

DECLARATION OF ROBERT PICK

1. My name is Robert Pick. I am Chief Executive Officer of SpectrumCo, LLC (“SpectrumCo”). I have held this position at SpectrumCo since 2006. I am also the Senior Vice President of Corporate Development for Comcast Corp. (“Comcast”). I have held this position at Comcast for over 20 years. In those roles, I have been deeply involved in the analysis of SpectrumCo’s assets and strategic options. I am responsible for identifying and conducting financial analyses of potential transactional opportunities for SpectrumCo and for presenting recommendations on these opportunities to the owners of SpectrumCo. In connection with these responsibilities, I evaluate, among other things, the strategic and financial objectives of proposed transactions. In addition, I participate in the process of negotiating the terms of proposed transactions. My declaration is based on thorough inquiry and reliance on the kinds of information on which I routinely rely in performing the duties of my office.

2. As part of the effort by SpectrumCo’s owners to explore wireless options, in 2006 SpectrumCo acquired 137 AWS-1 licenses in the Federal Communications Commission’s Auction 66 and now holds 122 AWS-1 licenses: 121 Basic Economic Area licenses and one Regional Economic Area license (Hawaii). These 122 licenses cover 120 markets (*i.e.*, in two markets, SpectrumCo holds two licenses). In each market, SpectrumCo has 20 MHz of spectrum, except Houston, where it has 30 MHz of spectrum.

3. Since acquiring the spectrum at auction, SpectrumCo has undertaken efforts to prepare its AWS-1 spectrum for use. At the time SpectrumCo acquired the licenses, it identified incumbent microwave links within its AWS-1 footprint that would need to be cleared to deploy services. SpectrumCo has cleared or confirmed the clearance of more than 500 incumbent wireless point-

to-point microwave links in the geographic area covered by SpectrumCo's AWS-1 licenses, which is virtually all of the identified incumbent links. SpectrumCo invested more than \$20 million in that effort.

4. SpectrumCo also has undertaken efforts to test different 4G technologies and equipment for use with the AWS-1 spectrum. Between 2007 and 2009, SpectrumCo operated an AWS-1 4G test bed in King of Prussia, Pennsylvania to evaluate the three leading 4G technology candidates at that time: WiMAX, Ultra Mobile Broadband ("UMB"), and Long Term Evolution ("LTE"). Leading wireless equipment manufacturers, including Alcatel Lucent, Qualcomm, Huawei, and Nortel, participated in the King of Prussia tests.

5. SpectrumCo subjected each 4G technology to a set of live, operational tests over a period of several months. The tests involved installing transmission equipment at outdoor cell sites. Cell sites were interconnected to create a "miniature" wireless network. In addition, prototype AWS-1 handsets were tested with each 4G technology at three fixed locations and on a 12-mile drive route.

6. The tests demonstrated that UMB would be a more spectrally efficient option than WiMAX for the AWS-1 band. However, UMB had significant limitations. An important drawback was that the intellectual property supporting UMB was held by a single firm, as such UMB equipment was unlikely to be available from competing manufacturers. In addition, UMB is less compatible than LTE with the GSM networks that served 80 percent of the world's wireless subscribers at the time of the tests. Consequently, UMB did not receive widespread industry support, which is a critical consideration in light of the need to achieve industry-wide scale economies in equipment procurement.

7. In the King of Prussia tests, SpectrumCo demonstrated that the optimal frequency reuse plan worked well with LTE in the AWS-1 band, and attractive data speeds could be achieved using 20 MHz of paired spectrum. This was consistent with SpectrumCo's engineering models at that time. Moreover, in early 2009 SpectrumCo determined that LTE was very close to becoming commercially viable, notwithstanding that it was the last 4G standard to reach substantial finalization.

8. After the conclusion of the King of Prussia testing, SpectrumCo collaborated with Nortel on LTE testing in the AWS-1 band using Nortel's Ottawa Live Air Test system. This additional testing demonstrated that LTE was spectrally efficient for 4G deployment in the AWS-1 band. This further supported SpectrumCo's conclusion that LTE was the optimal technology for use in the band.

9. Apart from its own testing activities, SpectrumCo also has made its spectrum available to original equipment manufacturers ("OEMs") to test equipment. For example, SpectrumCo leased its spectrum for testing by OEMs like Qualcomm, Nokia, and Samsung.

10. SpectrumCo also evaluated the investment necessary to deploy and operate a wireless network using this spectrum and, based on a variety of marketplace factors, ultimately concluded as a business matter that entering the wireless marketplace as a standalone facilities-based provider would not provide a return on that investment that would warrant incurring the significant costs and risks involved.

11. First, enormous financial resources are required to build and initially operate a standalone wireless network, and holding CMRS spectrum, while essential, is only part of the equation. SpectrumCo estimated that, depending upon how such a network would be deployed, the capital

expenditures and cumulative negative net operating costs would be approximately \$10 - \$11 billion. The risks associated with this financial investment are substantial, and there is no assurance of a return, particularly given the competitive nature of the wireless business and other marketplace factors and business complexities described below.

12. Second, SpectrumCo determined that the spectrum it possessed might be sufficient to initially deploy an LTE wireless network. However, if SpectrumCo was successful in attracting a significant number of customers (including from its members' base of existing cable customers), it ultimately would have had to incur further costs to acquire additional spectrum to serve those customers. SpectrumCo recognized that consumers' appetite for data rich and spectrum intensive services is growing rapidly and believed that this dynamic would continue for the foreseeable future. This would force SpectrumCo onto a spectrum "treadmill." Before the initial build out would have been completed, SpectrumCo would have been faced with the reality of needing to acquire and build out additional spectrum to meet consumers' increasing demand.

13. Third, assuming the construction of a network, SpectrumCo concluded that it would face further costs obtaining and providing cutting-edge wireless devices to consumers. Consumers have come to expect that wireless devices will be subsidized by the carrier. This requires carriers – including new entrants – to provide devices at deeply discounted prices and to recover the cost of equipment subsidies over the term of customers' service plans. With less scale than established wireless carriers, SpectrumCo initially would have been required to pay higher prices to acquire the newest, most desirable devices, and to provide a corresponding greater subsidy for those devices.

14. Finally, securing roaming agreements posed another complicating factor. Wireless consumers expect service coverage wherever they travel. No carrier – and especially not a new entrant – can provide service in all areas, which necessitates that it obtain roaming arrangements with other carriers. SpectrumCo would have been especially dependent upon roaming agreements in the early phases of deployment because wireless networks are built in stages. Securing these roaming agreements would impose further costs and business complexity.

15. All of these concerns were heightened by the fact that the wireless marketplace contains several mature providers that compete fiercely for customers. In short, given all of the costs and complexities involved, SpectrumCo's owners as a business matter did not see strategic or financial value in undertaking the very large investments and corresponding business risks necessary to become an additional facilities-based competitor in a crowded and competitive wireless marketplace.

16. As SpectrumCo evaluated its opportunity to construct an independent network, SpectrumCo and its owners also explored various other options for entering the wireless space. These options ran the gamut from network sharing and other joint ventures to acquisition, but most of the discussions did not ripen into agreements. SpectrumCo and its owners were not able to reach agreements or find solutions before entering into the agreement with Verizon Wireless that satisfied their business objectives. Accordingly, SpectrumCo and its owners came to a business decision to sell the AWS-1 spectrum to Verizon Wireless.

I, Robert Pick, declare under penalty of perjury that the foregoing declaration is true and correct to the best of my knowledge and belief. Executed on December 16, 2011.

A handwritten signature in cursive script, appearing to read "Robert Pick", is written over a horizontal line.

Robert Pick