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Sprint's plan to merge with rival T-Mobile in a $26 billion deal has triggered memories of dead phones and spotty service for some longtime Sprint customers, but the companies say such pitfalls are in the past. The customers are recalling the havoc of Sprint's 2005 merger with Nextel Communications Inc., much of it driven by the companies' differing technologies.

It took nearly eight years and billions of dollars to wind down Nextel's so-called iDEN system—known for its chirpy push-to-talk cellphones—before all customers were taking calls on Sprint's network. In the process, more than 10 million customers of the combined company left. Michael Murphy, an advocate for people with disabilities in Alamogordo, N.M., said he first dropped Sprint for Nextel about 15 years ago to get better service on long drives through the desert. He said he dropped the carrier a second time after the Nextel merger made him a Sprint customer and signed up for T-Mobile. "I've been satisfied with T-Mobile," said Mr. Murphy, 66 years old. "I'm worried now that Sprint's going to infect them."

A Sprint spokeswoman said the networks involved in the Nextel deal were different from those that exist today. Nextel's push-to-talk phones weren't designed to communicate with Sprint's network, which was built upon "code-division multiple access" wireless technology, or CDMA, so Sprint had to drive more customers onto new devices. The CDMA technology was developed by U.S. chip maker Qualcomm Inc. for phone calls long before internet data became the coin of the

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wireless realm. Business customers who relied on the radio-like iDEN phones were especially reluctant to switch to a network designed for high-speed data that many of them said they didn't need.

Some of Sprint's past problems stemmed from the piecemeal development of U.S. wireless networks in the early 2000s. Sprint and Verizon Communications Inc. used CDMA networks while AT&T and T-Mobile used GSM, an incompatible technology favored in Europe and much of Asia. Next-generation "long-term evolution" technology did away with that distinction. New cellphones use LTE for everything from phone calls to streaming media and fall back to the old technology only when no other signal is available. The new LTE rules for handling data also have made it easier for customers to switch providers.

Sprint and T-Mobile say they are taking several steps to prepare for their potential combination. The companies have arranged for Sprint customers to roam on T-Mobile's more up-to-date network, an agreement that will last for four years regardless of **whether the merger wins regulators' approval**. T-Mobile, now the bigger wireless provider in terms of customers, says it plans to shift Sprint's customers to its network. That means about 60 million subscribers of T-Mobile and MetroPCS, which merged with T-Mobile in 2013, would keep using the same cellphone towers and equipment. Another 20 million Sprint customers—a little more than half it subscriber base—use phones that will work on T-Mobile's network from day one, executives said, because of the LTE technology that all four national wireless operators adopted.

In the past, companies like Sprint and Verizon had to dangle new cellphones to coax customers acquired through mergers into staying on. Even then, some subscribers were left with useless devices once the acquirers shut off their old networks. "For our customers, this story is purely good," T-Mobile Chief Operating Officer Mike Sievert said during an employee meeting. "There's nothing they have to do. They don't have to get a new handset. They don't have to change anything."

For some Sprint customers, however, phone calls could still pose a problem because they use devices that still rely on CDMA technology for voice calls and can't support LTE calls. T-Mobile said today's CDMA users will eventually need to get new phones, but noted that it has experience taking over a CDMA-based network through its MetroPCS deal. Although it took about two years to move MetroPCS's old devices onto the new network, neither brand suffered customer losses during the transition, T-Mobile said.

The eventual CDMA shutdown will inconvenience some flip-phone users, said Iain Gillott, a telecom analyst for Austin, Texas, research firm iGR. A second group of customers with somewhat older smartphones will probably keep their existing service but could lack access to the expanded bandwidth a network merger offers. "You could see either an immediate difference or no difference at all until you buy a new handset," Mr. Gillott said. But "in terms of the horrors of the iDEN network, those days really have passed." – ***Wall Street Journal***

John Malone is taking chips off the table in Europe. He will need to put at least one of them back into play.

The cable billionaire's European investment vehicle, Liberty Global, on Wednesday **announced the sale of its networks** in Germany and parts of Eastern Europe to mobile-phone giant Vodafone. A deal had **been on the cards for years**. The industry trend of **"convergence" between fixed and mobile broadband operators** is more advanced in Europe than in the U.S., where cost pressures have until recently been more benign.

Until now, Liberty Global and Vodafone disagreed on price. In some ways they still do. Liberty Global said it sold for €19 billion ($22.5 billion), using U.S. accounting rules. Vodafone insisted it had bought for €18.4 billion, using international rules. The difference can be traced to the treatment of the leased ducts through which Liberty runs its German cable network.

Liberty also used historic earnings to inflate the valuation received while Vodafone used forward multiples to minimize it. Bernstein analyst Dhananjay Mirchandani calculates the multiple at 11.2 times 2017 earnings before interest, taxes, depreciation and amortization, below the 12.4 times Vodafone paid in 2013 for Kabel Deutschland—the other big German cable business—but above the 9.9 times for which Liberty agreed to **sell its Austrian cable network** to Deutsche Telekom in December.

What is beyond dispute is that Liberty's cable assets are worth more to Vodafone than they are alone. Vodafone is targeting cost savings worth more than $7 billion over five years, though this figure could slip if antitrust regulators demand disposals.

Two big questions remain. What will Mr. Malone do with the $12.7 billion of cash this deal should release upon completion next year and what is the endgame for the company's Virgin Media network in the U.K. and Ireland?

Applying the 11.2 times deal multiple to last year's profit, Virgin Media could be worth $32.5 billion—too much for Vodafone or any other U.K. mobile operator to buy. This is a market where the risks and rewards of convergence need to be borne by Liberty Global; in other words, it needs to be the buyer, not the seller. Without a mobile network, the cable company may struggle with the transition to a 5G world. Liberty Global's most recent steps have implied a withdrawal from Europe, but this strategy won't work everywhere. In the U.K. and Ireland, Mr. Malone must charge rather than retreat. – ***Wall Street Journal***

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