EBS SPECTRUM DISCUSSION

Sprint®

Together with NEXTEL

South Carolina Study Committee

October 17, 2007

DISCUSSION

I. Overview of Sprint Nextel
II. Sprint Nextel History in the 2.5 GHz Band
III. Future 2.5 GHz Operations – Sprint's Next-Generation (4G) Wireless Broadband Network Using WiMax Technology
IV. Impact of Rebanding in the 2.5 GHz Band
V. Sprint Leasing Proposals
- Framework
- Summary of Terms
- Economics

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Who We Are -- Sprint Nextel Overview

Fortune 100 company headquartered in Reston, Virginia

Traded on the New York Stock Exchange – ticker symbol is "S"

Over $40 billion in annual revenues; positive cash flow

Over $53 billion in market capitalization

60,000 employees with an entrepreneurial culture

Wireless voice networks: Nextel's iDen Network is the leader in nationwide walkie-talkie service (Push-to-Talk℠) and Sprint's PCS CDMA Network is an all-digital nationwide cellular network

Wireless broadband network: Nation's largest (covers over 200 million pops), with wide array of data applications for businesses and consumers (continuously expanding EV-DO coverage)

Combined company has more than 54 million wireless subscribers

95% of FORTUNE 500® companies are Sprint Nextel customers

Partnership with four largest cable MSOs (Time Warner, Comcast)

280 million covered POPs with digital wireless service in all 50 states, District of Columbia, Puerto Rico and the U.S. Virgin Islands

Extensive assets include access to 37,000+ tower sites, Tier 1 IP backbone, fiber networks and 800, 900, 1.9GHz and 2.5GHz spectrum

Sprint Nextel History in the BRS-EBS 2.5 GHz Band

1999-2001 -- Sprint acquired various wireless cable companies

-- Sprint assembled up to 198 MHz of MMDS and ITFS spectrum to deliver 33 channels of TV programming in dozens of markets

2000-2001 -- Following FCC rule changes, Sprint deployed 14 first-generation fixed wireless broadband markets using 2.5 GHz band spectrum

-- Currently have approximately 10,000 customers; planned operation through June 2008

2003 -- Nextel acquired 2.5 GHz spectrum at bankruptcy auction from WorldCom and Nucentrix for approximately $200 million

2005 -- Sprint Nextel merger creates near national 2.5 GHz footprint

-- Cover 85% of the population in the top 100 BTAs

-- Additional coverage in BTAs 101-200 and some rural coverage

2007 -- Sprint and Clearwire announce letter of intent to jointly develop WiMax technology in the 2.5 GHz band; brand name to be "XOHM"

2.5 GHz SPECTRUM NEEDS

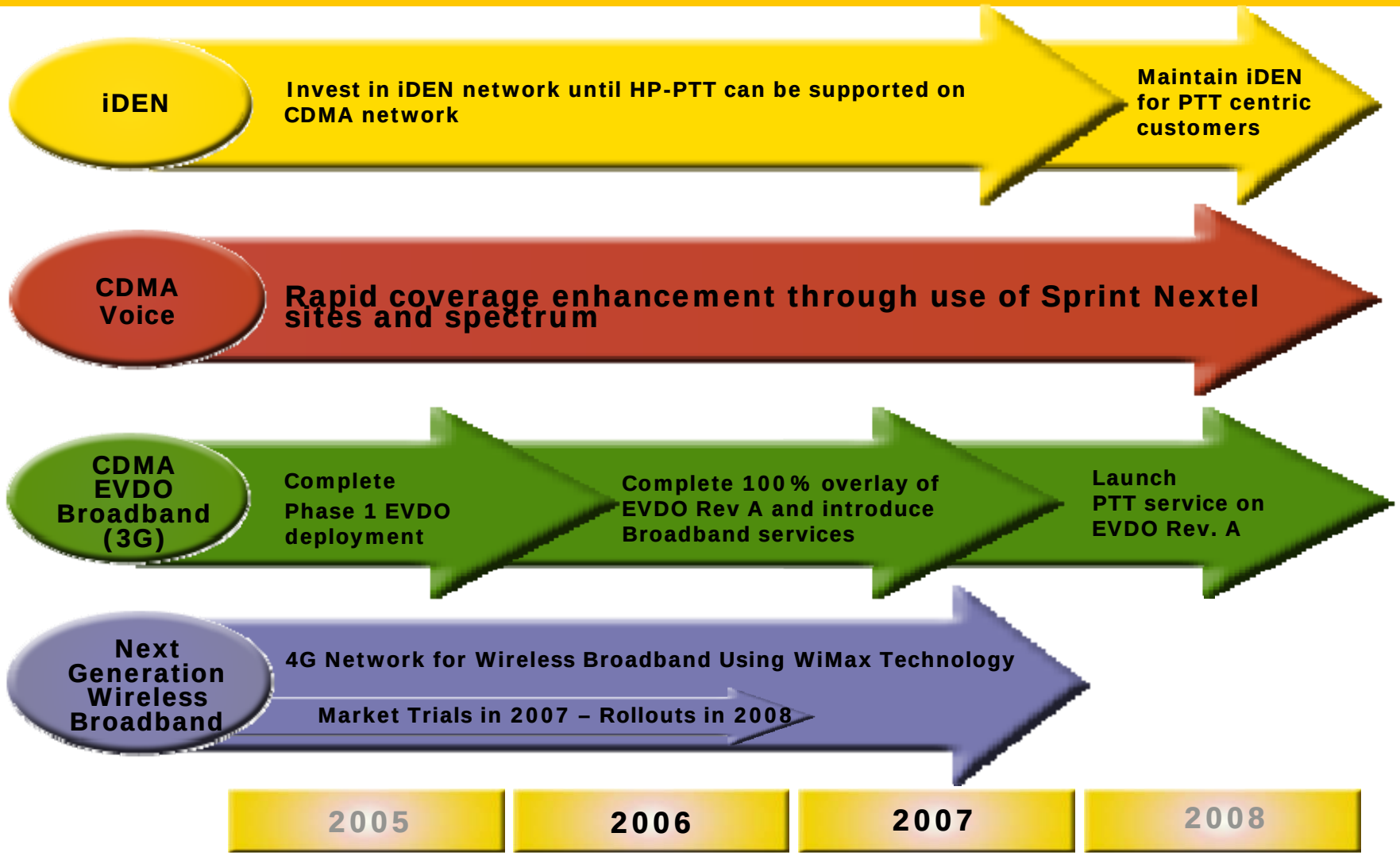
•Company has chosen WiMax technology (Worldwide Interoperability for Microwave Access), committing to spend up to $5 billion in the next several years on a fourth-generation wireless broadband network operating on 2.5 GHz spectrum

•Partnering with Intel, Motorola, Nokia and Samsung to develop a nationwide network infrastructure powered by mobile WiMax-enabled chipsets to support wireless broadband services (computing, portable multimedia, interactive and consumer electronics devices)

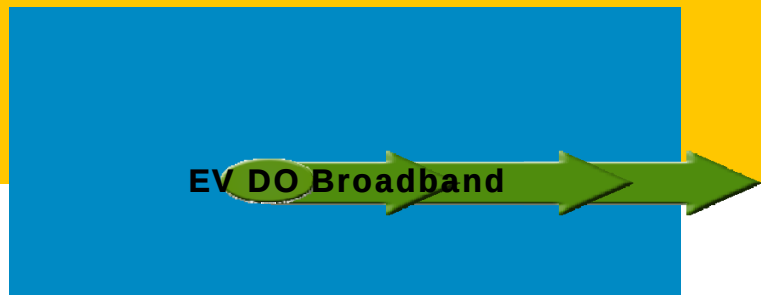
•Partnering with Google to provide content, search engine

•Consequently, Sprint is seeking additional BRS and EBS licenses and leases in key U.S. markets

Sprint's Wireless Roadmap



Wireless Broadband: Starting with EV-DO (3G)



POWERVISION

220 Markets
- > **Cities with > 100,000 population**
- > **Covering 200 million pops**
- > **481 Airports**

Sprint PCS Connection Cards™
- > **Average download speeds of 400-700 Kbps**
- > **Peak rates of up to 2 Mbps in mobile broadband coverage areas**

Wi-Fi peak speeds of 2-5 Mbps

With EV-DO comes greater efficiency for the mobile workforce

2.5 GHz Band -- Sprint's Next-Generation (4G) Wireless Network

Vision for the Next-Generation Network

Enabling the 3rd Screen

Home → Driving → Train → Office → Cab → Hotel

Wireless Broadband Service

For Home, Office, and On-the-Go

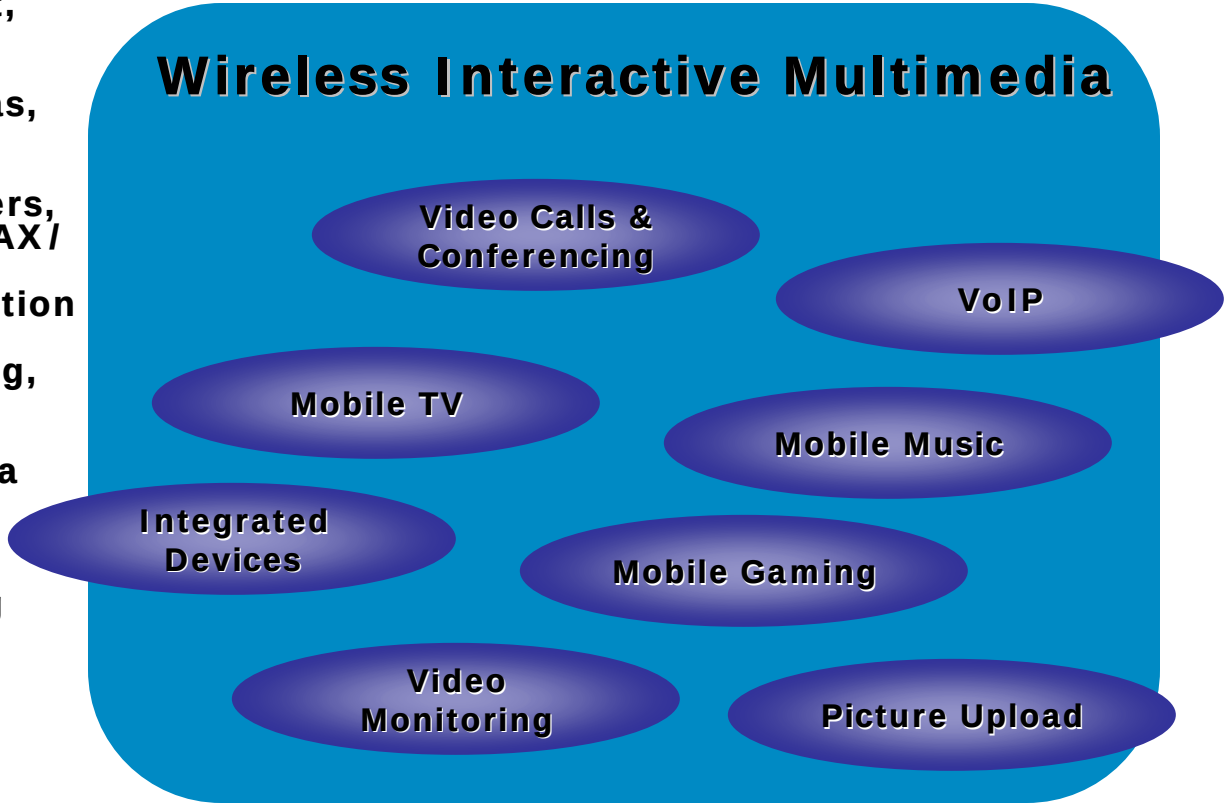
Mobile Videocasting

On-the-Go

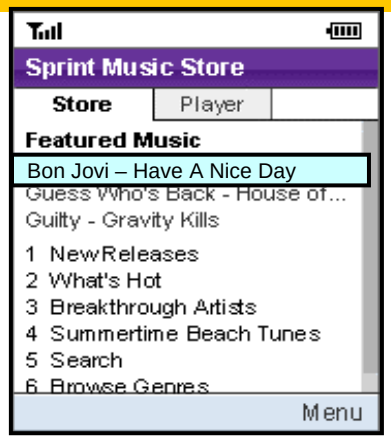
Broadband Data Applications

Context specific + Device aware + Content optimized

- **The WiMAX Ecosystem:**
- **Network/Infrastructure:**
  - **Infrastructure: Motorola, Nokia, Samsung**
  - **Backhaul: Alcatel, Lucent, Ericsson, FiberTower**
- **Subscriber Equipment**
  - **Includes laptops, cameras, portable music, gaming, inventory tracking, telematics, video recorders, dual-mode (3G/4G/WiMAX/WiFi) and single mode (WiMAX) devices, navigation and UMPCs.**
  - **Vendors: Nokia, Samsung, ZTE, ZyXEL and PE OEMs.**
- **Chip set developers**
  - **Intel, Samsung, Motorola**
- **Services, Applications and Content**
  - **Sprint will provide application programming interfaces (APIs) so developers can create services for use on the network.**
  - **Providers: Sprint, IBM, Google**
- **Sales, Distribution, Care and Billing**
  - **Sprint Sales, Retail, OEMs, others; Amdocs, IBM**



Wireless Broadband Products & Services



NASCAR NEXTEL FanView

- Delivering one-of-a-kind products to high-value customers
- Converging traditional scanner with video & data
- Uses 2.5 GHz EBS/BRS spectrum
- Named by Time Magazine as one of the best new inventions of 2006

Activities for Next Generation Wireless Broadband (4G) Using WiMax

Regulatory, Business Plan, Business Case and Strategic Partnerships

Ecosystem Development
(Technology Decision and Vendor Selection Completed)

Development and Market Rollout Preparation
(Spectrum, Transitions, Network, Service, Marketing, etc)

Testing, Trial and Validation
(Market Trials in 2007, Network Covering 100 Million by end of 2008)

2.5 GHz BAND REBANDING PROJECT

- ITFS renamed – now Educational Broadband Service (EBS)

- Licensees have Geographic Service Areas (GSAs) (See Slide 14)
  - Eliminates coverage overlaps & streamlines licensing
  - Similar to cellular & PCS area licensing

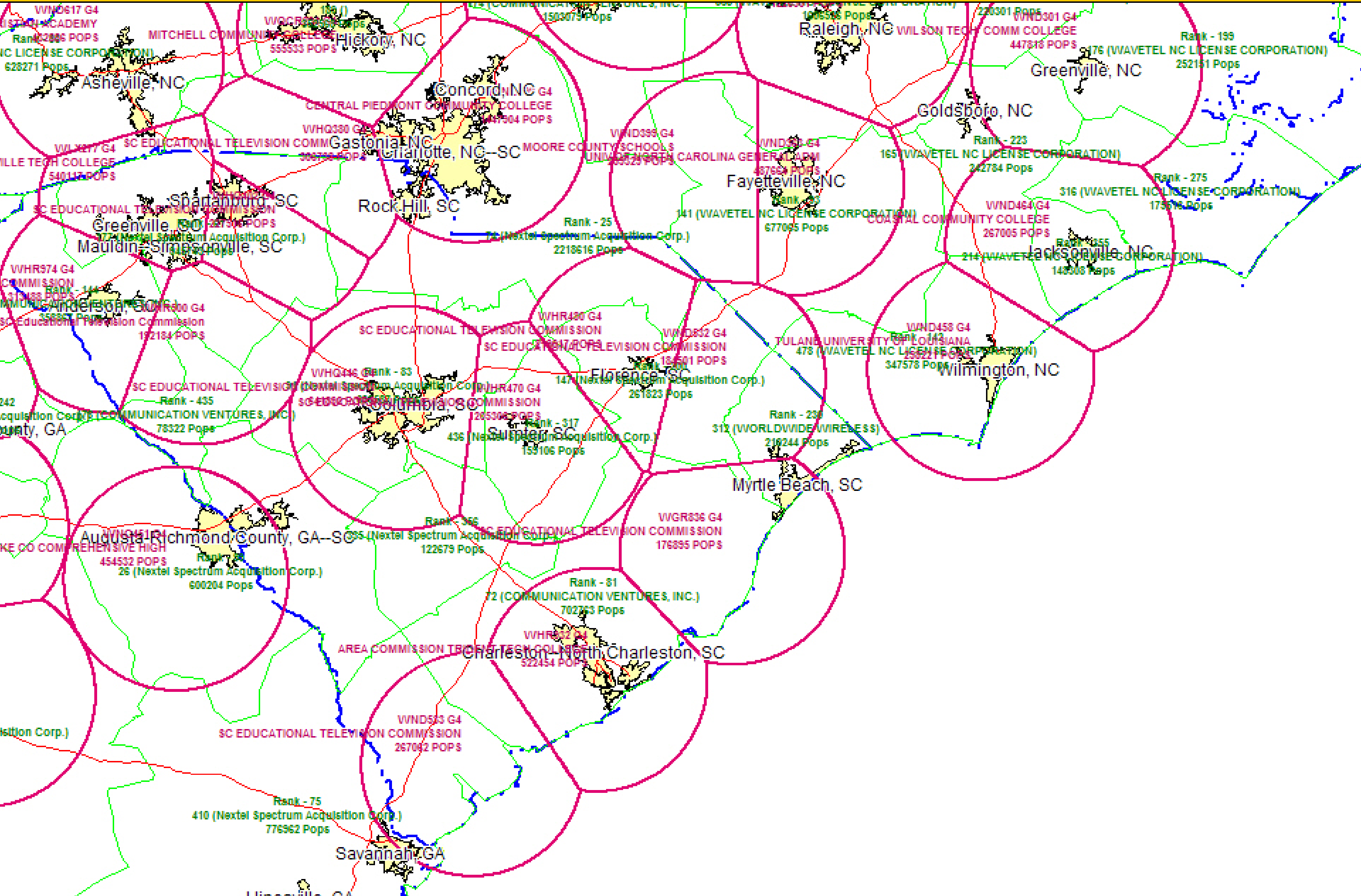
- Rechannelizes entire 2.5 GHz band into: (See Slide 15)
  - Upper and Lower Band Segments for cellularized low power
  - Middle Band Segment for high-power high-antenna uses
  - UBS and LBS channels become 5.5 MHz each; MBS channel remains 6 MHz

- FCC rebanding alone does not “clean up” this spectrum for successful commercial use; Sprint will have to invest considerable time and resources to make this spectrum useful and obtain commercial value

Proponent Transition Responsibilities

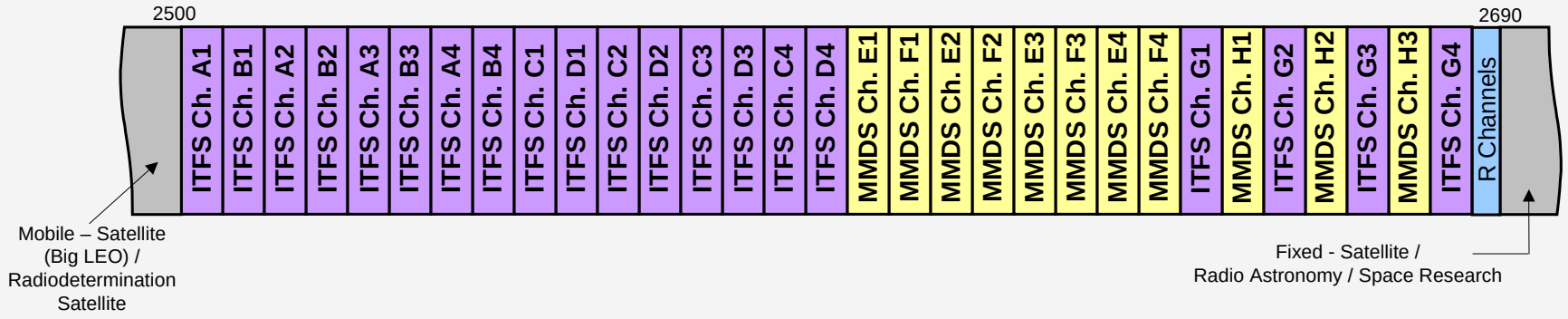
- A proponent has many responsibilities to transition the 2.5-2.6 GHz spectrum to the new band plan. For EBS licensees, some of the proponent's relevant responsibilities include:
- Migrate qualifying EBS video programming and data transmission tracks to the mid- band channels
- Replace downconverters at qualified EBS receive sites per the new specifications
- The desired-to-undesired (D/U) signal-noise ratio for the receive sites should be no worse than 1.5 dB less than the pre-transition value, if less than 45 dB for co-channel or 0 dB for adjacent channel
- File the Post-Transition Notification

GSAs for EBS Licenses: G4 in South Carolina

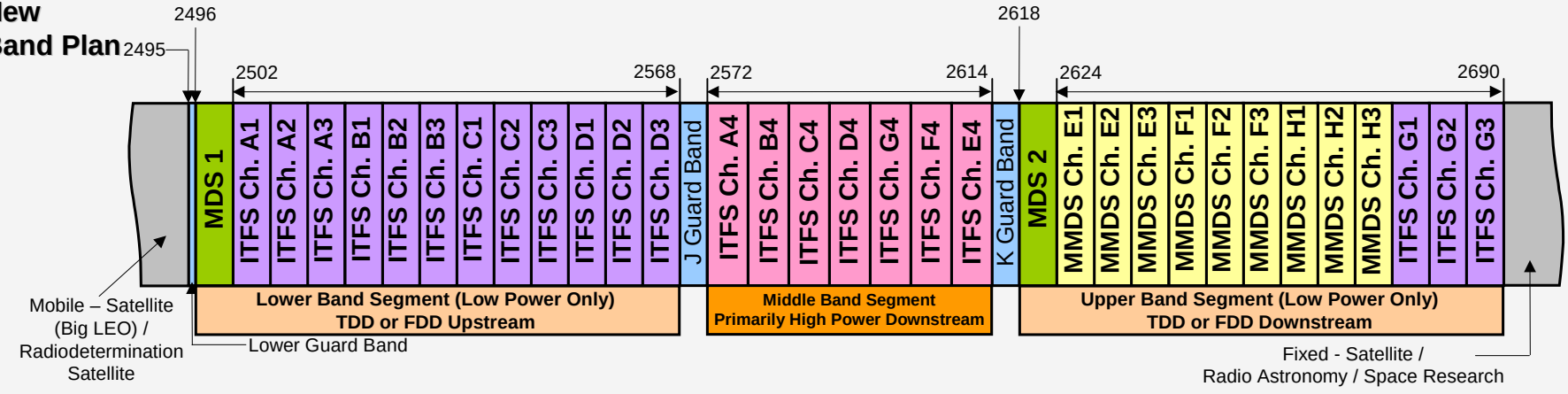


2.5 GHZ BAND CHANGES

Current Band Plan



New Band Plan



SUMMARY OF PROPOSED LEASING TERMS

- FCC allows EBS leases for up to 30 years; Sprint prefers longest lease terms possible

- Compensation
  - Fixed monthly lease payments that begin immediately
  - Signing fees, payable upon contract execution
  - Provides financial reliability and stability for budget and operational needs
  - Value paid is based on business case and comparable spectrum transactions
  - Licensee's ability to take advantage of Sprint's wireless broadband service offerings in the market via service credits

- Commercial operators can lease up to 95% of an EBS licensee's total channel capacity; Sprint prefers that approach and the ability to use such capacity for any wireless service

SUMMARY OF TERMS (CONT'D.)

- Prior to rebanding:
  - Sprint maintains present facilities

- Upon rebanding:
  - Rebanding "Proponent" under proposed FCC rules converts existing programming/services to the mid-band channels
  - EBS licensees can choose to migrate to more forward-looking technology – IP-based (or other) platforms on or off spectrum
  - Any future increases in spectrum usable by Sprint yield full pro-rata payment increases

- Commercially customary protections for Sprint
  - Non-compete
  - Rights of first negotiation and refusal on future leasing or purchase

SECONDARY MARKETS CONSIDERATIONS

- Sprint Prefers Long-Term De Facto Transfer Lease Approach
  - Sprint maintains day-to-day operational control over the leased spectrum and associated facilities
  - Sprint can decide when, where and how to install facilities, and when and how to modify those facilities
  - Sprint files any FCC applications required to implement its uses
  - With additional control comes additional responsibility for Sprint:
  - Sprint primarily responsible for compliance with FCC Rules
  - Sprint files all compliance documents with the FCC
  - Prior FCC approval of lease is required
- If Licensee Desires to Retain Control, Sprint Willing to Work Within the Spectrum Manager Lease Format
  - Licensee maintains day-to-day operational control of its spectrum
  - Licensee must maintain active, ongoing oversight of leased spectrum
  - Licensee retains responsibility for all interactions with FCC
  - No prior FCC lease approval required, but notice must be provided

Question and Answer Session

Discussion

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