800 MHz band (original Nextel iDEN spectrum)
Cellular (850 MHz)					
AWS-1 (1700 MHz + 2100 MHz)					
PCS (1900 MHz)	39	313	12,048	19%	Includes spectrum acquired from US Cellular in May 2013
AWS-4 (2000 MHz + 2200 MHz)					
WCS (2300 MHz)	14	38	518	1%	10 MHz A & B block licenses; AT&T is the other primary holder of these licenses
EBS/BRS (2500 MHz - 2700 MHz)	150	313	47,000	74%	Clearwire spectrum
Total Licensed	**205**	**313**	**63,943**	**100%**	

Spectrum Use by Technology

Voice and 3G	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
PCS (A-F blocks): Primary CDMA spectrum	29	313	8,922	14%	
SMR (800 MHz)	4	313	1,251	2%	Available 2014; will primarily improve in-building coverage
Voice and 3G Spectrum	**33**	**313**	**10,172**	**16%**	

LTE	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
PCS (G block): Initial LTE coverage	10	313	3,127	5%	10 MHz (5x5) nationwide license for the 1900 MHz G block
SMR (800 MHz): LTE capacity/in-building	10	313	3,127	5%	10 MHz (5x5); available 2014
EBS/BRS (2.5-2.7 GHz): LTE capacity	150	313	47,000	74%	
LTE Spectrum	**170**	**313**	**53,253**	**83%**	

Summary of Spectrum Use

Summary	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
Voice and 3G	33	313	10,172	16%	
LTE	170	313	53,253	83%	
Core Spectrum	**203**	**313**	**63,426**	**99%**	
Non-core: WCS	14	38	518	1%	No plans have been outlined to use these licenses
Total Licensed	**205**	**313**	**63,943**	**100%**	

Source: The FCC, company materials and Deutsche Bank estimates

T-Mobile US

Figure 21: T-Mobile's licensed mobile spectrum holdings, by band and by use

Spectrum Band	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
700 MHz (Lower "A" block)	11	9	100	0%	Primarily a single 12 MHz (6x6) license in Boston
700 MHz (Lower "B" block)					
700 MHz (Lower "C" block)					
700 MHz (Upper "C" block)					
700 MHz (Lower "D" block)					
700 MHz ("E" block)					
SMR (800 MHz - 900 MHz)					
Cellular (850 MHz)					These tables exclude T-Mobile's minimal holdings in the cellular band
AWS-1 (1700 MHz + 2100 MHz)	38	314	11,902	56%	Includes spectrum TMUS agreed acquired from US Cellular in June 2013
PCS (1900 MHz)	29	313	9,088	43%	
AWS-4 (2000 MHz + 2200 MHz)					
WCS (2300 MHz)					
EBS/BRS (2500 MHz - 2700 MHz)					
Total Licensed	**67**	**314**	**21,090**	**100%**	

Spectrum Use by Technology

Voice and 2.5G	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
PCS	10	280	2,800	13%	
Voice and 2.5G Spectrum	**10**	**280**	**2,800**	**13%**	

HSPA+	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
AWS-1	0	0	0	0%	Current HSPA+ supported by AWS-1, but expected to be refarmed for LTE by 2014/2015
PCS	20	228	4,560	22%	
HSPA+ Spectrum	**20**	**228**	**4,560**	**22%**	

LTE	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
AWS-1	42	225	9,359	44%	170M POPs with 40 MHz (or more) + 40M POPs with 30 MHz + 15M POPs with 20 MHz
LTE Spectrum	**42**	**225**	**9,359**	**44%**	

Summary of Spectrum Use

Summary	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
Voice and 2.5G	10	280	2,800	13%	
HSPA+	20	228	4,560	22%	
LTE	42	225	9,359	44%	
Spectrum in Use	**60**	**280**	**16,719**	**79%**	
Unused: 700 MHz	11	9	100	0%	
Unused: AWS-1	29	89	2,543	12%	Mostly outside of markets where T-Mobile has/plans LTE coverage
Unused: PCS	20	85	1,728	8%	Mostly outside of markets where T-Mobile has HSPA+ coverage
Total Licensed	**67**	**314**	**21,090**	**100%**	

Source: The FCC, company materials and Deutsche Bank estimates

DISH Network

Figure 22: DISH's licensed mobile spectrum holdings, by band

Spectrum Band	Avg Depth MHz	POPs millions	MHz POPs millions	MHz POPs %	Comments
700 MHz (Lower "A" block)					
700 MHz (Lower "B" block)					
700 MHz (Lower "C" block)					
700 MHz (Upper "C" block)					
700 MHz (Lower "D" block)					
700 MHz ("E" block)	6	240	1,443	10%	AT&T is the other primary holder of these licenses
SMR (800 MHz - 900 MHz)					
Cellular (850 MHz)					
AWS-1 (1700 MHz + 2100 MHz)					
PCS (1900 MHz)					
AWS-4 (2000 MHz + 2200 MHz)	40	313	12,518	90%	20x20 MHz; 5 MHz of the dowlink band has restricted use
WCS (2300 MHz)					
EBS/BRS (2500 MHz - 2700 MHz)					
Total Licensed	**45**	**313**	**13,961**	**100%**	

Source: The FCC, company materials and Deutsche Bank estimates

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Sprint Nextel Corp.	S.N	7.18 (USD) 10 Jul 13	1,7,8,17

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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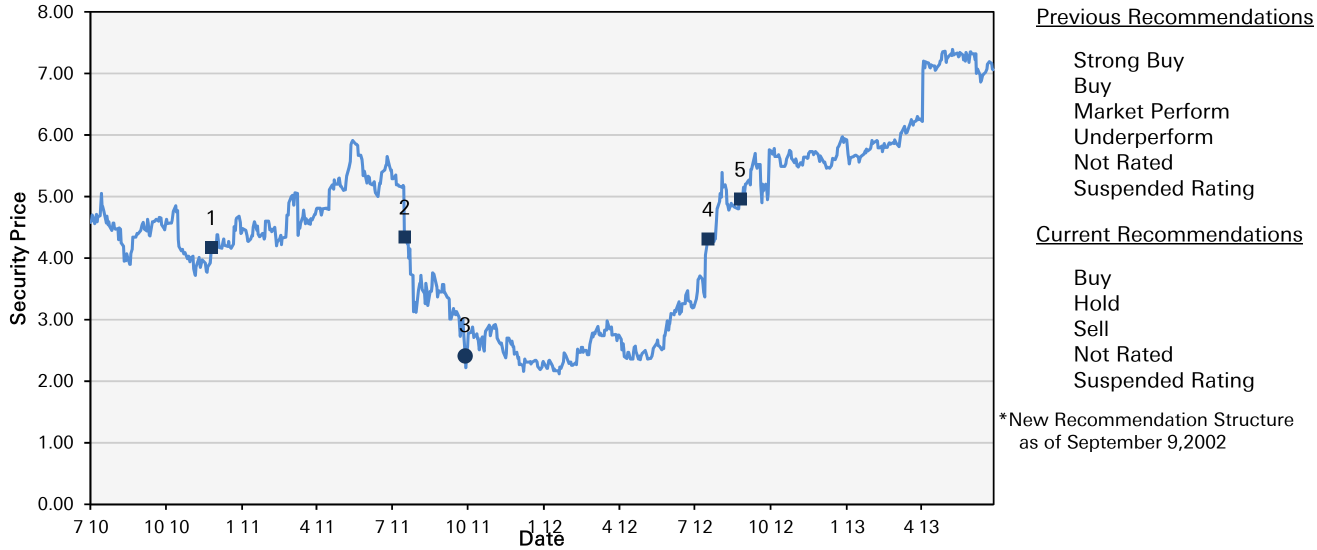
Historical recommendations and target price: Sprint Nextel Corp. (S.N)

(as of 7/10/2013)



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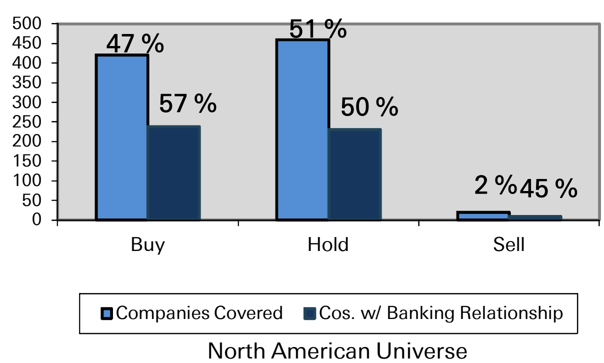

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