September 30, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1810-100

Re: Proposed Accounting Standards Update, ***Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities***

Dear Sir or Madam:

We appreciate the opportunity to respond to the Financial Accounting Standards Board's (FASB or the "Board") *Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"* ("the Exposure Draft").

We fully support the Board's objective to provide more decision-useful information to users regarding an entity's involvement in financial instruments, while reducing the complexity in accounting for those instruments. While we support the overall objective, we have concerns about certain provisions in the proposed standard and do not support issuance of the Exposure Draft as currently drafted. Our concerns are further explained in the following paragraphs. Unless the context otherwise requires, references to "our," "us," or "we" mean the management of Sprint Nextel Corporation.

- **Lack of Convergence with International Accounting Standards** –The Exposure Draft represents a departure from one of the stated project objectives which is to replace the FASB and International Accounting Standards Board's (IASB) respective financial instrument standards with a common standard. Given the significant resources and time that preparers will be required to expend in order to implement the proposed changes, we are concerned that preparers will likely be required to go through another significant effort if there is a conversion to international standards. The lack of convergence in this project is concerning given the respective Boards' stated commitment to the overall convergence process.

- **Equity method investments should be excluded from the scope of the proposed standard** – We believe that equity method investments should be excluded from the scope of this Exposure Draft. Any fundamental change to the accounting for equity method investments should be part of a separate project that is subject to the joint consideration of the FASB and the IASB and commensurate constituent due process. We object to the proposed standard which requires that operations of an investee be related to the entity's consolidated business to qualify for equity method accounting. We continue to believe that historical cost, not fair value, is the most appropriate measurement attribute for investments in which the investor exercises significant influence. For publicly traded investees, a fair value measurement attribute could result in discrepancies between publicly available information about the fair value of an equity method investee and what may be known by an investor. Accordingly, there could be divergence between an investor's estimate of fair value and a publicly quoted price in an active market for the investee. We believe the Board should clarify their expectation of the most appropriate determination of fair value for such situations under the Exposure Draft. Further, we believe this proposed guidance may discourage investors and therefore decrease the availability of capital funding for such investments.

To the extent the Board retains its position that certain equity method investments should be measured on a recurring basis at fair value, the Board should coordinate with the Securities and Exchange Commission (SEC) to align the required disclosures in section 4.08(g) of Regulation S-X such that the summarized financial information disclosures for equity method investees excludes those investees that are measured on a recurring basis at fair value.

- **Mixed attribute measurement model for financial assets and liabilities** – We are a communications company offering a comprehensive range of wireless and wireline communications products and services that are designed to meet the needs of individual consumers, businesses, government subscribers and resellers. We generate most of our cash flows from the sale of wireless services, devices and accessories, as well as from service provided to our wholesale operators and third party affiliates. Our financial assets within the scope of the Exposure Draft are relatively insignificant. The Exposure Draft would require more financial assets and liabilities to be measured at fair value with changes in value presented in net income regardless of the entity's business strategy with respect to those financial assets and liabilities.

  Fair value as a measurement attribute has its place, and we agree that it can, in certain circumstances, provide useful and relevant information to financial statement users. However, fair value is not always the better and more reliable choice, and should not be the default measurement basis for all financial instruments. We believe that a mixed attribute measurement model would provide more relevant and useful information to users. Amortized cost - not fair value - is the most appropriate measurement basis when an entity's strategy is to hold financial instruments for collection or payment of contractual cash flows. In such situations, the use of fair value with changes recognized in net income will create misleading and inappropriate volatility, and is inconsistent with how businesses are managed and our understanding of the way in which users evaluate investment decisions. Further, we have not seen any evidence provided by the Board or any other entity which indicates that users believe anything other than amortized cost to be an appropriate measurement basis for an entity's own debt. For instruments which management does not intend to hold for collection or payment of contractual cash flows, we believe that fair value is the appropriate measurement basis.

  Should the Board maintain the proposed measurement criteria for financial liabilities, we believe that paragraph 30(b) should be amended to say "as part of an operating segment for which less than 50 percent of the segment's recognized assets are subsequently measured at fair value on a consistent basis". This will ensure that an entity which typically does not measure the majority of its assets at fair value can still utilize amortized cost even after writing down assets to fair value as a result of recognizing an impairment.

  While we do not believe that fair value should be the primary measurement attribute for financial instruments which an entity intends to hold for collection or payment of contractual cash flows, we see the value in providing enhanced fair value disclosures for such instruments. However, we believe these disclosures would be better presented in the footnotes, so as not to create unnecessary clutter and confusion on the face of the primary financial statements.

- **Consideration of future economic conditions should be included in credit impairment analyses -** We do not agree that an entity should utilize an unrealistic assumption that economic conditions existing at the reporting date would remain unchanged in determining whether a credit impairment exists. An expected loss approach that includes forecasting future events or economic conditions that did not exist at the end of the reporting period does not reduce comparability if the key assumptions utilized in such analysis are adequately disclosed to financial statement users. The proposed approach may reduce management judgment and possibly increase comparability but may not necessarily reflect management's estimate of its ability to collect cash flows. However, with robust disclosure of management's assumptions, this subjectivity could be made

transparent and comparable while providing more valuable information to financial statement users.

- **Hedging** – In general we support the changes made to hedge accounting requirements under this standard. Specifically, we believe that both the change to a "reasonably effective" threshold and to a more qualitative analysis is appropriate as it moves hedging requirements to a more principal-based model. However, to enable preparers to adequately address such implementation in conjunction with their auditors, we believe that the Board should provide additional perspective on what the term "reasonably effective" means and provide general guidelines supporting that perspective.

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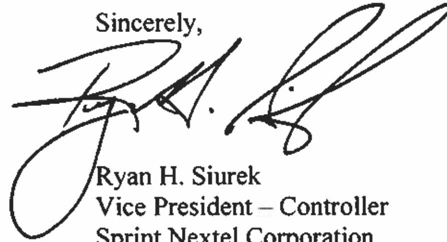
We appreciate the opportunity to express our views and would be pleased to discuss our comments or answer any questions that the FASB staff or the Board may have. Please contact me at (913) 315-7600 should you have any questions regarding our submission.

Sincerely,



Ryan H. Siurek
Vice President – Controller
Sprint Nextel Corporation