



# *Sprint Nextel*

*2Q11 Earnings Conference Call*

*July 28, 2011*



# Cautionary Statement

*This presentation includes "forward-looking statements" within the meaning of the securities laws. The statements in this presentation regarding the business outlook, expected performance and forward-looking guidance, as well as other statements that are not historical facts, are forward-looking statements. The words "estimate," "project," "forecast," "intend," "expect," "believe," "target," "providing guidance" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are estimates and projections reflecting management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, customer and network usage, customer growth and retention, pricing, operating costs, the timing of various events and the economic and regulatory environment.*

*Future performance cannot be assured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:*

- *our ability to attract and retain subscribers;*
- *the ability of our competitors to offer products and services at lower prices due to lower cost structures;*
- *the effects of vigorous competition on a highly penetrated market, including the impact of competition on the price we are able to charge subscribers for services and equipment we provide and our ability to attract new subscribers and retain existing subscribers; the overall demand for our service offerings, including the impact of decisions of new or existing subscribers between our postpaid and prepaid services offerings and between our two network platforms; and the impact of new, emerging and competing technologies on our business;*
- *the ability to generate sufficient cash flow to fully implement our network modernization plan, Network Vision, to improve and enhance our networks and service offerings, implement our business strategies and provide competitive new technologies;*
- *the effective implementation of Network Vision, including timing, technologies, and costs;*
- *consummation of the LightSquared transaction and the associated financial benefits;*
- *changes in available technology and the effects of such changes, including product substitutions and deployment costs;*
- *our ability to obtain additional financing on terms acceptable to us, or at all;*
- *volatility in the trading price of our common stock, current economic conditions and our ability to access capital;*
- *the impact of unrelated parties not meeting our business requirements, including a significant adverse change in the ability or willingness of such parties to provide devices or infrastructure equipment for our CDMA network, or Motorola Mobility, Inc.'s or Motorola Solutions Inc.'s ability or willingness to provide related devices, infrastructure equipment and software applications for our iDEN network;*
- *the costs and business risks associated with providing new services and entering new geographic markets;*
- *the financial performance of Clearwire and its ability to develop, deploy and maintain its 4G network;*
- *the effects of mergers and consolidations and new entrants in the communications industry and unexpected announcements or developments from others in the communications industry;*
- *unexpected results of litigation filed against us or our suppliers or vendors;*
- *the impact of adverse network performance;*
- *the costs or potential customer impacts of compliance with regulatory mandates including, but not limited to, compliance with the FCC's Report and Order to reconfigure the 800 MHz band;*
- *equipment failure, natural disasters, terrorist acts or other breaches of network or information technology security;*
- *one or more of the markets in which we compete being impacted by changes in political, economic or other factors such as monetary policy, legal and regulatory changes or other external factors over which we have no control; and*
- *other risks referenced from time to time in our filings with the Securities and Exchange Commission, including in Part I, Item 1A "Risk Factors" of our annual report on Form 10-K for the year ended December 31, 2010 and, when filed, Part II, Item 1A "Risk Factors" of our quarterly report on Form 10-Q for the quarter ended June 30, 2011.*

*Sprint Nextel believes these forward-looking statements are reasonable; however, you should not place undue reliance on forward-looking statements, which are based on current expectations and speak only as of the date of this release. Sprint Nextel is not obligated to publicly release any revisions to forward-looking statements to reflect events after the date of this release. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this release.*

*Clearwire's second quarter 2011 results from operations have not yet been finalized. As a result, the amount reflected for Sprint's share of Clearwire's results of operations for the quarter ended June 30, 2011, is an estimate and, based upon the finalization of Clearwire's results, may need to be revised if our estimate materially differs from Clearwire's actual results. Changes in our estimate, if any, would affect the carrying value of our investment in Clearwire, net loss and basic and diluted loss per common share but would have no effect on Sprint's operating income, OIBDA\*, Adjusted OIBDA\* or consolidated statement of cash flows.*

# \*Non-GAAP Financial Measures

*Sprint Nextel provides financial measures determined in accordance with accounting principles generally accepted in the United States (GAAP) and adjusted GAAP (non-GAAP). The non-GAAP financial measures reflect industry conventions, or standard measures of liquidity, profitability or performance commonly used by the investment community for comparability purposes. These measurements should be considered in addition to, but not as a substitute for, financial information prepared in accordance with GAAP. We have defined below each of the non-GAAP measures we use, but these measures may not be synonymous to similar measurement terms used by other companies.*

*Sprint Nextel provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint Nextel does not predict special items that might occur in the future, and our forecasts are developed at a level of detail different than that used to prepare GAAP-based financial measures, Sprint Nextel does not provide reconciliations to GAAP of its forward-looking financial measures.*

*The measures used in this presentation include the following:*

***OIBDA** is operating income/(loss) before depreciation and amortization. **Adjusted OIBDA** is **OIBDA** excluding severance, exit costs, and other special items. **Adjusted OIBDA Margin** represents Adjusted OIBDA divided by non-equipment net operating revenues for Wireless and Adjusted OIBDA divided by net operating revenues for Wireline. We believe that Adjusted OIBDA and Adjusted OIBDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, spectrum acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under GAAP, these expenses primarily represent non-cash current period costs associated with the use of long-lived tangible and definite-lived intangible assets. Adjusted OIBDA and Adjusted OIBDA Margin are calculations commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the telecommunications industry.*

***Free Cash Flow** is the cash provided by operating activities less the cash used in investing activities other than short-term investments and equity method investments during the period. We believe that Free Cash Flow provides useful information to investors, analysts and our management about the cash generated by our core operations after interest and dividends and our ability to fund scheduled debt maturities and other financing activities, including discretionary refinancing and retirement of debt and purchase or sale of investments.*

# Customer Experience

- *Unbeaten among major wireless carriers for Overall C-Sat, and best 3-year improvement of any company across all industries (ACSI)*
- *14 consecutive quarters of Care C-Sat improvement (Advanis)*
- *Best ever Top and Bottom Box C-Sat (Advanis)*



# *Customer Experience (cont'd)*

- *Industry-best Call C-Sat (Vocalabs)*
- *Best ever Overall Customer Satisfaction. Data Services CSAT unbeaten in the industry (Sprint Brand, Third Party).*
- *Best ever Postpaid Churn. Best 5 quarters in Sprint history were the last five.*
- *Best Prepaid Churn in almost 6 years*
- *Best ever Calls per Customer*

# Brand

- *Third consecutive quarter of > 1M Total Wireless Net Adds*
- *Seventh consecutive quarter of Sprint Brand positive Net Adds*
- *Sprint Brand net port positive for fifth consecutive quarter*
- *Eighth consecutive quarter of Total Postpaid Net Add YoY improvement*
- *Best ever 'First Brand Preference' and 'Most Want to Investigate'*
- *Most improved YoY Net Promoter Score (Sprint Brand, Third Party)*

# *Prepaid*

- *Best Churn in almost 6 years*
- *Second best Net Add Q2 ever*
- *Boost #1 in Customer Care for Non-Contract wireless service (JDPA)*



# Green

- *UL Environment Platinum certification - Samsung Replenish*
- *2011 Sustainability Leadership Award - International Electronics Recycling Conference and Expo*
- *“A” grade for paper use from ForestEthics*



# Cash

- *Positive Free Cash Flow\**
- *Second consecutive quarter of Operating Income*
- *Wireless Service Revenue increased sequentially and YoY for third consecutive quarter*
- *Largest YoY Postpaid ARPU improvement in over 7 years*

# Open Strategy

- *Samsung Nexus S 4G*
- *Google Wallet*
- *Sprint ID*
- *Google Voice*
- *Spectrum hosting*



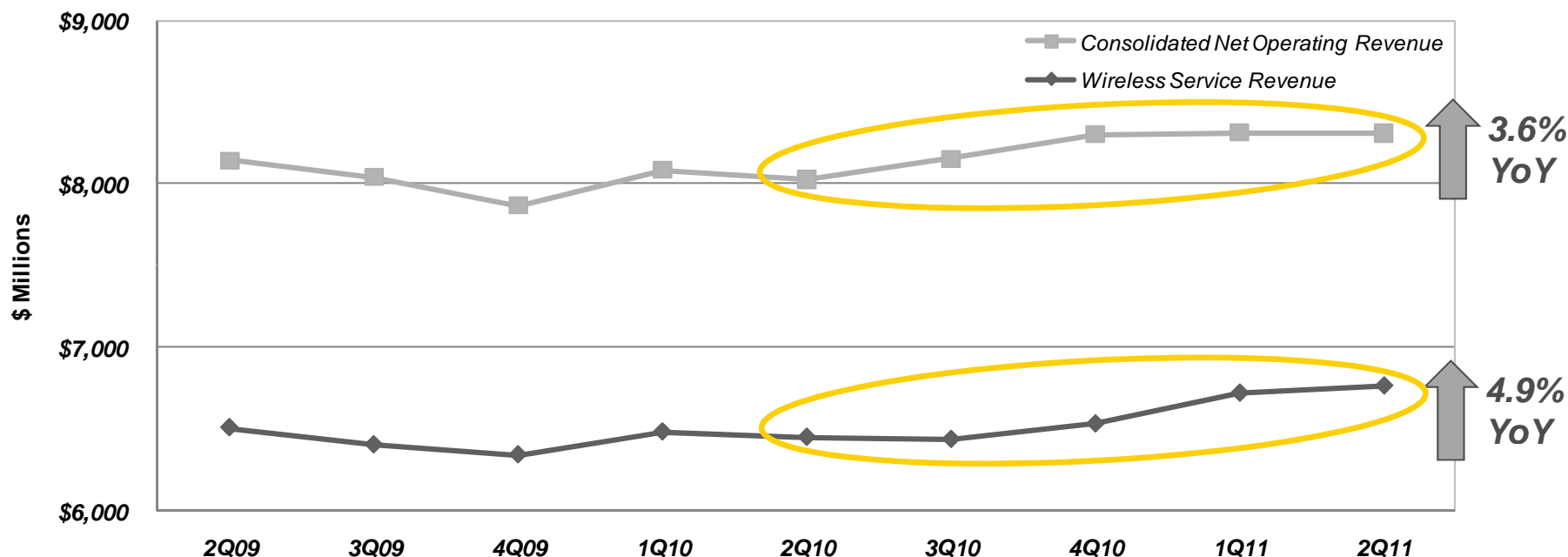
*Nexus S*



Google wallet

# Overall Revenue Growth

**Consolidated Net Operating Revenue & Wireless Service Revenue<sup>(1)</sup>**



*Wireless Service Revenue<sup>(1)</sup> growth q/q and y/y driven by postpaid ARPU improvement and growth in net prepaid subscriber base*

*(1) Retail Service Revenues + Wholesale, Affiliate and Other Service Revenues*

# Marketplace Activity

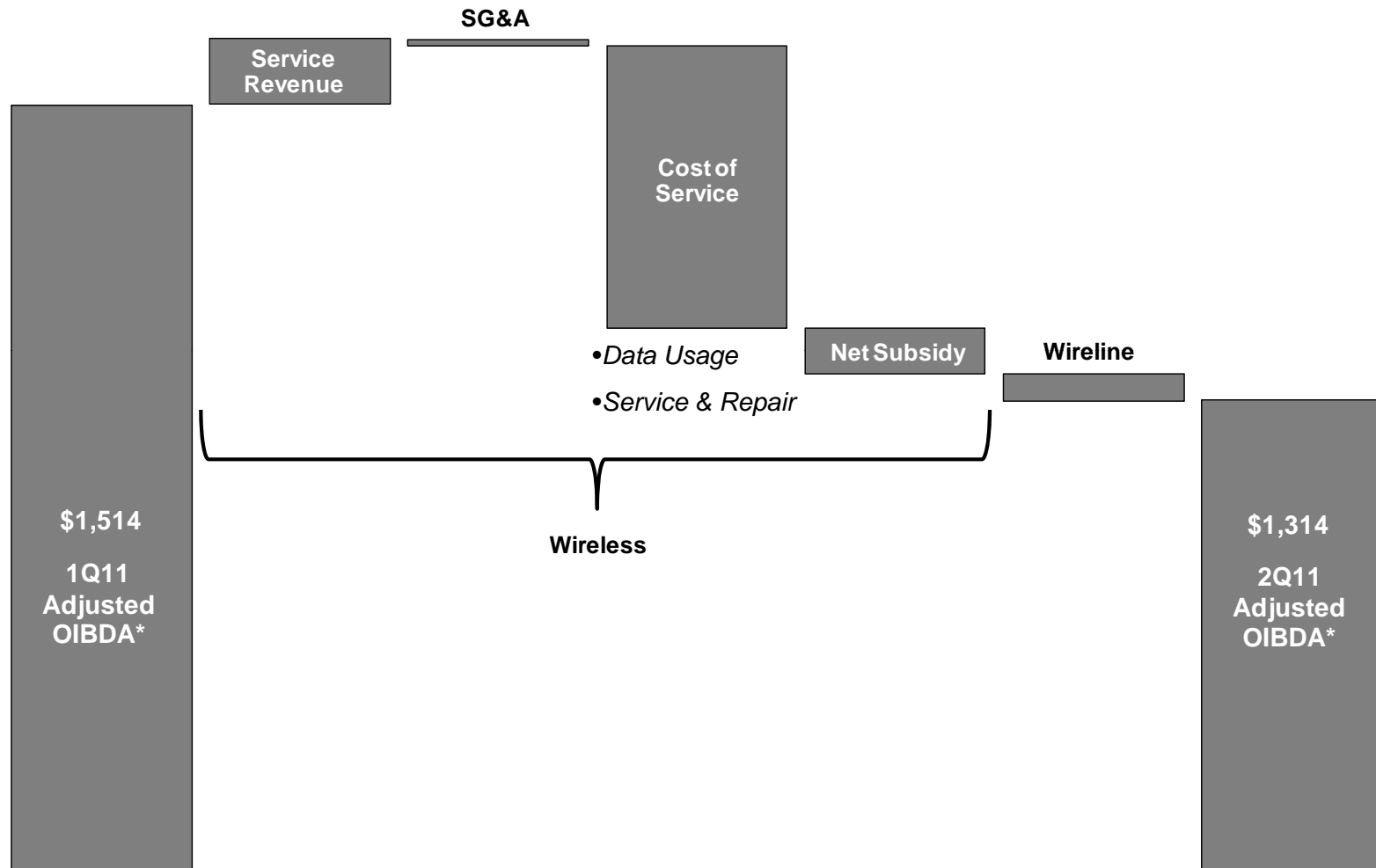
## Competitive Environment

- *AT&T lowers price of iPhone 3GS to \$49*
- *Verizon has full quarter of iPhone 4*
- *Service Pricing Changes*
- *Proliferation of 4G Advertising*

## Sprint Actions

- *EVO pricing actions in late 2Q11*
- *Instant Rebate Promotion*
- *EVO 3D (launched in late 2Q11)*
- *Port-in Credits*

# Key Changes in Operations

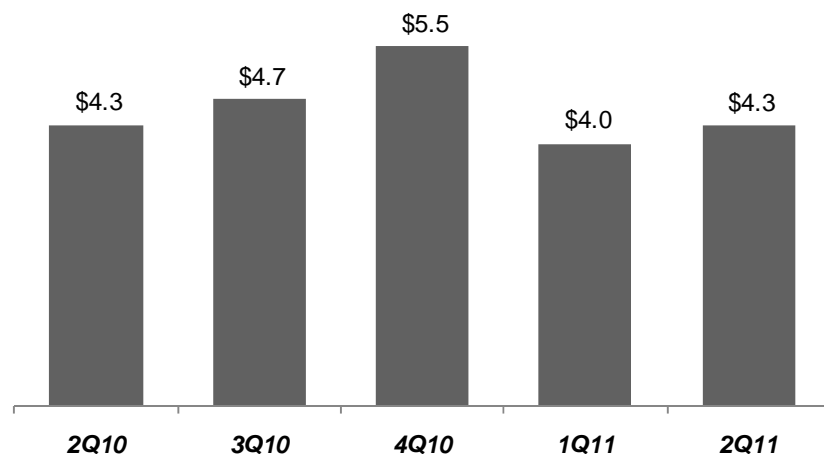


***Higher Cost of Service led to a decline in Adjusted OIBDA\****



# Solid Cash Position

**Cash, Cash Equivalents and Short-Term Investments (\$B)**



- *Expect positive Free Cash Flow\* for 2011 and for 2Q11-4Q11*

- *\$267M Free Cash Flow\**
- *\$4.3B cash, cash equivalents and short-term investments and \$5.2B of liquidity exiting 2Q11*
- *Next note maturity is due March 2012*

# *Key Strategic Items*

- *Network Vision – Initial deployment in 4Q11*
- *Agreements with tower companies*
- *Analyst/Investor Day on October 7th to provide long-term 4G strategy*

# *Spectrum hosting agreement with LightSquared*

- *\$9 billion in cash*
- *\$4.5 billion in credits (if we choose to resell capacity)*
- *Expect positive Adjusted OIBDA\* and margin impact over 11 year period*
- *Expect Free Cash Flow\* benefit*
- *Protection contingencies*



# Q&A

# Non-GAAP Reconciliations – Consolidated

(Unaudited)

(Millions, except Margin Data)

	Quarter To Date			Year To Date	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>Net Loss</b>	\$ (847)	\$ (439)	\$ (760)	\$ (1,286)	\$ (1,625)
Income tax expense	(99)	(37)	(47)	(136)	(118)
<b>Loss before Income Taxes</b>	(748)	(402)	(713)	(1,150)	(1,507)
Depreciation	1,121	1,122	1,261	2,243	2,536
Amortization	114	133	374	247	774
Interest expense	239	249	381	488	753
Equity in losses of unconsolidated investments and other, net	588	412	269	1,000	511
<b>OIBDA*</b>	1,314	1,514	1,572	2,828	3,067
Severance and exit costs <sup>(2)</sup>	-	-	13	-	(4)
Access costs <sup>(3)</sup>	-	-	(84)	-	(84)
<b>Adjusted OIBDA*</b>	1,314	1,514	1,501	2,828	2,979
Capital expenditures <sup>(1)</sup>	640	555	437	1,195	856
<b>Adjusted OIBDA* less Capex</b>	\$ 674	\$ 959	\$ 1,064	\$ 1,633	\$ 2,123
<b>Adjusted OIBDA Margin*</b>	17.2%	19.9%	20.1%	18.6%	19.9%
<b>Selected item:</b>					
Deferred tax asset valuation allowance	337	196	302	533	667

See accompanying Notes to the Financial Information (Unaudited) in the Press Release

# Non-GAAP Reconciliations – Wireless

(Unaudited)

(Millions, except Margin Data)

	Quarter To Date			Year To Date	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>Operating (Loss) Income</b>	\$ (27)	\$ 140	\$ (287)	\$ 113	\$ (617)
Severance and exit costs <sup>(2)</sup>	-	-	13	-	(1)
Depreciation	1,018	1,012	1,126	2,030	2,269
Amortization	111	131	372	242	769
<b>Adjusted OIBDA *</b>	1,102	1,283	1,224	2,385	2,420
Capital expenditures <sup>(1)</sup>	546	449	319	995	630
<b>Adjusted OIBDA * less Capex</b>	\$ 556	\$ 834	\$ 905	\$ 1,390	\$ 1,790
<b>Adjusted OIBDA Margin*</b>	16.3%	19.1%	19.0%	17.7%	18.7%

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# Non-GAAP Reconciliations – Wireline

(Unaudited)

(Millions, except Margin Data)

	Quarter To Date			Year To Date	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>Operating Income</b>	\$ 105	\$ 119	\$ 223	\$ 224	\$ 371
Severance and exit costs <sup>(2)</sup>	-	-	-	-	(3)
Access costs <sup>(3)</sup>	-	-	(84)	-	(84)
Depreciation	105	109	134	214	268
<b>Adjusted OIBDA*</b>	210	228	273	438	552
Capital expenditures <sup>(1)</sup>	35	53	49	88	105
<b>Adjusted OIBDA* less Capex</b>	\$ 175	\$ 175	\$ 224	\$ 350	\$ 447
<b>Adjusted OIBDA Margin*</b>	19.3%	20.4%	21.5%	19.8%	21.5%

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# Non-GAAP Reconciliations – Free Cash Flow

(Unaudited)

(Millions)

	Quarter Ended			Year to Date	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>Net Cash Provided by Operating Activities</b>	\$ 1,075	\$ 919	\$ 1,255	\$ 1,994	\$ 2,377
Capital expenditures	(759)	(644)	(417)	(1,403)	(922)
Expenditures relating to FCC licenses	(54)	(74)	(133)	(128)	(248)
Other investing activities, net	5	(23)	4	(18)	8
<b>Free Cash Flow*</b>	267	178	709	445	1,215
Debt financing costs	-	(3)	(51)	(3)	(51)
Decrease in debt and other, net	(1)	(1,652)	(752)	(1,653)	(754)
Investment in Clearwire	-	-	(5)	-	(58)
Other financing activities, net	7	2	2	9	1
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Short-Term Investments</b>	\$ 273	\$ (1,475)	\$ (97)	\$ (1,202)	\$ 353

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