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REDACTED—FOR PUBLIC INSPECTION

May 13, 2019

BY ECFS

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 18-197**

Dear Ms. Dortch:

In an attempt to support the case for its proposed merger with T-Mobile, Sprint recently filed a letter that seeks to cast doubt on the company's continuing viability as a standalone entity and tarnish its own performance and the years of successful work by Sprint's management and employees to right the company.[1]

This attempt is unavailing. At no point during this proceeding have the Applicants attempted to assert that Sprint meets the definition of a failing firm under the Department of Justice's Horizontal Merger Guidelines. This is because—as Sprint's own statements demonstrate—the company cannot make such a showing. Instead, Sprint apparently seeks to create a new standard entirely by arguing that the Commission should "account for [Sprint's] diminished ability to be an effective competitor absent the transaction"[2] in reviewing its anti-competitive, market-consolidating merger. The Commission should not accept this logic, as it would force the agency to veer from established precedent and evaluate mergers on an ad-hoc basis, based on unsupported financial claims.

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[1] Letter from Samuel Feder, Regina Keeney, and Steven Sunshine, Sprint Counsel, to Marlene Dortch, WT Docket No. 18-197 (April 15, 2019) ("Sprint April 15 Letter").

DISH has denoted with **{{BEGIN HCI END HCI}}** information that is deemed to be Highly Confidential Information pursuant to the Protective Order. A public, redacted version of this filing is being filed with the Commission. Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, Protective Order, WT Docket No. 18-197, DA 18-624 (June 15, 2018).

[2] Sprint April 15 Letter at 2.

Moreover, it is increasingly hard to reconcile these statements with the public pronouncements that Sprint continues to make extolling its financial health. Sprint appears to suggest that the Commission should discount its public statements—many made in financial disclosures or under oath—as bluster meant to entice investment in the company. But such explanations are not credible for at least five reasons.

First, Sprint has contradicted itself even in explaining the contradiction. On the one hand, Sprint asks the Commission to discount its statements to investors embellishing its performance. On the other, the company is telling investors not to listen to what it tells the Commission tarnishing that performance. According to one Sprint officer, the contradictions are a matter of "tailoring" Sprint's message to "different audiences."[3]

Second, Sprint's public statements describing the company's positive health are also consistent with statements made to California regulators. For example, Sprint's Chief Operating Officer testified under oath that, among other things, "Sprint will be here to compete whether we merge with T-Mobile or not."[4]

Third, these public statements are also consistent with Sprint's private ones—internal statements praising Sprint's performance, noting the great strides that Sprint has made. Sprint's explanation for these statements seems to be that they, too, were hyperbolic boasts meant to boost the morale of "line employees." But, Sprint cannot escape from its public statements on the ground they were inaccurate embellishments intended to mislead investors and then also disavow its management's internal statements on the ground that they, too, were insincere attempts to mislead its own employees. In addition, many of these statements were not made to line employees at all: they were made to the Board of Directors or Sprint's well-financed parent Softbank. Sprint's CEO was likely correct when he glowingly told Softbank: **{{BEGIN HCI**

END HCI}}[5]

Sprint also ignores the financial might of its parent even though internal documents describe accurately the enormous benefits Sprint derives from Softbank: **{{BEGIN HCI**
END HCI}}[6]

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[3] Transcript, Sprint Corp. at Deutsche Bank Leveraged Finance Conference, Fair Disclosure Wire (Oct. 2, 2018).

[4] Evidentiary Hearing Transcript, Testimony of Brandon Dow Draper at 659 17:18, California Public Utilities Commission, Applications 18-07-011, 18-07-012 (Feb. 6, 2019) (excerpts attached as Exhibit 2).

[5] SPR-FCC-06716192 at 3 (slide notes).

[6] SPR-FCC-03954963.

Softbank's generosity is such that it was prepared to foot an enormous Sprint bill—**{{BEGIN HCI** **END HCI}}** earning Sprint's gratitude for that investment: **{{BEGIN HCI** **END HCI}}**[7]

The few pessimistic statements from internal documents that Sprint cites in its April 15 letter are often accompanied in the same document by countervailing statements, which Sprint selectively omits. In one case, Sprint cites a negative comment focused on Sprint's organizational structure.[8] This statement cannot plausibly be converted into a prophecy of financial doom for the company.

Fourth, Sprint continues to move forward with its 5G plans as a standalone company. Sprint just announced that "in the coming weeks, Chicago, Atlanta, Dallas and Kansas City are expected to be among the first cities to offer commercial 5G service; with Houston, Los Angeles, New York City, Phoenix and Washington D.C. slated to launch by the end of June."[9] In addition Sprint recently attended Google's I/O conference to demonstrate its first 5G phone.[10] As Mr. Claure recently tweeted, "I keep telling you that @Sprint's network is better than ever - here's another @speedtest showing awesome speeds in #Philadelphia! 📶⚡"[11] And, all this progress comes as Sprint just disclosed a ***$350 million*** charge for merger-related costs in 2018.[12]

Finally, as DISH has previously noted,[13] the Applicants fail to take into account the possibility of future investment by Softbank (a company with 85 percent ownership in Sprint),

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[7] SPR-FCC-03954963 at SPR-FCC-03950006.

[8] *See* April 15 Letter at 24 n.47.

[9] Press Release, *Sprint Reports Fiscal Year 2018 Fourth Quarter and Full Year Results*, (May 7, 2019) https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q4/Fiscal-4Q18-Earnings-Release-FINAL.pdf ("Sprint Q4 2018 Press Release").

[10] Press Release, *Sprint Lights Up Google I/O with 5G Connectivity* (May 7, 2019), https://investors.sprint.com/news-and-events/press-releases/press-release-details/2019/Sprint-Lights-Up-Google-IO-with-5G-Connectivity/default.aspx.

[11] Marcelo Claure (@marceloclaure), Twitter (April 30, 2019 12:29 PM), https://twitter.com/marceloclaure/status/1123308289683599360.

[12] Sprint Q4 2018 Press Release.

[13] *See* Reply of DISH Network Corp., WT Docket No. 18-197, at 43-44 (Oct. 31, 2018) ("DISH Reply").

even though, as Mr. Claure acknowledged, "Sprint is a strategic asset for SoftBank."[14] As one of the largest companies in the world, Softbank holds more than $47 billion (or 5.3 trillion yen) in cash and cash equivalents.[15] Softbank's Vision Fund has already invested $70 billion since it was formed in November 2016.[16] Thus, to the extent that Sprint did need an infusion of capital in the future, Softbank is more than capable of funding Sprint to enable it to compete and invest in 5G.

Sprint Has Not Made a Failing Firm Showing

Sprint's April 15 letter makes several conjectural statements about Sprint's potential future as a standalone company, that, as discussed below, have been contradicted by its own statements under oath and to investors and therefore cannot be credited. But, as DISH has pointed out, even if these statements were true, they would be legally irrelevant. To excuse the anticompetitive effects of the merger, a company's indisposition is not enough. The Horizontal Merger Guidelines explain that the allegedly failing firm must meet *all* of the following criteria:

- it would be unable to meet its financial obligations in the near future;
- it would not be able to reorganize successfully in bankruptcy; and
- it has made unsuccessful good-faith efforts to elicit reasonable alternative offers that would keep its assets in the relevant market and pose a less severe danger to competition than does the proposed merger.[17]

And, the allegedly failing firm also needs to show "that there [i]s no other prospective purchaser for it."[18] Sprint has not, and cannot, make such a showing. Indeed, Sprint has not even attempted

[14] Transcript, Sprint Q3 2017 Earnings Call (Feb. 2, 2018), https://s21.q4cdn.com/487940486/files/doc_financials/transcripts/S-US-20180202-2039822-C.pdf.

[15] Softbank Group, Consolidated Financial Report for the Period Ended December 31, 2018 at 26 (Feb. 6, 2019), https://cdn.group.softbank/en/corp/set/data/irinfo/financials/financial_reports/pdf/2019/softbank_results_2019q3_001.pdf.

[16] CNBC, *SoftBank's Vision Fund Has Already Invested $70 billion, CEO Masayoshi Son Says*, https://www.cnbc.com/2019/03/08/softbanks-vision-fund-has-already-invested-70-billion-ceo-son-says.html.

[17] Department of Justice Horizontal Merger Guidelines § 11.

[18] *United States v. Greater Buffalo Press, Inc.*, 402 U.S. 549, 555 (1971). *See also Citizen Pub. Co. v. United States*, 394 U.S. at 138 (1969) ("The failing company doctrine plainly cannot be applied in a merger or in any other case unless it is established that the company that acquires the failing company or brings it under dominion is the only available purchaser.").

to meet ***any*** of the above criteria. Instead, it resorts to a novel argument that the Commission should allow its transaction to proceed on the grounds that it may struggle to compete in the market in the future. The Commission should see through this transparent attempt to justify its anticompetitive merger.

Sprint's Financial Disclosures Show Sprint is not a Failing Firm

In its April 15 letter, Sprint makes several statements about its ability to compete as a standalone company, including: "Sprint is unlikely to play a meaningful competitive role as a standalone company in the years to come;" "Sprint is not on a sustainable competitive path"; "Sprint's standalone competitive future is in peril."[19]

But, ever since the merger application was filed, Sprint's rhetoric about its supposed malaise has been belied like clockwork every quarter by Sprint's financial results. Sprint's most recent reported financial results (for Q4 2018, released on May 2, 2019) continue to contradict its advocacy in favor of the merger. They show continued improvement, consistent with Sprint's results for the past year. For example, in its recent Q4 2018 press release, Sprint highlighted the following metrics:

- "Fiscal year 2018 wireless service revenue stabilized year-over-year"
- "Adjusted EBITDA of $12.8 billion"
- "2018 postpaid net additions of 710,000 improved by 286,000 year-over-year"
- "Continued progress on Next-Gen Network deployment"
- "Strong momentum on digitalization initiatives"[20]

The accompanying presentation for investors includes further positive developments for Sprint:

- "Adjusted EBITDA delivered at the high end of our fiscal year guidance"
- "Postpaid net additions delivered for the 4th consecutive year"[21]

[19] Sprint April 15 Letter at 2, 42.

[20] Sprint Q4 2018 Press Release.

[21] Sprint, Q4 2018 Results Presentation, at 4 (May 7, 2019), https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q4/4QFY18-Slides-FINAL.pdf ("Sprint Q4 2018 Presentation"). Indeed, adjusting for the new revenue standard, adjusted EBITDA would have improved $183 million year-over-year and $106 million sequentially. Sprint Quarterly Investor Update Fiscal 4Q2018, at 17 (May 7, 2019), https://investors.sprint.com/files/doc_financials/quarterly/2018/Q4/Fiscal-4Q18-Sprint-Quarterly-Investor-Update-FINAL.pdf. ("Sprint Q4 2018 Quarterly Investor Update").

Sprint continues to maintain a strong liquidity position, with $9.9 billion of liquidity, $7 billion of which is in cash.[22] While Sprint booked a net loss of $1.9 billion, it was primarily due to a non-cash charge of $2 billion and increased capex spending—hardly the decision of a company that lacks confidence in its future.[23] Sprint increased its capital expenditures on its network 50% year-over-year to $5 billion.[24] Sprint described additional progress it made to its network infrastructure, including 2.5 GHz spectrum deployed on approximately 80 percent of its macro sites, and 30,000 small cells and 1,500 Massive MIMO radios deployed.[25] Sprint's CEO said that "the investments we are making in our network and customer experience may improve churn and help to lessen the perception gap that impacts gross adds today."[26]

And Sprint achieved these results despite the financial impact of the proposed merger: Sprint disclosed a ***$350 million*** charge for merger-related costs in 2018.[27] And, as Sprint's CEO explained:

> It's obvious that the deal has kind of let's say a shadow impact on our commercial executions as when customers from the morning to the evening listen to messages saying

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[22] Sprint Q4 2018 Quarterly Investor Update at 19. *See also* Transcript, Sprint Corp., Q4 2018 Earnings Call at 8 (May 7, 2019), https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q4/Sprint-Q4-2018-Earnings-Call-Transcript.pdf ("Sprint Q4 2018 Earnings Call Transcript") ("We continue to have an adequate liquidity position…"); Letter from Pantelis Michalopoulos, DISH Counsel, to Marlene Dortch, FCC, WT Docket No. 18-197, at 2-3 (April 8, 2019) ("DISH April 8 Letter") (collecting quotes from Sprint executives expressing confidence in the company's balance sheet).

[23] Sprint Q4 2018 Presentation at 10. Sprint's CFO explained that "this non-cash accounting charge is not expected to impact liquidity, cash flows, compliance with the debt covenants, or any future operations." He also explained that excluding the effects of various one-time charges, Sprint's "operating income would've been relatively flat year-over-year." Sprint Q4 2018 Earnings Call Transcript at 7.

[24] Sprint Q4 2018 Presentation at 4, 11. Indeed, Sprint's CFO noted that the negative adjusted free cash flow "was within our guidance range and declined year-over-year as a result of higher network investments." Sprint Q4 2018 Earnings Call Transcript at 7.

[25] Sprint Q4 2018 Press Release.

[26] Sprint Q4 2018 Earnings Call Transcript at 4.

[27] Sprint Q4 2018 Press Release at 1.

> that the two companies are going to merge, I mean most likely it reduces a bit the appetite to come to Sprint stores.[28]

Sprint's positive Q4 results are consistent with the company's financial results for prior quarters, many of which DISH has discussed in prior filings.[29] Sprint states that these are "isolated excerpts" and that "the positive metrics identified by DISH and others are narrowly focused on the few areas where Sprint has shown improvement."[30] But of course, these are the very same metrics identified by Sprint's management on its earnings calls announcing Sprint's quarterly financial results. For reference, attached as Exhibit 1 are Sprint's press releases accompanying each of Sprint's quarterly reports for the past year:

- FY Q4 2017: "Sprint Delivers Best Financial Results In Company History With Highest Ever Net Income And Operating Income In Fiscal Year 2017"
- FY Q1 2018: "Sprint Reports Inflection In Wireless Service Revenue With Fiscal Year 2018 First Quarter Results"
- FY Q2 2018: "Sprint Reports Year-Over-Year Growth In Wireless Service Revenue With Fiscal Year 2018 Second Quarter Results"
- FY Q3 2018: "Sprint Reports Continued Year-Over-Year Growth In Wireless Service Revenue With Fiscal Year 2018 Third Quarter Results"
- FY Q4 2018: "Sprint Reports Fiscal Year 2018 Fourth Quarter And Full Year Results"[31]

There can be no accusations of "cherry-picking," as these materials were created by Sprint itself and are reproduced in full. Sprint now dismisses these results as "minor improvements in a few financial metrics."[32]

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[28] Transcript, Sprint Q3 2018 Earnings Call, at 11 (Jan. 31, 2019), https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q3/S-US-20190131-2200667-C.pdf.

[29] Petition to Deny of DISH Network Corp., WT Docket No. 18-197, at 15-16 (Aug. 27, 2018); DISH Reply at 36-46 (Oct. 31, 2018); DISH April 8, 2019 Letter.

[30] Sprint April 15 Letter at 5.

[31] All of Sprint's recent financial reports, quarterly earnings transcripts, and investor presentations can be found here: https://investors.sprint.com/financials/default.aspx. Interestingly, while the titles of Sprint's prior earnings press releases all included a positive sentiment about the company, its earnings release post the April 15 letter did not.

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Instead, it is Sprint that paints a selective picture of its ability to compete—in its 43-page letter not once does Sprint mention its parent company Softbank. This is a curious omission in a filing ostensibly dedicated to describing the company's financial health. Indeed, as the Wall Street Journal recently reported, Softbank "is considering audacious fundraising plans, including a public offering of its $100 billion investment fund and the launch of a second fund of at least that size."[33] One of the documents cited by the April 15 letter (with two slides shown in full on page 23) discusses the virtues of being owned by Softbank: **{{BEGIN HCI** **END HCI}}** and various ways for Sprint to more closely collaborate with Softbank, including **{{BEGIN HCI** **END HCI}}**[34]

The same document also describes a disruptive option that Sprint could have used as a standalone company: **{{BEGIN HCI** **END HCI}}**[35]

Sprint Continues to Move Ahead with Deploying 5G

Building on its announcement at Mobile World Congress that Sprint plans to start mobile 5G service in the coming months in nine cities,[36] Sprint recently attended Google's I/O

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[32] Sprint April 15 Letter at 5.

[33] Liz Hoffman and Julie Steinberg, *SoftBank Considers IPO for $100 Billion Vision Fund*, Wall Street Journal (May 3, 2019), https://www.wsj.com/articles/softbank-considers-ipo-for-100-billion-vision-fund-11556882710.

[34] SPR-FCC-03954963.

[35] *Id.* at SPR-FCC-0395004-07. This proposal seems to be different from Sprint's offer for **{{BEGIN HCI** **END HCI}}** But in either case, it is a disruptive offering that will no longer be on the market if Sprint is allowed to merge with T-Mobile.

[36] Linda Hardesty, *Sprint to Launch Commercial 5G in 4 U.S. Cities in May*, FierceWireless (Feb. 25, 2019), https://www.fiercewireless.com/wireless/sprint-to-launch-commercial-5g-4-uscities-may.

conference to demonstrate its first 5G phone.[37] And, in its most recent earnings release, Sprint announced that "Standards-based 5G is currently on-air in select locations, with commercial service expected to launch in the coming weeks" with Chicago, Atlanta, Dallas, and Kansas City expected to receive 5G service first, followed by Houston, Los Angeles, New York City, Phoenix and Washington D.C. "by the end of June."[38]

The April 15 letter makes frequent references to Sprint's ostensibly poor spectrum holdings.[39] But in March 2018 Sprint's CEO said:

> I've been in this industry for ages, as you know, as a telco and/or as a vendor, and I've never seen a company with such a rich spectrum. And with this spectrum of 2.5 GHz, which is a sweet spot for 5G, I guess that gives us a tremendous opportunity for the years to come.
>
> We have mid-band spectrum, which is the sweet spot for 5G. As 800 meg was the sweet spot for 4G, I guess that 2.5 GHz is the sweet spot for 5G, no doubt. And on top of that, we have the depth in terms of spectrum. So, we have – all our competitors have one or the other. We have both, mid-band and depth, so which means the ability to really build a national wide network of 5G network.[40]

Sprint's Letter is Inconsistent with Statements Made Under Oath

Sprint's Chief Commercial Officer Mr. Draper, testified before the California Public Utilities Commission as part of that agency's review of the proposed merger. In that testimony, Mr. Draper made several statements that directly contradict several of the claims in Sprint's April 15 letter. In its report to the CPUC, the Public Advocate's Office summarized Mr. Draper's testimony as follows:

> In no uncertain terms, Mr. Brandon Dow Draper, Chief Commercial Officer for Sprint and Joint Applicants' witness regarding Sprint's financial condition, stated that Sprint is

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[37] Press Release, *Sprint Lights Up Google I/O with 5G Connectivity* (May 7, 2019), https://investors.sprint.com/news-and-events/press-releases/press-release-details/2019/Sprint-Lights-Up-Google-IO-with-5G-Connectivity/default.aspx.

[38] Sprint Q4 2018 Press Release at 2 ("The company has also announced standards-based 5G devices from LG, HTC, and Samsung that will be available soon.").

[39] *See, e.g.*, Sprint April 15 Letter at 26.

[40] Sprint Corp. at Deutsche Bank Media Telecom & Business Services Conference, Comments of Michel Combes (March 7, 2018), https://s21.q4cdn.com/487940486/files/doc_presentations/2018/Deutsche-Bank-2018-Media-Telecom-Business-Services-Conference.pdf.

> not going bankrupt, is not a failing company, and will continue to be a competitor whether the merger happens or not. Essentially, his testimony corroborated the Public Advocates Office's analysis and testimony that Sprint is not a failing company.[41]

Mr. Draper made the following statements on cross-examination:

- "Sprint will be here to compete whether we merge with T-Mobile or not."[42]
- "It is *not* my testimony today that Sprint is failing company."[43]
- "...we are a stable company. Sprint is not going bankrupt. We are not a failing firm."[44]
- ". . . Sprint has not considered bankruptcy. We do not intend to. As far as I know, we have no plans of declaring bankruptcy. Sprint is not at risk of becoming bankrupt."[45]
- "We've got tremendous amounts of debt. That doesn't mean we can't continue to borrow to invest in our network. That is the current stated plan."[46]
- "Sprint will be able to borrow money. Again, my testimony is not that Sprint is going bankrupt, it is not able to borrow more money, not able to remain a competitor. This -- specifically what we are talking about here [referring to spectrum backed notes] is there is a certain amount of borrowing we will be able to do against our spectrum."[47]

Sprint's Letter Selectively Quotes from Internal Documents

Sprint cites to various internal documents that supposedly show that "Sprint had no clear path to competitive relevance."[48] But these documents, when viewed in full, at worst paint a

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[41] Opening Brief of the Public Advocates Office, Application 18-07-011, at 50 (April 26, 2019).

[42] Evidentiary Hearing Transcript, Testimony of Brandon Dow Draper, at 659 17:18, California Public Utilities Commission, Applications 18-07-011, 18-07-012 (Feb. 6, 2019).

[43] *Id.* at 634 14:15 (emphasis added).

[44] *Id.* at 635 14:17.

[45] *Id.* at 651 17:21.

[46] *Id.* at 633 10:13.

[47] *Id*. at 649 18:25.

[48] Sprint April 15 Letter at 3.

mixed picture of Sprint's performance, and, in reality, often highlight positive aspects of Sprint's performance and turnaround.[49]

Documents not cited in Sprint's April 15 letter also show that Sprint's management had a more positive appraisal of Sprint's turnaround than Sprint is conveying now for purposes of eliciting favorable consideration of its merger proposal. For example, in a presentation to Softbank in June 2018, **{{BEGIN HCI**

END HCI}}[50] At least two Sprint documents highlight **{{BEGIN HCI**

END HCI}}[51]

Sprint tries to explain away such positive statements as "striving to preserve a degree of optimism for the future" and as management painting an overly rosy picture for "line employees" trying to meet "aggressive targets."[52] But most of the documents cited by Sprint are presentations and emails among the highest levels of the company, including the Board of Directors, not "line employees." For example, one of the key documents cited in the April 15 letter is a presentation given to Sprint's Board in January 2019 entitled **{{BEGIN HCI**
END HCI}}[53] Sprint cites this document several times for the proposition that "Sprint's results demonstrate that it is far underperforming against its plan of record in key metrics."[54] But the document in fact paints a more balanced picture, including:

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[49] The April 15 letter is yet another example of the Applicants' use of highly confidential designations to create a misleading view of the record for the pubic. Sprint publicly disclosed selective excerpts from its Highly Confidential documents, but because the remainder of those documents are still classified as Highly Confidential, the public cannot see the full context.

[50] SPR-FCC-06716192 at 3 (slide notes).

[51] *See* SPR-FCC-08291148 at SPR-FCC-08291149-52. *See also* SPR-FCC-06703585. If there is a version of this document from 2019, it does not appear to have been produced.

[52] Sprint April 15 Letter at 4.

[53] SPR-FCC-14140298 at SPR-FCC-14140299-363.

[54] April 15 Letter at 37.

END HCI}}[55]

And when the presentation discusses a business challenge or negative metric, it is often tempered by a positive statement. For example:

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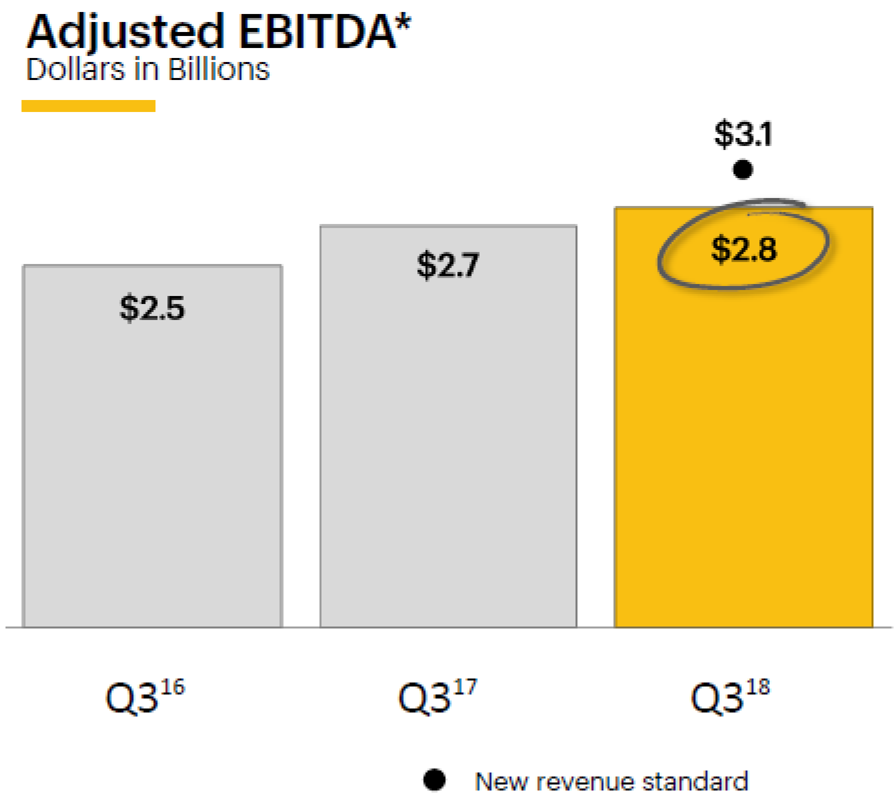
Even the slide listing the metrics cited by Sprint's April 15 letter is entitled **{{BEGIN HCI END HCI}}**[57] Additionally, while Sprint's letter states that various metrics, including adjusted EBITDA, were "all down year over year and below

[55] *See* SPR-FCC-14140298.

[56] *Id.* at SPR-FCC-14140306, 14140317.

[57] SPR-FCC-14140298 at SPR-FCC-14140330, cited in Sprint April 15 Letter at 37 n.77.

budget,"[58] here is how Sprint presented adjusted EBITDA for the quarter in question (FY Q3 2018) in its investor presentation:[59]



And despite Sprint's letter stating that "Sprint's results have continued to fall short of the projections," in its most recent earnings announcement, Sprint's CEO said: "**Sprint delivered on its plan for fiscal 2018, as we met all of our financial guidance for the year**."[60]

In another example, Sprint states that "the Audit Committee was told that net adds decreased year-over-year, postpaid handset churn rose, and service revenue, EBITDA (less handset depreciation), operating income, and free cash flow had all declined from the prior

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[58] Sprint April 15 Letter at n.77.

[59] Sprint, Sprint Q3 2018 Results Presentation at 9 (Jan. 31, 2019), https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q3/02_3QFY18-Slides-Final.pdf.

[60] Sprint Q4 2018 Press Release at 1 (emphasis added).

quarter."[61] But even the specific pages cited by Sprint paint a different picture. The two referenced slides list several **{{BEGIN HCI**

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Sprint cites an email exchange in which one executive wrote, "I don't agree we are really good. We are actually bad."[63] But this comment was simply a criticism of Sprint's organizational matrix. It was made in connection with a presentation about **{{BEGIN HCI** **END HCI}}**[64] hardly a "structural problem that the company cannot resolve on its own."[65] Sprint is thus reduced to the position that it needs the merger with T-Mobile to fix its organizational chart and overcome its **{{BEGIN HCI** **END HCI}}** challenges. This is not supported by the evidence, as the Applicants do not even claim that T-Mobile's **{{BEGIN HCI** **END HCI}}** is superior to Sprint's.

Similarly, some of the financial analyst comments cited in the April 15 letter indicate that Sprint's challenges are due in part to poor execution by management, rather than "structural

[61] Sprint April 15 Letter at 18.

[62] *Id.*

[63] SPR-FCC-11684427, cited by Sprint April 15 letter at 24 n.47.

[64] *See* SPR-FCC-01096262, the presentation referenced by SPR-FCC-11684427 and discussing topics such as **{{BEGIN HCI** **END HCI}}**

[65] Sprint April 15 Letter at 4.

deficiencies" with Sprint.[66] It is not clear why Sprint needs a merger partner rather than personnel changes or other means less restrictive to competition than this merger.

*   *   *

Given Sprint's repeated statements to investors, other regulators, its own parent, Board, and employees about the company's health, the Commission should view Sprint's claims of financial ailments in support of this merger with the utmost skepticism.

Respectfully submitted,

/s

Pantelis Michalopoulos
Counsel to DISH Network Corporation

[66] *See e.g.*, April 15 Letter at 8, citing report from New Street Research ("Sprint has 'failed to take share in part because they have deployed capacity poorly and in part because of other operational challenges. Sprint has 30% fewer cell sites than peers, but with spectrum that propagates less well.'"). The April 15 letter omits a crucial phrase from the quoted sentence of the New Street report—a phrase noting that Sprint has "a material capacity advantage."

Exhibit 1: Sprint Quarterly Earnings Call Press Releases

News Release

Sprint

SPRINT DELIVERS BEST FINANCIAL RESULTS IN COMPANY HISTORY WITH HIGHEST EVER NET INCOME AND OPERATING INCOME IN FISCAL YEAR 2017

- *Fiscal year 2017 postpaid phone net additions of 606,000*
  - *Third consecutive year of postpaid phone net additions*
  - *Highest postpaid phone gross additions in six years*
  - *Fiscal fourth quarter postpaid phone net additions of 55,000 marked the eleventh consecutive quarter of net additions*

- *Fiscal year 2017 prepaid net additions of 363,000 compared to net losses of 1 million in the prior year*
  - *Prepaid net additions for the first time in three years*
  - *Prepaid churn of 4.58 percent was the lowest in three years*
  - *Fiscal fourth quarter prepaid net additions of 170,000*

- *Fiscal year 2017 net income of $7.4 billion, operating income of $2.7 billion and Adjusted EBITDA* of $11.1 billion*
  - *Net income for the first time in 11 years, even when excluding $7.1 billion of one-time favorable impact from tax reform*
  - *Highest operating income in company history and highest Adjusted EBITDA* in 11 years*
  - *Fiscal fourth quarter net income of $69 million, operating income of $236 million, and Adjusted EBITDA* of $2.8 billion*

- *Fiscal year 2017 net cash provided by operating activities of $10.1 billion and adjusted free cash flow* of $945 million*
  - *Second consecutive year of positive adjusted free cash flow**

- *Completed thousands of tri-band upgrades on macro sites, added thousands of outdoor small cells and deployed more than 200,000 Sprint Magic Boxes*

OVERLAND PARK, Kan. – May 2, 2018 – Sprint Corporation (NYSE: S) today reported operating results for the fiscal 2017 fourth quarter and full year, including its highest annual retail phone net additions in five years and the best profitability in company history with its highest annual operating income at $2.7 billion and annual net income for the first time in 11 years, even when excluding the one-time favorable impact from tax reform. The company also reported its highest adjusted EBITDA* in 11 years at $11.1 billion and its second consecutive year of positive adjusted free cash flow* at $945 million.

“In the fourth year of our turnaround, Sprint delivered the best financial results in company history as a result of growing our customer base and continuously improving our cost structure, while significantly improving our LTE network and initiating deployment for the first truly mobile 5G network in the U.S,” said Sprint CEO Marcelo Claure, “By executing our turnaround, we have positioned Sprint for strategic opportunities which led to our proposed merger with T-Mobile, which will create an entirely new level of innovation and disruption in the industry.”

Sprint Adds Nearly 1 Million Retail Phone Customers in Fiscal Year 2017
Sprint’s focus on both its postpaid and prepaid businesses resulted in nearly 1 million retail phone net additions in fiscal year 2017, an improvement of more than 1 million compared to the prior year.

- **Postpaid phone net additions** of 606,000 marked the third consecutive year of net additions, as postpaid phone gross additions reached their highest level in six years. For the fourth quarter, postpaid phone net additions of 55,000 marked the eleventh consecutive quarter of net additions, including net additions in the business space for the sixth consecutive quarter. The current quarter and full year results included 44,000 net migrations from prepaid to non-Sprint branded postpaid.

- **Prepaid net additions** of 363,000 compared to net losses of 1 million in the prior year, an improvement of nearly 1.4 million driven by a resurgence in the Boost brand. Prepaid churn of 4.58 percent, the lowest in three years, improved by 80 basis points year-over-year. For the fourth quarter, prepaid net additions were 170,000, including the highest share of gross additions in two years and year-over-year improvement in churn for the seventh consecutive quarter.

Cost Reduction Program Contributes to Improved Cash Flows
Sprint continued to make progress on its multi-year plan to improve its cost structure. Excluding approximately $100 million of hurricane-related and other non-recurring charges in fiscal year 2017, the company reported approximately $1.1 billion of combined year-over-year reductions in cost of services and selling, general and administrative expenses, making it the fourth consecutive year of more than $1 billion of year-over-year reductions and bringing the total reduction over the last four years to approximately $6 billion. The year-over-year reductions were primarily driven by changes to the device insurance program, as well as lower network expenses.

Fiscal year 2017 net cash provided by operating activities of $10.1 billion improved by $13.4 billion year-over-year, primarily due to a modification of our accounts receivable facility in February 2017. Adjusted free cash flow* of $945 million improved by $338 million year-over-year, mostly due to operational improvements in the business.

Net income of $7.4 billion in fiscal year 2017 included a one-time $7.1 billion non-cash benefit from tax reform, resulting from a re-measurement of our deferred tax assets and liabilities under provisions contained in the new tax law.

The company also reported the following financial results:

(Millions, except per share data)	**Fiscal 4Q17**	**Fiscal 4Q16**	**Change**		**Fiscal 2017**	**Fiscal 2016**	**Change**
Net income (loss)	**$69**	($283)	$352		**$7,389**	($1,206)	$8,595
Basic income (loss) per share	**$0.02**	($0.07)	$0.09		**$1.85**	($0.30)	$2.15
Operating income	**$236**	$470	($234)		**$2,727**	$1,764	$963
Adjusted EBITDA*	**$2,768**	$2,680	$88		**$11,069**	$9,934	$1,135
Net cash provided by (used in) operating activities	**$2,653**	($523)	$3,176		**$10,062**	($3,290)	$13,352
Adjusted free cash flow*	**($240)**	$80	($320)		**$945**	$607	$338

Network Quality Improves as Progress Toward First Mobile 5G Network Continues
Sprint is building a super-reliable, high-capacity mobile network that will deliver a great LTE experience and enable industry-leading 5G capabilities. The company's Next-Gen Network plan involves:

- Upgrading existing towers to leverage all three of the company's spectrum bands
- Building new macro cell sites
- Adding more small cells including mini-macros, strand mounts with cable operators and Sprint Magic Boxes
- Deploying 5G technologies such as Massive MIMO

With more than 160 MHz of 2.5 GHz spectrum in the top 100 markets, Sprint is one of the only operators in the world with enough capacity to operate LTE and 5G simultaneously using Massive MIMO and huge channels of 100-200 MHz of licensed spectrum on the same radios. Sprint expects to launch the first mobile 5G network in the U.S. in the first half of 2019.

Sprint completed thousands of tri-band upgrades on macro sites, added thousands of outdoor small cells and deployed more than 200,000 Sprint Magic Boxes in fiscal year 2017. These deployments helped drive continued improvement in network quality, as seen in Ookla's Speedtest Intelligence data.

- Sprint saw a 36 percent year-over-year increase in its national average download speed, the largest increase of the top four national carriers.[1]
- Sprint is #1 for fastest average download speed in 100 cities, more than twice as many cities as last year and more than AT&T for the third consecutive quarter.[2]

Fiscal Year 2018 Outlook

- The company expects adjusted EBITDA* of $11.3 billion to $11.8 billion. Including the impact of the new revenue recognition accounting standard, adjusted EBITDA* is expected to increase to a range of $11.6 billion to $12.1 billion.
- The company expects cash capital expenditures excluding leased devices to be $5 billion to $6 billion.

Conference Call and Webcast

- Date/Time: 4:30 p.m. (ET) Wednesday, May 2, 2018
- Call-in Information
  - U.S./Canada: 866-360-1063 (ID: 4588039)
  - International: 443-961-0242 (ID: 4588039)
- Webcast available at www.sprint.com/investors
- Additional information about results is available on our Investor Relations website

Contact Information

- Media contact: Dave Tovar, David.Tovar@sprint.com
- Investor contact: Jud Henry, Investor.Relations@sprint.com

[1] Based on Ookla's analysis of Speedtest Intelligence data comparing March 2017 to March 2018 for all mobile results.
[2] Based on Ookla's analysis of Speedtest Intelligence data from 1/1/18 to 3/31/18 for all mobile results when comparing cities where the top four national carriers rank

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Wireless Operating Statistics (Unaudited)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Net additions (losses) (in thousands)					
Postpaid [a]	39	256	(118)	424	811
Postpaid phone [a]	55	184	42	606	930
Prepaid [b]	170	63	195	363	(1,020)
Wholesale and affiliate [b]	(165)	66	291	81	2,342
Total wireless net additions	**44**	**385**	**368**	**868**	**2,133**
End of period connections (in thousands)					
Postpaid [a] [c] [d]	32,119	31,942	31,576	32,119	31,576
Postpaid phone [a] [c]	26,813	26,616	26,079	26,813	26,079
Prepaid [a] [b] [c] [e] [f] [g]	8,989	8,997	8,688	8,989	8,688
Wholesale and affiliate [b] [c] [f]	13,517	13,642	13,375	13,517	13,375
Total end of period connections	**54,625**	**54,581**	**53,639**	**54,625**	**53,639**
Churn					
Postpaid	1.78%	1.80%	1.75%	1.74%	1.62%
Postpaid phone	1.68%	1.71%	1.58%	1.62%	1.48%
Prepaid [f]	4.30%	4.63%	4.69%	4.58%	5.38%
Supplemental data - connected devices					
End of period connections (in thousands)					
Retail postpaid	2,335	2,259	2,001	2,335	2,001
Wholesale and affiliate	11,162	11,272	10,880	11,162	10,880
Total	**13,497**	**13,531**	**12,881**	**13,497**	**12,881**
ARPU [h]					
Postpaid	$ 44.40	$ 45.13	$ 47.34	$ 45.70	$ 49.77
Postpaid phone	$ 50.44	$ 51.26	$ 54.10	$ 51.98	$ 57.09
Prepaid [f]	$ 37.15	$ 37.46	$ 38.48	$ 37.67	$ 34.46

NON-GAAP RECONCILIATION - ABPA* AND ABPU* (Unaudited)

(Millions, except accounts, connections, ABPA, and ABPU*)*

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
ABPA*					
Postpaid service revenue	$ 4,270	$ 4,297	$ 4,493	$ 17,396	$ 18,677
Add: Installment plan and non-operating lease billings	368	379	343	1,512	1,172
Add: Equipment rentals	1,136	1,047	842	4,048	3,295
Total for postpaid connections	**$ 5,774**	**$ 5,723**	**$ 5,678**	**$ 22,956**	**$ 23,144**
Average postpaid accounts (in thousands)	11,259	11,193	11,405	11,260	11,378
Postpaid ABPA* [i]	$ 171.38	$ 170.39	$ 165.92	$ 169.99	$ 169.51

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Postpaid phone ABPU*					
Postpaid phone service revenue	$ 4,048	$ 4,069	$ 4,228	$ 16,463	$ 17,578
Add: Installment plan and non-operating lease billings	324	335	309	1,349	1,061
Add: Equipment rentals	1,126	1,037	829	4,003	3,240
Total for postpaid phone connections	**$ 5,498**	**$ 5,441**	**$ 5,366**	**$ 21,815**	**$ 21,879**
Postpaid average phone connections (in thousands)	26,754	26,461	26,053	26,394	25,659
Postpaid phone ABPU* [j]	$ 68.51	$ 68.54	$ 68.66	$ 68.88	$ 71.06

[a] During the three-month period ended March 31, 2018, a non-Sprint branded postpaid offering was introduced allowing prepaid customers to purchase a device under our installment billing program. As a result of the extension of credit, approximately 167,000 prepaid subscribers were migrated from the prepaid subscriber base into the postpaid subscriber base. In addition, net subscriber additions under the non-Sprint branded postpaid offering were 44,000 during the three-month period ended March 31, 2018.

[b] Sprint is no longer reporting Lifeline subscribers due to regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale MVNOs.

[c] As part of the Shentel transaction, 186,000 and 92,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates, of which 18,000 prepaid subscribers were subsequently excluded from our customer base as a result of the Lifeline regulatory change as noted in (b) above. An additional 270,000 of nTelos' subscribers are now part of our affiliate relationship with Shentel and are being reported in wholesale and affiliate subscribers beginning with the quarter ended June 30, 2016. In addition, during the three-month period ended June 30, 2017, 17,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates and, during the three-month period ended March 31, 2018, 29,000 and 11,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates as a result of the transfer of additional subscribers to Shentel.

[d] During the three-month period ended June 30, 2017, 2,000 Wi-Fi connections were adjusted from the postpaid subscriber base.

[e] During the three-month period ended September 30, 2017, the Prepaid Data Share platform It's On was decommissioned as the Company continues to focus on higher value contribution offerings resulting in a 49,000 reduction to prepaid end of period subscribers.

[f] During the three-month period ended December 31, 2016, the Company aligned all prepaid brands, excluding Assurance Wireless but including prepaid affiliate subscribers, under one churn and retention program. As a result of this change, end of period prepaid and affiliate subscribers as of December 31, 2016 were reduced by 1,234,000 and 21,000, respectively.

[g] During the three-month period ended December 31, 2017, prepaid end of period subscribers increased by 169,000 in conjunction with the PRWireless HoldCo, LLC joint venture.

[h] ARPU is calculated by dividing service revenue by the sum of the monthly average number of connections in the applicable service category. Changes in average monthly service revenue reflect connections for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to connections, plus the net effect of average monthly revenue generated by new connections and deactivating connections. Postpaid phone ARPU represents revenues related to our postpaid phone connections.

[i] Postpaid ABPA* is calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

[j] Postpaid phone ABPU* is calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid phone connections during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

Wireless Device Financing Summary (Unaudited)

(Millions, except sales, connections, and leased devices in property, plant and equipment)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Postpaid activations (in thousands)	3,737	4,874	3,471	16,196	15,298
Postpaid activations financed	84%	84%	82%	85%	76%
Postpaid activations - operating leases	70%	72%	42%	67%	42%
Installment plans					
Installment sales financed	$ 214	$ 276	$ 696	$ 1,311	$ 2,884
Installment billings	$ 342	$ 353	$ 343	$ 1,436	$ 1,172
Installment receivables, net	$ 1,149	$ 1,383	$ 1,764	$ 1,149	$ 1,764
Equipment rentals and depreciation - equipment rentals					
Equipment rentals	$ 1,136	$ 1,047	$ 842	$ 4,048	$ 3,295
Depreciation - equipment rentals	$ 1,060	$ 990	$ 911	$ 3,792	$ 3,116
Leased device additions					
Cash paid for capital expenditures - leased devices	$ 1,928	$ 2,468	$ 1,080	$ 7,461	$ 4,976
Leased devices					
Leased devices in property, plant and equipment, net	$ 6,012	$ 5,683	$ 4,162	$ 6,012	$ 4,162
Leased device units					
Leased devices in property, plant and equipment (units in thousands)	14,543	14,002	11,888	14,543	11,888
Leased device and receivables financings net proceeds					
Proceeds	$ -	$ 1,125	$ 100	$ 2,679	$ 1,155
Repayments	(555)	(598)	(414)	(2,574)	(1,069)
Net (repayments) proceeds of financings related to devices and receivables	**$ (555)**	**$ 527**	**$ (314)**	**$ 105**	**$ 86**

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Millions, except per share data)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Net operating revenues					
Service revenue	$ 5,866	$ 5,930	$ 6,116	$ 23,834	$ 25,368
Equipment sales	1,081	1,262	1,581	4,524	4,684
Equipment rentals	1,136	1,047	842	4,048	3,295
Total net operating revenues	**8,083**	**8,239**	**8,539**	**32,406**	**33,347**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,661	1,733	1,736	6,801	7,861
Cost of equipment sales	1,487	1,673	1,980	6,109	6,583
Cost of equipment rentals (exclusive of depreciation below)	146	123	141	493	975
Selling, general and administrative	2,028	2,108	2,002	8,087	7,994
Depreciation - network and other	1,015	987	960	3,976	3,982
Depreciation - equipment rentals	1,060	990	911	3,792	3,116
Amortization	184	196	239	812	1,052
Other, net	266	(298)	100	(391)	20
Total net operating expenses	7,847	7,512	8,069	29,679	31,583
Operating income	**236**	**727**	**470**	**2,727**	**1,764**
Interest expense	(576)	(581)	(631)	(2,365)	(2,495)
Other (expense) income, net	(9)	(42)	27	(59)	(40)
(Loss) income before income taxes	**(349)**	**104**	**(134)**	**303**	**(771)**
Income tax benefit (expense)	412	7,052	(149)	7,074	(435)
Net income (loss)	**63**	**7,156**	**(283)**	**7,377**	**(1,206)**
Less: Net loss attributable to noncontrolling interests	6	6	-	12	-
Net income (loss) attributable to Sprint Corporation	**$ 69**	**$ 7,162**	**$ (283)**	**$ 7,389**	**$ (1,206)**
Basic net income (loss) per common share	**$ 0.02**	**$ 1.79**	**$ (0.07)**	**$ 1.85**	**$ (0.30)**
Diluted net income (loss) per common share	**$ 0.02**	**$ 1.76**	**$ (0.07)**	**$ 1.81**	**$ (0.30)**
Weighted average common shares outstanding	4,004	4,001	3,988	3,999	3,981
Diluted weighted average common shares outstanding	4,055	4,061	3,988	4,078	3,981
Effective tax rate	**118.1%**	**-6,780.8%**	**-111.2%**	**-2,334.7%**	**-56.4%**

NON-GAAP RECONCILIATION - NET INCOME (LOSS) TO ADJUSTED EBITDA* (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Net income (loss)	**$ 63**	**$ 7,156**	**$ (283)**	**$ 7,377**	**$ (1,206)**
Income tax (benefit) expense	(412)	(7,052)	149	(7,074)	435
(Loss) income before income taxes	**(349)**	**104**	**(134)**	**303**	**(771)**
Other expense (income), net	9	42	(27)	59	40
Interest expense	576	581	631	2,365	2,495
Operating income	**236**	**727**	**470**	**2,727**	**1,764**
Depreciation - network and other	1,015	987	960	3,976	3,982
Depreciation - equipment rentals	1,060	990	911	3,792	3,116
Amortization	184	196	239	812	1,052
EBITDA* (1)	**2,495**	**2,900**	**2,580**	**11,307**	**9,914**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	189	-	-	(115)	(326)
Severance and exit costs (3)	67	13	36	80	66
Contract terminations (4)	-	-	27	(5)	140
Litigation and other contingencies (5)	10	(260)	37	(305)	140
Hurricanes (6)	7	66	-	107	-
Adjusted EBITDA* (1)	**$ 2,768**	**$ 2,719**	**$ 2,680**	**$ 11,069**	**$ 9,934**
Adjusted EBITDA margin*	**47.2%**	**45.9%**	**43.8%**	**46.4%**	**39.2%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 780	$ 696	$ 529	$ 3,319	$ 1,950
Cash paid for capital expenditures - leased devices	$ 1,928	$ 2,468	$ 1,080	$ 7,461	$ 4,976

Sprint

WIRELESS STATEMENTS OF OPERATIONS (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Net operating revenues					
Service revenue					
Postpaid	$ 4,270	$ 4,297	$ 4,493	$ 17,396	$ 18,677
Prepaid (7)	989	993	982	3,971	4,078
Wholesale, affiliate and other (7)	314	329	269	1,198	1,053
Total service revenue	5,573	5,619	5,744	22,565	23,808
Equipment sales	1,081	1,262	1,581	4,524	4,684
Equipment rentals	1,136	1,047	842	4,048	3,295
Total net operating revenues	**7,790**	**7,928**	**8,167**	**31,137**	**31,787**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,401	1,466	1,448	5,701	6,674
Cost of equipment sales	1,487	1,673	1,980	6,109	6,583
Cost of equipment rentals (exclusive of depreciation below)	146	123	141	493	975
Selling, general and administrative	1,947	2,024	1,944	7,782	7,741
Depreciation - network and other	968	931	911	3,768	3,779
Depreciation - equipment rentals	1,060	990	911	3,792	3,116
Amortization	184	196	239	812	1,052
Other, net	258	16	91	(35)	(1)
Total net operating expenses	7,451	7,419	7,665	28,422	29,919
Operating income	**$ 339**	**$ 509**	**$ 502**	**$ 2,715**	**$ 1,868**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Operating income	**$ 339**	**$ 509**	**$ 502**	**$ 2,715**	**$ 1,868**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	189	-	-	(115)	(326)
Severance and exit costs (3)	59	4	27	58	45
Contract terminations (4)	-	-	27	(5)	140
Litigation and other contingencies (5)	10	63	37	73	140
Hurricanes (6)	7	66	-	107	-
Depreciation - network and other	968	931	911	3,768	3,779
Depreciation - equipment rentals	1,060	990	911	3,792	3,116
Amortization	184	196	239	812	1,052
Adjusted EBITDA* (1)	**$ 2,816**	**$ 2,759**	**$ 2,654**	**$ 11,205**	**$ 9,814**
Adjusted EBITDA margin*	**50.5%**	**49.1%**	**46.2%**	**49.7%**	**41.2%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 681	$ 565	$ 468	$ 2,760	$ 1,591
Cash paid for capital expenditures - leased devices	$ 1,928	$ 2,468	$ 1,080	$ 7,461	$ 4,976

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WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Net operating revenues	**344**	**393**	**480**	**1,579**	**2,043**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	316	352	402	1,427	1,686
Selling, general and administrative	76	71	49	270	238
Depreciation and amortization	50	55	47	205	195
Other, net	9	(314)	8	(300)	21
Total net operating expenses	451	164	506	1,602	2,140
Operating (loss) income	**$ (107)**	**$ 229**	**$ (26)**	**$ (23)**	**$ (97)**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	3/31/18	12/31/17	3/31/17	3/31/18	3/31/17
Operating (loss) income	**$ (107)**	**$ 229**	**$ (26)**	**$ (23)**	**$ (97)**
Loss from asset dispositions, exchanges, and other, net (2)	1	-	-	1	-
Severance and exit costs (3)	8	9	8	22	21
Litigation and other contingencies (5)	-	(323)	-	(323)	-
Depreciation and amortization	50	55	47	205	195
Adjusted EBITDA*	**$ (48)**	**$ (30)**	**$ 29**	**$ (118)**	**$ 119**
Adjusted EBITDA margin*	**-14.0%**	**-7.6%**	**6.0%**	**-7.5%**	**5.8%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 34	$ 30	$ 19	$ 166	$ 94

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CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)
(Millions)

	Year To Date 3/31/18	Year To Date 3/31/17
Operating activities		
Net income (loss)	$ 7,377	$ (1,206)
Depreciation and amortization	8,580	8,150
Provision for losses on accounts receivable	362	555
Share-based and long-term incentive compensation expense	182	93
Deferred income tax (benefit) expense	(7,119)	433
Gains from asset dispositions and exchanges	(479)	(354)
Loss on early extinguishment of debt	65	-
Amortization of long-term debt premiums, net	(158)	(302)
Loss on disposal of property, plant and equipment	868	509
Contract terminations	(5)	111
Deferred purchase price from sale of receivables	(1,140)	(10,498)
Other changes in assets and liabilities:		
Accounts and notes receivable	83	(1,017)
Inventories and other current assets	705	457
Accounts payable and other current liabilities	57	(365)
Non-current assets and liabilities, net	271	(308)
Other, net	413	452
Net cash provided by (used in) operating activities	**10,062**	**(3,290)**
Investing activities		
Capital expenditures - network and other	(3,319)	(1,950)
Capital expenditures - leased devices	(7,461)	(4,976)
Expenditures relating to FCC licenses	(115)	(83)
Change in short-term investments, net	3,090	(5,444)
Proceeds from sales of assets and FCC licenses	527	219
Proceeds from deferred purchase price from sale of receivables	1,140	10,498
Other, net	3	41
Net cash used in investing activities	**(6,135)**	**(1,695)**
Financing activities		
Proceeds from debt and financings	8,529	10,966
Repayments of debt, financing and capital lease obligations	(8,518)	(5,417)
Debt financing costs	(93)	(358)
Call premiums paid on debt redemptions	(131)	-
Other, net	3	95
Net cash (used in) provided by financing activities	**(210)**	**5,286**
Net increase in cash, cash equivalents and restricted cash	**3,717**	**301**
Cash, cash equivalents and restricted cash, beginning of period	**2,942**	**2,641**
Cash, cash equivalents and restricted cash, end of period	**$ 6,659**	**$ 2,942**

RECONCILIATION TO CONSOLIDATED FREE CASH FLOW* (NON-GAAP) (Unaudited)
(Millions)

	Quarter To Date 3/31/18	Quarter To Date 12/31/17	Quarter To Date 3/31/17	Year To Date 3/31/18	Year To Date 3/31/17
Net cash provided by (used in) operating activities	**$ 2,653**	**$ 2,683**	**$ (523)**	**$ 10,062**	**$ (3,290)**
Capital expenditures - network and other	(780)	(696)	(529)	(3,319)	(1,950)
Capital expenditures - leased devices	(1,928)	(2,468)	(1,080)	(7,461)	(4,976)
Expenditures relating to FCC licenses, net	(23)	(73)	(37)	(115)	(83)
Proceeds from sales of assets and FCC licenses	160	149	93	527	219
Proceeds from deferred purchase price from sale of receivables	231	269	2,476	1,140	10,498
Other investing activities, net	2	6	(6)	6	103
Free cash flow*	**$ 315**	**$ (130)**	**$ 394**	**$ 840**	**$ 521**
Net (repayments) proceeds of financings related to devices and receivables	(555)	527	(314)	105	86
Adjusted free cash flow*	**$ (240)**	**$ 397**	**$ 80**	**$ 945**	**$ 607**

News Release

Sprint

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Millions)

	3/31/18	3/31/17
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,610	$ 2,870
Short-term investments	2,354	5,444
Accounts and notes receivable, net	3,711	4,138
Device and accessory inventory	1,003	1,064
Prepaid expenses and other current assets	575	601
Total current assets	14,253	14,117
Property, plant and equipment, net	19,925	19,209
Goodwill	6,586	6,579
FCC licenses and other	41,309	40,585
Definite-lived intangible assets, net	2,465	3,320
Other assets	921	1,313
Total assets	**$ 85,459**	**$ 85,123**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 3,409	$ 3,281
Accrued expenses and other current liabilities	3,962	4,141
Current portion of long-term debt, financing and capital lease obligations	3,429	5,036
Total current liabilities	10,800	12,458
Long-term debt, financing and capital lease obligations	37,463	35,878
Deferred tax liabilities	7,294	14,416
Other liabilities	3,483	3,563
Total liabilities	**59,040**	**66,315**
Stockholders' equity		
Common stock	40	40
Paid-in capital	27,884	27,756
Accumulated deficit	(1,332)	(8,584)
Accumulated other comprehensive loss	(236)	(404)
Total stockholders' equity	26,356	18,808
Noncontrolling interests	63	-
Total equity	26,419	18,808
Total liabilities and equity	**$ 85,459**	**$ 85,123**

NET DEBT* (NON-GAAP) (Unaudited)
(Millions)

	3/31/18	3/31/17
Total debt	$ 40,892	$ 40,914
Less: Cash and cash equivalents	(6,610)	(2,870)
Less: Short-term investments	(2,354)	(5,444)
Net debt*	**$ 31,928**	**$ 32,600**

SCHEDULE OF DEBT (Unaudited)

(Millions)

ISSUER	MATURITY	3/31/18 PRINCIPAL
Sprint Corporation		
7.25% Senior notes due 2021	09/15/2021	$ 2,250
7.875% Senior notes due 2023	09/15/2023	4,250
7.125% Senior notes due 2024	06/15/2024	2,500
7.625% Senior notes due 2025	02/15/2025	1,500
7.625% Senior notes due 2026	03/01/2026	1,500
Sprint Corporation		**12,000**
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		
3.36% Senior secured notes due 2021	09/20/2021	3,063
4.738% Senior secured notes due 2025	03/20/2025	2,100
5.152% Senior secured notes due 2028	03/20/2028	1,837
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**7,000**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/17/2019	300
9% Guaranteed notes due 2018	11/15/2018	1,753
7% Guaranteed notes due 2020	03/01/2020	1,000
7% Senior notes due 2020	08/15/2020	1,500
11.5% Senior notes due 2021	11/15/2021	1,000
9.25% Secured debentures due 2022	04/15/2022	200
6% Senior notes due 2022	11/15/2022	2,280
Sprint Communications, Inc.		**8,033**
Sprint Capital Corporation		
6.9% Senior notes due 2019	05/01/2019	1,729
6.875% Senior notes due 2028	11/15/2028	2,475
8.75% Senior notes due 2032	03/15/2032	2,000
Sprint Capital Corporation		**6,204**
Credit facilities		
PRWireless secured term loan	06/28/2020	182
Secured equipment credit facilities	2020 - 2021	527
Secured term loan	02/03/2024	3,960
Credit facilities		**4,669**
Accounts receivable facility	11/18/2019	**2,411**
Financing obligations	08/31/2021	**150**
Capital leases and other obligations	2018 - 2026	**536**
Total principal		**41,003**
Net premiums and debt financing costs		**(111)**
Total debt		**$ 40,892**

Sprint

NOTES TO THE FINANCIAL INFORMATION (Unaudited)

(1) As more of our customers elect to lease a device rather than purchasing one under our subsidized program, there is a significant positive impact to EBITDA* and Adjusted EBITDA* from direct channel sales primarily due to the fact the cost of the device is not recorded as cost of equipment sales but rather is depreciated over the customer lease term. Under our device leasing program for the direct channel, devices are transferred from inventory to property and equipment and the cost of the leased device is recognized as depreciation expense over the customer lease term to an estimated residual value. The customer payments are recognized as revenue over the term of the lease. Under our subsidized program, the cash received from the customer for the device is recognized as revenue from equipment sales at the point of sale and the cost of the device is recognized as cost of equipment sales. During the three and twelve-month periods ended March 31, 2018, we leased devices through our Sprint direct channels totaling approximately $1,213 million and $4,884 million, respectively, which would have increased cost of equipment sales and reduced EBITDA* if they had been purchased under our subsidized program.

The impact to EBITDA* and Adjusted EBITDA* resulting from the sale of devices under our installment billing program is generally neutral except for the impact from the time value of money element related to the imputed interest on the installment receivable.

(2) During the fourth and first quarters of fiscal year 2017, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. Additionally, the company recorded a pre-tax non-cash gain related to spectrum swaps with other carriers. During the third quarter of fiscal year 2016, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. During the second quarter of fiscal year 2016 the company recorded a pre-tax non-cash gain of $354 million related to spectrum swaps with other carriers.

(3) Severance and exit costs consist of lease exit costs primarily associated with tower and cell sites, access exit costs related to payments that will continue to be made under the company's backhaul access contracts for which the company will no longer be receiving any economic benefit, and severance costs associated with reduction in its work force.

(4) During the first quarter of fiscal year 2017, we recorded a $5 million gain due to reversal of a liability recorded in relation to the termination of our relationship with General Wireless Operations, Inc. (Radio Shack). During the fourth quarter of fiscal year 2016, we terminated our relationship with Radio Shack and incurred net contract termination charges of approximately $27 million primarily related to cash termination payments and write-downs of leasehold improvements at associated retail stores that were shut down as of March 31, 2017. During the first quarter of fiscal year 2016, contract terminations primarily relate to the termination of our pre-existing wholesale arrangement with NTELOS Holding Corp.

(5) During the fourth, third and first quarters of fiscal year 2017, litigation and other contingencies consist of reductions associated with legal settlements or favorable developments in pending legal proceedings as well as non-recurring charges of $51 million related to a regulatory fee matter. During the fourth and second quarters of fiscal year 2016, litigation and other contingencies consist of unfavorable developments associated with legal matters as well as federal and state matters such as sales, use or property taxes.

(6) During the fourth, third and second quarters of fiscal year 2017 we recorded estimated hurricane-related charges of $7 million, $66 million and $34 million, respectively, consisting of customer service credits, incremental roaming costs, network repairs and replacements.

(7) Sprint is no longer reporting Lifeline subscribers due to recent regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale Lifeline mobile virtual network operators (MVNO). The table reflects the reclassification of the related Assurance Wireless prepaid revenue from Prepaid service revenue to Wholesale, affiliate and other revenue of $85 million and $360 million for the three and twelve-month periods ended March 31, 2017, respectively. Revenue associated with subscribers through our wholesale Lifeline MVNO's continue to remain in Wholesale, affiliate and other revenue following this change.

***FINANCIAL MEASURES**

Sprint provides financial measures determined in accordance with 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 provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint 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 does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

EBITDA is operating income/(loss) before depreciation and amortization. **Adjusted EBITDA** is **EBITDA** excluding severance, exit costs, and other special items. **Adjusted EBITDA Margin** represents Adjusted EBITDA divided by non-equipment net operating revenues for Wireless and Adjusted EBITDA divided by net operating revenues for Wireline. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations. 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 EBITDA and Adjusted EBITDA 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.

Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. We believe that ABPA provides useful information to investors, analysts and our management to evaluate average postpaid customer billings per account as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid account each month.

Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals by the sum of the monthly average number of postpaid phone connections during the period. We believe that ABPU provides useful information to investors, analysts and our management to evaluate average postpaid phone customer billings as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid phone user each month.

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. **Adjusted Free Cash Flow** is **Free Cash Flow** plus the proceeds from device financings and sales of receivables, net of repayments. We believe that Free Cash Flow and Adjusted Free Cash Flow provide useful information to investors, analysts and our management about the cash generated by our core operations and net proceeds obtained to fund certain leased devices, respectively, after interest and dividends, if any, 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.

Net Debt is consolidated debt, including current maturities, less cash and cash equivalents and short-term investments. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.

SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan”, “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are 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, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint 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 when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2017, and, when filed, its Annual Report on Form 10-K for the fiscal year ended March 31, 2018. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

About Sprint:
Sprint (NYSE: S) is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served 54.6 million connections as of March 31, 2018 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. Today, Sprint’s legacy of innovation and service continues with an increased investment to dramatically improve coverage, reliability, and speed across its nationwide network and commitment to launching the first 5G mobile network in the U.S. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.

News Release

SPRINT REPORTS INFLECTION IN WIRELESS SERVICE REVENUE WITH FISCAL YEAR 2018 FIRST QUARTER RESULTS

- *Wireless service revenue grew sequentially for the first time in more than four years, excluding the impact of the new revenue recognition standard*
  - *Postpaid ARPU grew sequentially for the first time in nearly five years*

- *Net income of $176 million, operating income of $815 million, and adjusted EBITDA* of $3.3 billion*
  - *Third consecutive quarter of net income*
  - *10th consecutive quarter of operating income*
  - *Highest adjusted EBITDA* in more than 11 years*

- *Net cash provided by operating activities of $2.4 billion and adjusted free cash flow* of $8 million*
  - *Positive adjusted free cash flow* in five of the last six quarters*

- *Retail phone net additions for the sixth consecutive quarter*
  - *Postpaid phone net additions of 87,000 were the 12th consecutive quarter of postpaid phone net additions*
  - *Seven consecutive quarters of postpaid phone net additions in the business market*
  - *Prepaid net additions for the sixth consecutive quarter, including the lowest prepaid churn in more than three years*

OVERLAND PARK, Kan. – Aug 1, 2018 – Sprint Corporation (NYSE: S) today reported an inflection in wireless service revenue and the sixth consecutive quarter of retail phone net additions as part of results for the first quarter of fiscal year 2018.

“Sprint continued to deliver solid results this quarter while embarking on our transformative merger with T-Mobile,” said Sprint CEO Michel Combes, “By balancing growth and profitability, we were able to grow wireless service revenue sequentially, continue to add retail phone customers, generate net income for the third consecutive quarter, and improve the network.”

Wireless Service Revenue Returns to Sequential Growth
Sprint reported sequential growth in wireless service revenue for the first time in more than four years, when excluding the impact of the new revenue recognition standard, as postpaid and prepaid ARPU grew sequentially. The company continues to expect year-over-year growth in wireless service revenue to occur by the end of fiscal year 2018, excluding the impact of the new revenue recognition standard.

Several other revenue metrics showed improvement in the quarter, excluding the impact of the new revenue recognition standard.

- Postpaid ARPU grew sequentially for the first time in nearly five years.
- Postpaid service revenue grew sequentially for first time in more than four years.
- Prepaid service revenue grew both sequentially and year-over-year.

Continued Focus on Profitability
Sprint reported its third consecutive quarter of net income, its 10th consecutive quarter of operating income, and its highest adjusted EBITDA* in more than 11 years, all excluding the positive impact of the new revenue recognition standard. The new revenue recognition standard had a positive impact of $152 million on reported net income and $192 million on reported operating income and adjusted EBITDA* in the quarter.

Operating income of $815 million would have been relatively flat year-over-year when adjusting for the new revenue recognition standard and $135 million of merger and other non-recurring costs this quarter and a net benefit of $364 million from non-recurring items in the year ago period. Similarly, net income of $176 million would also have been relatively flat year-over-year when adjusting for the aforementioned items on a tax-adjusted basis.

(Millions, except per share data)	Fiscal 1Q18	Fiscal 1Q17	Change
Net income	$176	$206	($30)
Basic income per share	$0.04	$0.05	($0.01)
Operating income	$815	$1,163	($348)
Adjusted EBITDA*	$3,280	$2,853	$427
Net cash provided by operating activities	$2,430	$1,924	$506
Adjusted free cash flow*	$8	$368	($360)

Sprint Continues to Add Retail Phone Customers and Launches New Unlimited Plans
Sprint's focus on both its postpaid and prepaid businesses resulted in the sixth consecutive quarter of retail phone net additions.

- Postpaid phone net additions of 87,000 marked the 12th consecutive quarter of net additions, including net additions in the business market for the seventh consecutive quarter.
- Prepaid net additions of 3,000 were the sixth consecutive quarter of net additions, as continued strength in Boost Mobile was partially offset by losses in other brands. Prepaid churn was the lowest in more than three years and Boost Mobile gross additions grew year-over-year for the fourth consecutive quarter.

Sprint recently introduced several new plans that offer more choice and features for an incredible value. The new Unlimited Plus, Unlimited Basic, Unlimited Military, and Unlimited 55+ plans are available to new and existing customers and are just the beginning of "Unlimited for All," the company's initiative to tailor plans so customers can get the best choice for them.

Driving Growth in Digital
Sprint also plans to offer the best digital customer experience, including leveraging artificial intelligence to improve customer care interactions, utilizing deep dive analytics to identify customer issues, and boosting the mix of sales in digital channels. Postpaid phone gross additions in digital channels grew more than 50 percent year-over-year in the quarter and the mix of gross additions in digital channels was also up year-over-year.

Network Built for Unlimited Keeps Getting Better
With more than 200 MHz of sub-6 GHz spectrum, Sprint has the Network Built for Unlimited and made continued progress on executing its Next-Gen Network plan in the quarter.

- Completed thousands of tri-band upgrades and now has 2.5 GHz spectrum deployed on nearly two-thirds of its macro sites.
- Added thousands of new outdoor small cells and currently has more than 15,000 deployed including both mini-macros and strand mounts.
- Distributed more than 65,000 Sprint Magic Boxes, bringing the total to more than 260,000 nationwide.

These deployments are contributing to Sprint providing customers with a better network experience. In fact, Sprint is the most improved network according to Ookla as shown in Speedtest Intelligence data[1], and

[1] http://www.speedtest.net/reports/united-states/

PCMag's 2018 Fastest Mobile Networks. In both, the company's year-over-year increase in national average download speeds outpaced the competitors, including an 87 percent lift reported in PCMag's annual tests.

Sprint's deployment of Massive MIMO radios, a key technology for 5G, is underway and the company continues to expect to launch the first mobile 5G network in the U.S. in the first half of 2019.

Fiscal Year 2018 Outlook

- The company is increasing adjusted EBITDA* expectations on a reported basis to a range of $12.0 billion to $12.5 billion, as impacts of the new revenue recognition standard were higher than preliminary estimates. The previous expectation was $11.6 billion to $12.1 billion.
- Excluding the impact of the new revenue recognition standard, the company continues to expect adjusted EBITDA* to be $11.3 billion to $11.8 billion.
- The company continues to expect cash capital expenditures excluding leased devices to be $5 billion to $6 billion.

Conference Call and Webcast

- Date/Time: 8:30 a.m. (ET) Wednesday, August 1, 2018
- Call-in Information
  - U.S./Canada: 866-360-1063 (ID: 9665377)
  - International: 443-961-0242 (ID: 9665377)
- Webcast available at www.sprint.com/investors
- Additional information about results is available on our Investor Relations website

Contact Information

- Media contact: Dave Tovar, David.Tovar@sprint.com
- Investor contact: Jud Henry, Investor.Relations@sprint.com

Wireless Operating Statistics (Unaudited)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net additions (losses) (in thousands)			
Postpaid [(a)]	123	39	(39)
Postpaid phone [(a)]	87	55	88
Prepaid [(b)]	3	170	35
Wholesale and affiliate [(b)]	(69)	(165)	65
Total wireless net additions	**57**	**44**	**61**
End of period connections (in thousands)			
Postpaid [(a) (c) (d)]	32,187	32,119	31,518
Postpaid phone [(a) (c)]	26,847	26,813	26,153
Prepaid [(a) (b) (c)]	9,033	8,989	8,719
Wholesale and affiliate [(b) (c) (e)]	13,347	13,517	13,461
Total end of period connections	**54,567**	**54,625**	**53,698**
Churn			
Postpaid	1.63%	1.78%	1.65%
Postpaid phone	1.55%	1.68%	1.50%
Prepaid	4.17%	4.30%	4.57%
Supplemental data - connected devices			
End of period connections (in thousands)			
Retail postpaid	2,429	2,335	2,091
Wholesale and affiliate	10,963	11,162	11,100
Total	**13,392**	**13,497**	**13,191**
ARPU [(f)]			
Postpaid	$ 43.55	$ 44.40	$ 47.30
Postpaid phone	$ 49.57	$ 50.44	$ 53.92
Prepaid	$ 36.27	$ 37.15	$ 38.24

NON-GAAP RECONCILIATION - ABPA* AND ABPU* (Unaudited)

(Millions, except accounts, connections, ABPA, and ABPU*)*

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
ABPA*			
Postpaid service revenue	$ 4,188	$ 4,270	$ 4,466
Add: Installment plan and non-operating lease billings	352	368	368
Add: Equipment rentals	1,212	1,136	899
Total for postpaid connections	**$ 5,752**	**$ 5,774**	**$ 5,733**
Average postpaid accounts (in thousands)	11,176	11,259	11,312
Postpaid ABPA* [(g)]	$ 171.57	$ 171.38	$ 168.95

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Postpaid phone ABPU*			
Postpaid phone service revenue	$ 3,977	$ 4,048	$ 4,214
Add: Installment plan and non-operating lease billings	307	324	332
Add: Equipment rentals	1,204	1,126	887
Total for postpaid phone connections	**$ 5,488**	**$ 5,498**	**$ 5,433**
Postpaid average phone connections (in thousands)	26,745	26,754	26,052
Postpaid phone ABPU* [(h)]	$ 68.41	$ 68.51	$ 69.51

[(a)] During the three-month period ended March 31, 2018, a non-Sprint branded postpaid offering was introduced allowing prepaid customers to purchase a device under our installment billing program. As a result of the extension of credit, approximately 167,000 prepaid subscribers were migrated from the prepaid subscriber base into the postpaid subscriber base. During the three-month period ended June 30, 2018, we ceased selling devices in our installment billing program under one of our brands and as a result, 45,000 subscribers were migrated back to prepaid.

[(b)] Sprint is no longer reporting Lifeline subscribers due to regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale Lifeline MVNOs.

[(c)] As a result of our affiliate agreement with Shentel, certain subscribers have been transferred from postpaid and prepaid to affiliates. During the three-month period ended June 30, 2018, 10,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended March 31, 2018, 29,000 and 11,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended June 30, 2017, 17,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates.

[(d)] During the three-month period ended June 30, 2017, 2,000 Wi-Fi connections were adjusted from the postpaid subscriber base.

[(e)] On April 1, 2018, approximately 115,000 wholesale subscribers were removed from the subscriber base with no impact to revenue.

[(f)] ARPU is calculated by dividing service revenue by the sum of the monthly average number of connections in the applicable service category. Changes in average monthly service revenue reflect connections for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to connections, plus the net effect of average monthly revenue generated by new connections and deactivating connections. Postpaid phone ARPU represents revenues related to our postpaid phone connections.

[(g)] Postpaid ABPA* is calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

[(h)] Postpaid phone ABPU* is calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid phone connections during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

News Release

Sprint

Wireless Device Financing Summary (Unaudited)

(Millions, except sales, connections, and leased devices in property, plant and equipment)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Postpaid activations (in thousands)	3,473	3,737	3,668
Postpaid activations financed	83%	84%	85%
Postpaid activations - operating leases	70%	70%	55%
Installment plans			
Installment sales financed	$ 213	$ 214	$ 553
Installment billings	$ 325	$ 342	$ 368
Installment receivables, net	$ 983	$ 1,149	$ 1,792
Equipment rentals and depreciation - equipment rentals			
Equipment rentals	$ 1,212	$ 1,136	$ 899
Depreciation - equipment rentals	$ 1,136	$ 1,060	$ 854
Leased device additions			
Cash paid for capital expenditures - leased devices	$ 1,817	$ 1,928	$ 1,359
Leased devices			
Leased devices in property, plant and equipment, net	$ 6,213	$ 6,012	$ 4,336
Leased device units			
Leased devices in property, plant and equipment (units in thousands)	15,169	14,543	12,223
Leased device and receivables financings net proceeds			
Proceeds	$ 1,356	$ -	$ 765
Repayments	(1,070)	(555)	(273)
Net proceeds (repayments) of financings related to devices and receivables	**$ 286**	**$ (555)**	**$ 492**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net operating revenues			
Service revenue	$ 5,740	$ 5,866	$ 6,071
Equipment sales	1,173	1,081	1,187
Equipment rentals	1,212	1,136	899
Total net operating revenues	**8,125**	**8,083**	**8,157**
Net operating expenses			
Cost of services (exclusive of depreciation and amortization below)	1,677	1,661	1,709
Cost of equipment sales	1,270	1,487	1,545
Cost of equipment rentals (exclusive of depreciation below)	124	146	112
Selling, general and administrative	1,867	2,028	1,938
Depreciation - network and other	1,023	1,015	977
Depreciation - equipment rentals	1,136	1,060	854
Amortization	171	184	223
Other, net	42	266	(364)
Total net operating expenses	7,310	7,847	6,994
Operating income	**815**	**236**	**1,163**
Interest expense	(637)	(576)	(613)
Other income (expense), net	42	(9)	(52)
Income (loss) before income taxes	**220**	**(349)**	**498**
Income tax (expense) benefit	(47)	412	(292)
Net income	**173**	**63**	**206**
Less: Net loss attributable to noncontrolling interests	3	6	-
Net income attributable to Sprint Corporation	**$ 176**	**$ 69**	**$ 206**
Basic net income per common share	**$ 0.04**	**$ 0.02**	**$ 0.05**
Diluted net income per common share	**$ 0.04**	**$ 0.02**	**$ 0.05**
Weighted average common shares outstanding	4,010	4,004	3,993
Diluted weighted average common shares outstanding	4,061	4,055	4,076
Effective tax rate	**21.4%**	**118.1%**	**58.6%**

NON-GAAP RECONCILIATION - NET INCOME TO ADJUSTED EBITDA* (Unaudited)

(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net income	**$ 173**	**$ 63**	**$ 206**
Income tax expense (benefit)	47	(412)	292
Income (loss) before income taxes	**220**	**(349)**	**498**
Other (income) expense, net	(42)	9	52
Interest expense	637	576	613
Operating income	**815**	**236**	**1,163**
Depreciation - network and other	1,023	1,015	977
Depreciation - equipment rentals	1,136	1,060	854
Amortization	171	184	223
EBITDA* (1)	**3,145**	**2,495**	**3,217**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	-	189	(304)
Severance and exit costs (3)	8	67	-
Contract terminations (4)	34	-	(5)
Merger costs (5)	93	-	-
Litigation and other contingencies (6)	-	10	(55)
Hurricanes (7)	-	7	-
Adjusted EBITDA* (1)	**$ 3,280**	**$ 2,768**	**$ 2,853**
Adjusted EBITDA margin*	**57.1%**	**47.2%**	**47.0%**
Selected items:			
Cash paid for capital expenditures - network and other	$ 1,132	$ 780	$ 1,151
Cash paid for capital expenditures - leased devices	$ 1,817	$ 1,928	$ 1,359

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WIRELESS STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net operating revenues			
Service revenue			
Postpaid	$ 4,188	$ 4,270	$ 4,466
Prepaid	982	989	999
Wholesale, affiliate and other	290	314	259
Total service revenue	5,460	5,573	5,724
Equipment sales	1,173	1,081	1,187
Equipment rentals	1,212	1,136	899
Total net operating revenues	**7,845**	**7,790**	**7,810**
Net operating expenses			
Cost of services (exclusive of depreciation and amortization below)	1,429	1,401	1,412
Cost of equipment sales	1,270	1,487	1,545
Cost of equipment rentals (exclusive of depreciation below)	124	146	112
Selling, general and administrative	1,704	1,947	1,875
Depreciation - network and other	972	968	925
Depreciation - equipment rentals	1,136	1,060	854
Amortization	171	184	223
Other, net	37	258	(314)
Total net operating expenses	6,843	7,451	6,632
Operating income	**$ 1,002**	**$ 339**	**$ 1,178**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Operating income	**$ 1,002**	**$ 339**	**$ 1,178**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	-	189	(304)
Severance and exit costs (3)	3	59	(5)
Contract terminations (4)	34	-	(5)
Litigation and other contingencies (6)	-	10	-
Hurricanes (7)	-	7	-
Depreciation - network and other	972	968	925
Depreciation - equipment rentals	1,136	1,060	854
Amortization	171	184	223
Adjusted EBITDA* (1)	**$ 3,318**	**$ 2,816**	**$ 2,866**
Adjusted EBITDA margin*	**60.8%**	**50.5%**	**50.1%**
Selected items:			
Cash paid for capital expenditures - network and other	$ 1,019	$ 681	$ 965
Cash paid for capital expenditures - leased devices	$ 1,817	$ 1,928	$ 1,359

WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net operating revenues	**$ 338**	**$ 344**	**$ 433**
Net operating expenses			
Cost of services (exclusive of depreciation and amortization below)	311	316	387
Selling, general and administrative	69	76	57
Depreciation and amortization	49	50	51
Other, net	5	9	5
Total net operating expenses	434	451	500
Operating loss	**$ (96)**	**$ (107)**	**$ (67)**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Operating loss	**$ (96)**	**$ (107)**	**$ (67)**
Loss from asset dispositions, exchanges, and other, net (2)	-	1	-
Severance and exit costs (3)	5	8	5
Depreciation and amortization	49	50	51
Adjusted EBITDA*	**$ (42)**	**$ (48)**	**$ (11)**
Adjusted EBITDA margin*	**-12.4%**	**-14.0%**	**-2.5%**
Selected items:			
Cash paid for capital expenditures - network and other	$ 51	$ 34	$ 62

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CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)

(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Operating activities			
Net income	$ 173	$ 63	$ 206
Depreciation and amortization	2,330	2,259	2,054
Provision for losses on accounts receivable	57	50	102
Share-based and long-term incentive compensation expense	40	45	41
Deferred income tax expense (benefit)	39	(412)	282
Gains from asset dispositions and exchanges	-	-	(479)
Loss on early extinguishment of debt	-	-	66
Amortization of long-term debt premiums, net	(33)	(33)	(51)
Loss on disposal of property, plant and equipment	124	335	293
Deferred purchase price from sale of receivables	(170)	(231)	(375)
Other changes in assets and liabilities:			
Accounts and notes receivable	273	157	(53)
Inventories and other current assets	421	175	181
Accounts payable and other current liabilities	(766)	121	(474)
Non-current assets and liabilities, net	(197)	11	73
Other, net	139	113	58
Net cash provided by operating activities	**2,430**	**2,653**	**1,924**
Investing activities			
Capital expenditures - network and other	(1,132)	(780)	(1,151)
Capital expenditures - leased devices	(1,817)	(1,928)	(1,359)
Expenditures relating to FCC licenses	(59)	(23)	(13)
Change in short-term investments, net	(1,654)	(2,181)	1,095
Proceeds from sales of assets and FCC licenses	133	160	101
Proceeds from deferred purchase price from sale of receivables	170	231	375
Other, net	(10)	2	(1)
Net cash used in investing activities	**(4,369)**	**(4,519)**	**(953)**
Financing activities			
Proceeds from debt and financings	1,370	5,456	902
Repayments of debt, financing and capital lease obligations	(1,415)	(1,359)	(2,121)
Debt financing costs	(248)	(74)	-
Call premiums paid on debt redemptions	-	(2)	(129)
Other, net	(2)	9	(15)
Net cash (used in) provided by financing activities	**(295)**	**4,030**	**(1,363)**
Net (decrease) increase in cash, cash equivalents and restricted cash	**(2,234)**	**2,164**	**(392)**
Cash, cash equivalents and restricted cash, beginning of period	**6,659**	**4,495**	**2,942**
Cash, cash equivalents and restricted cash, end of period	**$ 4,425**	**$ 6,659**	**$ 2,550**

RECONCILIATION TO CONSOLIDATED FREE CASH FLOW* (NON-GAAP) (Unaudited)

(Millions)

	Quarter To Date		
	6/30/18	3/31/18	6/30/17
Net cash provided by operating activities	**$ 2,430**	**$ 2,653**	**$ 1,924**
Capital expenditures - network and other	(1,132)	(780)	(1,151)
Capital expenditures - leased devices	(1,817)	(1,928)	(1,359)
Expenditures relating to FCC licenses, net	(59)	(23)	(13)
Proceeds from sales of assets and FCC licenses	133	160	101
Proceeds from deferred purchase price from sale of receivables	170	231	375
Other investing activities, net	(3)	2	(1)
Free cash flow*	**$ (278)**	**$ 315**	**$ (124)**
Net proceeds (repayments) of financings related to devices and receivables	286	(555)	492
Adjusted free cash flow*	**$ 8**	**$ (240)**	**$ 368**

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	6/30/18	3/31/18
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,378	$ 6,610
Short-term investments	4,008	2,354
Accounts and notes receivable, net	3,492	3,711
Device and accessory inventory	622	1,003
Prepaid expenses and other current assets	895	575
Total current assets	13,395	14,253
Property, plant and equipment, net	20,538	19,925
Costs to acquire a customer contract	1,294	-
Goodwill	6,586	6,586
FCC licenses and other	41,368	41,309
Definite-lived intangible assets, net	2,245	2,465
Other assets	1,023	921
Total assets	**$ 86,449**	**$ 85,459**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 3,143	$ 3,409
Accrued expenses and other current liabilities	3,658	3,962
Current portion of long-term debt, financing and capital lease obligations	4,846	3,429
Total current liabilities	11,647	10,800
Long-term debt, financing and capital lease obligations	35,771	37,463
Deferred tax liabilities	7,704	7,294
Other liabilities	3,382	3,483
Total liabilities	**58,504**	**59,040**
Stockholders' equity		
Common stock	40	40
Treasury shares, at cost	(4)	-
Paid-in capital	27,938	27,884
Retained earnings (accumulated deficit)	236	(1,255)
Accumulated other comprehensive loss	(317)	(313)
Total stockholders' equity	27,893	26,356
Noncontrolling interests	52	63
Total equity	27,945	26,419
Total liabilities and equity	**$ 86,449**	**$ 85,459**

NET DEBT* (NON-GAAP) (Unaudited)

(Millions)

	6/30/18	3/31/18
Total debt	$ 40,617	$ 40,892
Less: Cash and cash equivalents	(4,378)	(6,610)
Less: Short-term investments	(4,008)	(2,354)
Net debt*	**$ 32,231**	**$ 31,928**

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SCHEDULE OF DEBT (Unaudited)

(Millions)

ISSUER	MATURITY	6/30/18 PRINCIPAL
Sprint Corporation		
7.25% Senior notes due 2021	09/15/2021	$ 2,250
7.875% Senior notes due 2023	09/15/2023	4,250
7.125% Senior notes due 2024	06/15/2024	2,500
7.625% Senior notes due 2025	02/15/2025	1,500
7.625% Senior notes due 2026	03/01/2026	1,500
Sprint Corporation		**12,000**
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		
3.36% Senior secured notes due 2021	09/20/2021	2,843
4.738% Senior secured notes due 2025	03/20/2025	2,100
5.152% Senior secured notes due 2028	03/20/2028	1,838
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**6,781**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/12/2019	300
9% Guaranteed notes due 2018	11/15/2018	1,753
7% Guaranteed notes due 2020	03/01/2020	1,000
7% Senior notes due 2020	08/15/2020	1,500
11.5% Senior notes due 2021	11/15/2021	1,000
9.25% Debentures due 2022	04/15/2022	200
6% Senior notes due 2022	11/15/2022	2,280
Sprint Communications, Inc.		**8,033**
Sprint Capital Corporation		
6.9% Senior notes due 2019	05/01/2019	1,729
6.875% Senior notes due 2028	11/15/2028	2,475
8.75% Senior notes due 2032	03/15/2032	2,000
Sprint Capital Corporation		**6,204**
Credit facilities		
PRWireless secured term loan	06/28/2020	182
Secured equipment credit facilities	2020 - 2021	462
Secured term loan	02/03/2024	3,950
Credit facilities		**4,594**
Accounts receivable facility	2020	**2,697**
Financing obligations	2021	**139**
Capital leases and other obligations	2018 - 2026	**507**
Total principal		**40,955**
Net premiums and debt financing costs		**(338)**
Total debt		**$ 40,617**

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RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Three Months Ended June 30, 2018		
	As reported	Balances without adoption of Topic 606	Change
Net operating revenues			
Service revenue	$ 5,740	$ 5,883	$ (143)
Equipment sales	1,173	892	281
Equipment rentals	1,212	1,228	(16)
Total net operating revenues	**8,125**	**8,003**	**122**
Net operating expenses			
Cost of services (exclusive of depreciation and amortization below)	1,677	1,688	(11)
Cost of equipment sales	1,270	1,248	22
Cost of equipment rentals (exclusive of depreciation below)	124	124	-
Selling, general and administrative	1,867	1,948	(81)
Depreciation - network and other	1,023	1,023	-
Depreciation - equipment rentals	1,136	1,136	-
Amortization	171	171	-
Other, net	42	42	-
Total net operating expenses	7,310	7,380	(70)
Operating income	**815**	**623**	**192**
Total other expense	(595)	(595)	-
Income before income taxes	**220**	**28**	**192**
Income tax expense	(47)	(7)	(40)
Net income	**173**	**21**	**152**
Less: Net loss attributable to noncontrolling interests	3	3	-
Net income attributable to Sprint Corporation	**$ 176**	**$ 24**	**$ 152**
Basic net income per common share	**$ 0.04**	**$ 0.01**	**$ 0.03**
Diluted net income per common share	**$ 0.04**	**$ 0.01**	**$ 0.03**
Weighted average common shares outstanding	4,010	4,010	-
Diluted weighted average common shares outstanding	4,061	4,061	-

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RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	June 30, 2018		
	As reported	Balances without adoption of Topic 606	Change
ASSETS			
Current assets			
Accounts and notes receivable, net	$ 3,492	$ 3,404	$ 88
Device and accessory inventory	622	644	(22)
Prepaid expenses and other current assets	895	557	338
Costs to acquire a customer contract	1,294	-	1,294
Other assets	1,023	919	104
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	$ 3,658	$ 3,690	$ (32)
Deferred tax liabilities	7,704	7,298	406
Other liabilities	3,382	3,413	(31)
Stockholders' equity			
Retained earnings (accumulated deficit)	236	(1,223)	1,459

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NOTES TO THE FINANCIAL INFORMATION (Unaudited)

(1) As more of our customers elect to lease a device rather than purchasing one under our subsidized program, there is a significant positive impact to EBITDA* and Adjusted EBITDA* from direct channel sales primarily due to the fact the cost of the device is not recorded as cost of equipment sales but rather is depreciated over the customer lease term. Under our device leasing program for the direct channel, devices are transferred from inventory to property and equipment and the cost of the leased device is recognized as depreciation expense over the customer lease term to an estimated residual value. The customer payments are recognized as revenue over the term of the lease. Under our subsidized program, the cash received from the customer for the device is recognized as revenue from equipment sales at the point of sale and the cost of the device is recognized as cost of equipment sales. During the three-month period ended June 30, 2018, we leased devices through our Sprint direct channels totaling approximately $1,163 million, which would have increased cost of equipment sales and reduced EBITDA* if they had been purchased under our subsidized program.

The impact to EBITDA* and Adjusted EBITDA* resulting from the sale of devices under our installment billing program is generally neutral except for the impact in our indirect channels from the time value of money element related to the imputed interest on the installment receivable.

(2) During the fourth and first quarters of fiscal year 2017, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. Additionally, the company recorded a pre-tax non-cash gain related to spectrum swaps with other carriers.

(3) During the first quarter of fiscal year 2018 and fourth quarter of fiscal year 2017, severance and exit costs consist of lease exit costs primarily associated with tower and cell sites, access exit costs related to payments that will continue to be made under the company's backhaul access contracts for which the company will no longer be receiving any economic benefit, and severance costs associated with reduction in its work force.

(4) During the first quarter of fiscal year 2018, contract termination costs are primarily due to the purchase of certain leased spectrum assets, which upon termination of the spectrum leases resulted in the accelerated recognition of the unamortized favorable lease balances. During the first quarter of fiscal year 2017, we recorded a $5 million gain due to reversal of a liability recorded in relation to the termination of our relationship with General Wireless Operations, Inc. (Radio Shack).

(5) During the first quarter of fiscal year 2018, we recorded $93 million of merger costs due to the proposed Business Combination Agreement with T-Mobile.

(6) During the fourth and first quarters of fiscal year 2017, litigation and other contingencies consist of reductions associated with legal settlements or favorable developments in pending legal proceedings. In addition, the first quarter of fiscal year 2017 includes non-recurring charges of $51 million related to a regulatory fee matter.

(7) During the fourth quarter of fiscal year 2017 we recorded estimated hurricane-related charges of $7 million, consisting of incremental roaming costs, network repairs and replacements.

***FINANCIAL MEASURES**

Sprint provides financial measures determined in accordance with 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 provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint 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 does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

EBITDA is operating income/(loss) before depreciation and amortization. **Adjusted EBITDA** is **EBITDA** excluding severance, exit costs, and other special items. **Adjusted EBITDA Margin** represents Adjusted EBITDA divided by non-equipment net operating revenues for Wireless and Adjusted EBITDA divided by net operating revenues for Wireline. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations. 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 EBITDA and Adjusted EBITDA 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.

Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. We believe that ABPA provides useful information to investors, analysts and our management to evaluate average postpaid customer billings per account as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid account each month.

Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals by the sum of the monthly average number of postpaid phone connections during the period. We believe that ABPU provides useful information to investors, analysts and our management to evaluate average postpaid phone customer billings as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid phone user each month.

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. **Adjusted Free Cash Flow** is **Free Cash Flow** plus the proceeds from device financings and sales of receivables, net of repayments. We believe that Free Cash Flow and Adjusted Free Cash Flow provide useful information to investors, analysts and our management about the cash generated by our core operations and net proceeds obtained to fund certain leased devices, respectively, after interest and dividends, if any, 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.

Net Debt is consolidated debt, including current maturities, less cash and cash equivalents and short-term investments. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.

SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan”, “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are 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, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint 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 when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2018. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

About Sprint:
Sprint (NYSE: S) is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served 54.6 million connections as of June 30, 2018 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. Today, Sprint’s legacy of innovation and service continues with an increased investment to dramatically improve coverage, reliability, and speed across its nationwide network and commitment to launching the first 5G mobile network in the U.S. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.

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SPRINT REPORTS YEAR-OVER-YEAR GROWTH IN WIRELESS SERVICE REVENUE WITH FISCAL YEAR 2018 SECOND QUARTER RESULTS

- *Wireless service revenue grew year-over-year for the first time in nearly five years, excluding the $173 million impact of the new revenue recognition standard*

- *Net income of $196 million, operating income of $778 million, and adjusted EBITDA* of $3.3 billion*
    - *Fourth consecutive quarter of net income and 11th consecutive quarter of operating income*
    - *Highest fiscal second quarter adjusted EBITDA* in 12 years and raising fiscal year 2018 adjusted EBITDA* outlook*

- *Net cash provided by operating activities of $2.9 billion and adjusted free cash flow* of $525 million*
    - *Positive adjusted free cash flow* in six of the last seven quarters*

- *Retail net additions of 95,000*
    - *Postpaid net additions for the fifth consecutive quarter*
    - *Prepaid net additions in the Boost brand for the seventh consecutive quarter*

- *Most improved network among national carriers based on average download speeds*
    - *Further improvement expected with nationwide deployment of LTE Advanced features that offer up to two times faster speeds than before*

- *Strong progress on digitalization initiatives*
    - *Postpaid gross additions in digital channels increased nearly 60 percent year-over-year*

OVERLAND PARK, Kan. – Oct 31, 2018 – Sprint Corporation (NYSE: S) today reported year-over-year growth in wireless service revenue for the first time in nearly five years and positive adjusted free cash flow* for the sixth time in the last seven quarters as part of results for the second quarter of fiscal year 2018. The company also announced an increase to its fiscal year 2018 adjusted EBITDA* outlook.

"Sprint reached an important milestone this quarter by returning to year-over-year growth in wireless service revenue two quarters earlier than promised," said Sprint CEO Michel Combes. "Our strategy of balancing growth and profitability while we increase network investments and add digital capabilities continues to drive solid financial results."

Wireless Service Revenue Inflection Contributes to Improved Profitability

One quarter after reporting sequential growth, Sprint reported year-over-year growth in wireless service revenue for the first time in nearly five years, when excluding the impact of the new revenue recognition standard. Five consecutive quarters of postpaid net additions and seven consecutive quarters of prepaid net additions within the Boost brand, along with stabilizing ARPU, have contributed to improved revenue trends in the business.

- Postpaid service revenue grew sequentially for the second consecutive quarter.
- Prepaid service revenue grew year-over-year for the fourth consecutive quarter.

Sprint reported its fourth consecutive quarter of net income, its 11th consecutive quarter of operating income, and its highest fiscal second quarter adjusted EBITDA* in 12 years, all excluding the positive impact of the new revenue recognition standard. The new revenue recognition standard had a positive impact of $178 million on reported net income and $225 million on reported operating income and adjusted EBITDA* in the quarter.

Sprint continued to make progress on its multi-year plan to improve its cost structure. Excluding the impact of the new revenue recognition standard and merger costs, the company reported approximately $200 million of combined year-over-year reductions in cost of services and selling, general and administrative expenses in the first half of fiscal 2018. For the full fiscal year, the company expects to deliver gross reductions of more than $1 billion for the fifth consecutive year, with net reductions of less than $500 million after reinvestments.

(Millions, except per share data)	Fiscal 2Q18	Fiscal 2Q17	Change
Net income (loss)	$196	($48)	$244
Basic income (loss) per share	$0.05	($0.01)	$0.06
Operating income	$778	$601	$177
Adjusted EBITDA*	$3,256	$2,729	$527
Net cash provided by operating activities	$2,927	$2,802	$125
Adjusted free cash flow*	$525	$420	$105

New Premium Option Joins the Best Lineup of Unlimited Plans
Sprint expanded its portfolio of unlimited data, talk and text plans this quarter by introducing Unlimited Premium, a VIP platinum-style wireless plan tailored for the customer who wants it all. The company also recently launched a selection of unlimited plans for customers who want value, a great network and unlimited data, including the Unlimited Plus, Unlimited Basic, Unlimited Military, and Unlimited 55+ plans. All these plans are part of the company's "Unlimited for All" initiative to design plans so customers can select the best choice for them.

Increased Network Investments Driving a Better Experience
Sprint's quarterly network investments, or cash capital expenditures excluding leased devices, nearly doubled year-over-year as the company made continued progress on executing its Next-Gen Network plan.

- Sprint completed thousands of tri-band upgrades and now has 2.5 GHz spectrum deployed on 70 percent of its macro sites.
- Sprint added thousands of new outdoor small cells and currently has 21,000 deployed including both mini macros and strand mounts.
- Sprint continued commercial deployment of Massive MIMO radios, which increase the speed and capacity of the LTE network and, with a software upgrade, will provide mobile 5G service launching in the first half of 2019.

These deployments are contributing to Sprint providing customers with a better network experience, as seen in Speedtest Intelligence data from Ookla.

- Best-ever showing with the fastest average download speed in 123 cities, including Seattle, Pittsburgh, Denver, and Honolulu.[1]
- Most improved network among national carriers with national average download speeds up 31.5 percent year-over-year.[2]

The company has reached nationwide deployment with LTE Advanced features such as 256 QAM, 4X4 MIMO, and two- and three-channel carrier aggregation, a milestone on the road to 5G. These enhancements are expected to deliver up to two times faster speeds than Sprint 4G LTE on capable devices.

[1] Analysis by Ookla® of Speedtest Intelligence® data average download speeds from 7/1/18 to 9/30/18 for all mobile results.
[2] Analysis by Ookla® of Speedtest Intelligence® data comparing average download speeds from September 2017 to September 2018 for all mobile results.

News Release

Becoming a Digital-First Company

Sprint is leading the U.S. telecommunications industry in leveraging digital capabilities, including boosting sales in digital channels, leveraging artificial intelligence to improve customer care interactions, and utilizing deep dive analytics to identify customer issues.

- Postpaid gross additions in digital channels increased nearly 60 percent year-over-year.
- Nearly 20 percent of postpaid upgrades were in digital channels in the quarter.
- More than 25 percent of all Sprint customer care chats are now performed by virtual agents using artificial intelligence.

Fiscal Year 2018 Outlook

- Due to strong year-to-date performance, the company is increasing its expectation for adjusted EBITDA* to a range of $12.4 billion to $12.7 billion. The previous expectation was $12.0 billion to $12.5 billion.
- Excluding the impact of the new revenue recognition standard, the company is also increasing its expectation for adjusted EBITDA* to a range of $11.7 billion to $12.0 billion. The previous expectation was $11.3 billion to $11.8 billion.
- The company expects cash capital expenditures excluding leased devices to be $5.0 billion to $5.5 billion. The previous expectation was $5.0 billion to $6.0 billion.

Conference Call and Webcast

- Date/Time: 8:30 a.m. (ET) Wednesday, October 31, 2018
- Call-in Information
    - U.S./Canada: 866-360-1063 (ID: 6693758)
    - International: 443-961-0242 (ID: 6693758)
- Webcast available at www.sprint.com/investors
- Additional information about results is available on our Investor Relations website

Contact Information

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News Release

Sprint

Wireless Operating Statistics (Unaudited)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net additions (losses) (in thousands)					
Postpaid	109	123	168	232	129
Postpaid phone	(34)	87	279	53	367
Prepaid	(14)	3	95	(11)	130
Wholesale and affiliate	(115)	(69)	115	(184)	180
Total wireless net (losses) additions	**(20)**	**57**	**378**	**37**	**439**
End of period connections (in thousands)					
Postpaid [(a) (c) (d)]	32,296	32,187	31,686	32,296	31,686
Postpaid phone [(a) (c)]	26,813	26,847	26,432	26,813	26,432
Prepaid [(a) (b) (c) (e)]	9,019	9,033	8,765	9,019	8,765
Wholesale and affiliate [(b) (c) (f)]	13,232	13,347	13,576	13,232	13,576
Total end of period connections	**54,547**	**54,567**	**54,027**	**54,547**	**54,027**
Churn					
Postpaid	1.78%	1.63%	1.72%	1.71%	1.69%
Postpaid phone	1.73%	1.55%	1.59%	1.64%	1.55%
Prepaid	4.74%	4.17%	4.83%	4.45%	4.70%
Supplemental data - connected devices					
End of period connections (in thousands)					
Retail postpaid	2,585	2,429	2,158	2,585	2,158
Wholesale and affiliate	10,838	10,963	11,221	10,838	11,221
Total	**13,423**	**13,392**	**13,379**	**13,423**	**13,379**
ARPU [(g)]					
Postpaid	$ 43.99	$ 43.55	$ 46.00	$ 43.77	$ 46.65
Postpaid phone	$ 50.16	$ 49.57	$ 52.34	$ 49.86	$ 53.13
Prepaid	$ 35.40	$ 36.27	$ 37.83	$ 35.83	$ 38.04

NON-GAAP RECONCILIATION - ABPA* AND ABPU* (Unaudited)

(Millions, except accounts, connections, ABPA, and ABPU*)*

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
ABPA*					
Postpaid service revenue	$ 4,255	$ 4,188	$ 4,363	$ 8,443	$ 8,829
Add: Installment plan and non-operating lease billings	326	352	397	678	765
Add: Equipment rentals	1,253	1,212	966	2,465	1,865
Total for postpaid connections	**$ 5,834**	**$ 5,752**	**$ 5,726**	**$ 11,586**	**$ 11,459**
Average postpaid accounts (in thousands)	11,207	11,176	11,277	11,192	11,295
Postpaid ABPA* [(h)]	$ 173.53	$ 171.57	$ 169.25	$ 172.55	$ 169.10

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Postpaid phone ABPU*					
Postpaid phone service revenue	$ 4,038	$ 3,977	$ 4,132	$ 8,015	$ 8,346
Add: Installment plan and non-operating lease billings	279	307	358	586	690
Add: Equipment rentals	1,247	1,204	953	2,451	1,840
Total for postpaid phone connections	**$ 5,564**	**$ 5,488**	**$ 5,443**	**$ 11,052**	**$ 10,876**
Postpaid average phone connections (in thousands)	26,838	26,745	26,312	26,792	26,182
Postpaid phone ABPU* [(i)]	$ 69.10	$ 68.41	$ 68.95	$ 68.75	$ 69.23

[(a)] During the three-month period ended June 30, 2018, we ceased selling devices in our installment billing program under one of our brands and as a result, 45,000 subscribers were migrated back to prepaid.

[(b)] Sprint is no longer reporting Lifeline subscribers due to regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale Lifeline MVNOs.

[(c)] As a result of our affiliate agreement with Shentel, certain subscribers have been transferred from postpaid and prepaid to affiliates. During the three-month period ended June 30, 2018, 10,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended June 30, 2017, 17,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates.

[(d)] During the three-month period ended June 30, 2017, 2,000 Wi-Fi connections were adjusted from the postpaid subscriber base.

[(e)] During the three-month period ended September 30, 2017, the Prepaid Data Share platform It's On was decommissioned as the Company continues to focus on higher value contribution offerings resulting in a 49,000 reduction to prepaid end of period subscribers.

[(f)] On April 1, 2018, approximately 115,000 wholesale subscribers were removed from the subscriber base with no impact to revenue.

[(g)] ARPU is calculated by dividing service revenue by the sum of the monthly average number of connections in the applicable service category. Changes in average monthly service revenue reflect connections for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to connections, plus the net effect of average monthly revenue generated by new connections and deactivating connections. Postpaid phone ARPU represents revenues related to our postpaid phone connections.

[(h)] Postpaid ABPA* is calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

[(i)] Postpaid phone ABPU* is calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid phone connections during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

News Release

Wireless Device Financing Summary (Unaudited)

(Millions, except sales, connections, and leased devices in property, plant and equipment)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Postpaid activations (in thousands)	3,772	3,473	3,917	7,245	7,585
Postpaid activations financed	81%	83%	85%	82%	85%
Postpaid activations - operating leases	59%	70%	68%	64%	62%
Installment plans					
Installment sales financed	$ 255	$ 213	$ 268	$ 468	$ 821
Installment billings	$ 292	$ 325	$ 373	$ 617	$ 741
Installment receivables, net	$ 838	$ 983	$ 1,583	$ 838	$ 1,583
Equipment rentals and depreciation - equipment rentals					
Equipment rentals	$ 1,253	$ 1,212	$ 966	$ 2,465	$ 1,865
Depreciation - equipment rentals	$ 1,181	$ 1,136	$ 888	$ 2,317	$ 1,742
Leased device additions					
Cash paid for capital expenditures - leased devices	$ 1,707	$ 1,817	$ 1,706	$ 3,524	$ 3,065
Leased devices					
Leased devices in property, plant and equipment, net	$ 6,184	$ 6,213	$ 4,709	$ 6,184	$ 4,709
Leased device units					
Leased devices in property, plant and equipment (units in thousands)	15,392	15,169	13,019	15,392	13,019
Leased device and receivables financings net proceeds					
Proceeds	$ 1,527	$ 1,356	$ 789	$ 2,883	$ 1,554
Repayments	(1,200)	(1,070)	(1,148)	(2,270)	(1,421)
Net proceeds (repayments) of financings related to devices and receivables	**$ 327**	**$ 286**	**$ (359)**	**$ 613**	**$ 133**

News Release

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Millions, except per share data)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net operating revenues					
Service revenue	$ 5,762	$ 5,740	$ 5,967	$ 11,502	$ 12,038
Equipment sales	1,418	1,173	994	2,591	2,181
Equipment rentals	1,253	1,212	966	2,465	1,865
Total net operating revenues	**8,433**	**8,125**	**7,927**	**16,558**	**16,084**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,694	1,677	1,698	3,371	3,407
Cost of equipment sales	1,517	1,270	1,404	2,787	2,949
Cost of equipment rentals (exclusive of depreciation below)	151	124	112	275	224
Selling, general and administrative	1,861	1,867	2,013	3,728	3,951
Depreciation - network and other	1,021	1,023	997	2,044	1,974
Depreciation - equipment rentals	1,181	1,136	888	2,317	1,742
Amortization	159	171	209	330	432
Other, net	71	42	5	113	(359)
Total net operating expenses	7,655	7,310	7,326	14,965	14,320
Operating income	**778**	**815**	**601**	**1,593**	**1,764**
Interest expense	(633)	(637)	(595)	(1,270)	(1,208)
Other income (expense), net	79	42	44	121	(8)
Income before income taxes	**224**	**220**	**50**	**444**	**548**
Income tax expense	(17)	(47)	(98)	(64)	(390)
Net income (loss)	**207**	**173**	**(48)**	**380**	**158**
Less: Net (income) loss attributable to noncontrolling interests	(11)	3	-	(8)	-
Net income (loss) attributable to Sprint Corporation	**$ 196**	**$ 176**	**$ (48)**	**$ 372**	**$ 158**
Basic net income (loss) per common share attributable to Sprint Corporation	**$ 0.05**	**$ 0.04**	**$ (0.01)**	**$ 0.09**	**$ 0.04**
Diluted net income (loss) per common share attributable to Sprint Corporation	**$ 0.05**	**$ 0.04**	**$ (0.01)**	**$ 0.09**	**$ 0.04**
Basic weighted average common shares outstanding	4,061	4,010	3,998	4,036	3,996
Diluted weighted average common shares outstanding	4,124	4,061	3,998	4,095	4,080
Effective tax rate	**7.6%**	**21.4%**	**196.0%**	**14.4%**	**71.2%**

NON-GAAP RECONCILIATION - NET INCOME (LOSS) TO ADJUSTED EBITDA* (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net income (loss)	**$ 207**	**$ 173**	**$ (48)**	**$ 380**	**$ 158**
Income tax expense	17	47	98	64	390
Income before income taxes	**224**	**220**	**50**	**444**	**548**
Other (income) expense, net	(79)	(42)	(44)	(121)	8
Interest expense	633	637	595	1,270	1,208
Operating income	**778**	**815**	**601**	**1,593**	**1,764**
Depreciation - network and other	1,021	1,023	997	2,044	1,974
Depreciation - equipment rentals	1,181	1,136	888	2,317	1,742
Amortization	159	171	209	330	432
EBITDA* (1)	**3,139**	**3,145**	**2,695**	**6,284**	**5,912**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	68	-	-	68	(304)
Severance and exit costs (3)	25	8	-	33	-
Contract terminations (4)	-	34	-	34	(5)
Merger costs (5)	56	93	-	149	-
Litigation and other contingencies (6)	-	-	-	-	(55)
Hurricanes (7)	(32)	-	34	(32)	34
Adjusted EBITDA* (1)	**$ 3,256**	**$ 3,280**	**$ 2,729**	**$ 6,536**	**$ 5,582**
Adjusted EBITDA margin*	**56.5%**	**57.1%**	**45.7%**	**56.8%**	**46.4%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 1,266	$ 1,132	$ 692	$ 2,398	$ 1,843
Cash paid for capital expenditures - leased devices	$ 1,707	$ 1,817	$ 1,706	$ 3,524	$ 3,065

News Release

WIRELESS STATEMENTS OF OPERATIONS (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net operating revenues					
Service revenue					
Postpaid	$ 4,255	$ 4,188	$ 4,363	$ 8,443	$ 8,829
Prepaid	954	982	990	1,936	1,989
Wholesale, affiliate and other	289	290	296	579	555
Total service revenue	5,498	5,460	5,649	10,958	11,373
Equipment sales	1,418	1,173	994	2,591	2,181
Equipment rentals	1,253	1,212	966	2,465	1,865
Total net operating revenues	**8,169**	**7,845**	**7,609**	**16,014**	**15,419**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,466	1,429	1,422	2,895	2,834
Cost of equipment sales	1,517	1,270	1,404	2,787	2,949
Cost of equipment rentals (exclusive of depreciation below)	151	124	112	275	224
Selling, general and administrative	1,749	1,704	1,936	3,453	3,811
Depreciation - network and other	968	972	944	1,940	1,869
Depreciation - equipment rentals	1,181	1,136	888	2,317	1,742
Amortization	159	171	209	330	432
Other, net	58	37	5	95	(309)
Total net operating expenses	7,249	6,843	6,920	14,092	13,552
Operating income	**$ 920**	**$ 1,002**	**$ 689**	**$ 1,922**	**$ 1,867**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Operating income	**$ 920**	**$ 1,002**	**$ 689**	**$ 1,922**	**$ 1,867**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	68	-	-	68	(304)
Severance and exit costs (3)	12	3	-	15	(5)
Contract terminations (4)	-	34	-	34	(5)
Hurricanes (7)	(32)	-	34	(32)	34
Depreciation - network and other	968	972	944	1,940	1,869
Depreciation - equipment rentals	1,181	1,136	888	2,317	1,742
Amortization	159	171	209	330	432
Adjusted EBITDA* (1)	**$ 3,276**	**$ 3,318**	**$ 2,764**	**$ 6,594**	**$ 5,630**
Adjusted EBITDA margin*	**59.6%**	**60.8%**	**48.9%**	**60.2%**	**49.5%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 1,101	$ 1,019	$ 549	$ 2,120	$ 1,514
Cash paid for capital expenditures - leased devices	$ 1,707	$ 1,817	$ 1,706	$ 3,524	$ 3,065

News Release

WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net operating revenues	**$ 328**	**$ 338**	**$ 409**	**$ 666**	**$ 842**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	295	311	372	606	759
Selling, general and administrative	53	69	66	122	123
Depreciation and amortization	51	49	49	100	100
Other, net	13	5	-	18	5
Total net operating expenses	412	434	487	846	987
Operating loss	**$ (84)**	**$ (96)**	**$ (78)**	**$ (180)**	**$ (145)**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Operating loss	**$ (84)**	**$ (96)**	**$ (78)**	**$ (180)**	**$ (145)**
Severance and exit costs [3]	13	5	-	18	5
Depreciation and amortization	51	49	49	100	100
Adjusted EBITDA*	**$ (20)**	**$ (42)**	**$ (29)**	**$ (62)**	**$ (40)**
Adjusted EBITDA margin*	**-6.1%**	**-12.4%**	**-7.1%**	**-9.3%**	**-4.8%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 55	$ 51	$ 40	$ 106	$ 102

News Release

Sprint

CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)

(Millions)

	Year To Date	
	9/30/18	9/30/17
Operating activities		
Net income	$ 380	$ 158
Depreciation and amortization	4,691	4,148
Provision for losses on accounts receivable	166	199
Share-based and long-term incentive compensation expense	68	87
Deferred income tax expense	39	364
Gains from asset dispositions and exchanges	-	(479)
Loss on early extinguishment of debt	-	65
Amortization of long-term debt premiums, net	(67)	(90)
Loss on disposal of property, plant and equipment	343	410
Deferred purchase price from sale of receivables	(223)	(640)
Other changes in assets and liabilities:		
Accounts and notes receivable	85	(179)
Inventories and other current assets	168	541
Accounts payable and other current liabilities	(95)	(161)
Non-current assets and liabilities, net	(384)	183
Other, net	186	120
Net cash provided by operating activities	**5,357**	**4,726**
Investing activities		
Capital expenditures - network and other	(2,398)	(1,843)
Capital expenditures - leased devices	(3,524)	(3,065)
Expenditures relating to FCC licenses	(70)	(19)
Change in short-term investments, net	(832)	3,834
Proceeds from sales of assets and FCC licenses	272	218
Proceeds from deferred purchase price from sale of receivables	223	640
Other, net	42	(2)
Net cash used in investing activities	**(6,287)**	**(237)**
Financing activities		
Proceeds from debt and financings	2,944	1,860
Repayments of debt, financing and capital lease obligations	(2,928)	(4,261)
Debt financing costs	(248)	(9)
Call premiums paid on debt redemptions	-	(129)
Proceeds from issuance of common stock, net	276	1
Other, net	-	(22)
Net cash provided by (used in) financing activities	**44**	**(2,560)**
Net (decrease) increase in cash, cash equivalents and restricted cash	**(886)**	**1,929**
Cash, cash equivalents and restricted cash, beginning of period	**6,659**	**2,942**
Cash, cash equivalents and restricted cash, end of period	**$ 5,773**	**$ 4,871**

RECONCILIATION TO CONSOLIDATED FREE CASH FLOW* (NON-GAAP) (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	9/30/18	6/30/18	9/30/17	9/30/18	9/30/17
Net cash provided by operating activities	**$ 2,927**	**$ 2,430**	**$ 2,802**	**$ 5,357**	**$ 4,726**
Capital expenditures - network and other	(1,266)	(1,132)	(692)	(2,398)	(1,843)
Capital expenditures - leased devices	(1,707)	(1,817)	(1,706)	(3,524)	(3,065)
Expenditures relating to FCC licenses, net	(11)	(59)	(6)	(70)	(19)
Proceeds from sales of assets and FCC licenses	139	133	117	272	218
Proceeds from deferred purchase price from sale of receivables	53	170	265	223	640
Other investing activities, net	63	(3)	(1)	60	(2)
Free cash flow*	**$ 198**	**$ (278)**	**$ 779**	**$ (80)**	**$ 655**
Net proceeds (repayments) of financings related to devices and receivables	327	286	(359)	613	133
Adjusted free cash flow*	**$ 525**	**$ 8**	**$ 420**	**$ 533**	**$ 788**

News Release

Sprint

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	9/30/18	3/31/18
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,726	$ 6,610
Short-term investments	3,186	2,354
Accounts and notes receivable, net	3,555	3,711
Device and accessory inventory	859	1,003
Prepaid expenses and other current assets	1,121	575
Total current assets	14,447	14,253
Property, plant and equipment, net	20,816	19,925
Costs to acquire a customer contract	1,379	-
Goodwill	6,598	6,586
FCC licenses and other	41,373	41,309
Definite-lived intangible assets, net	2,075	2,465
Other assets	1,163	921
Total assets	**$ 87,851**	**$ 85,459**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 4,210	$ 3,409
Accrued expenses and other current liabilities	3,370	3,962
Current portion of long-term debt, financing and capital lease obligations	5,346	3,429
Total current liabilities	12,926	10,800
Long-term debt, financing and capital lease obligations	35,329	37,463
Deferred tax liabilities	7,704	7,294
Other liabilities	3,428	3,483
Total liabilities	**59,387**	**59,040**
Stockholders' equity		
Common stock	41	40
Treasury shares, at cost	(15)	-
Paid-in capital	28,251	27,884
Retained earnings (accumulated deficit)	432	(1,255)
Accumulated other comprehensive loss	(308)	(313)
Total stockholders' equity	28,401	26,356
Noncontrolling interests	63	63
Total equity	28,464	26,419
Total liabilities and equity	**$ 87,851**	**$ 85,459**

NET DEBT* (NON-GAAP) (Unaudited)

(Millions)

	9/30/18	3/31/18
Total debt	$ 40,675	$ 40,892
Less: Cash and cash equivalents	(5,726)	(6,610)
Less: Short-term investments	(3,186)	(2,354)
Net debt*	**$ 31,763**	**$ 31,928**

News Release

SCHEDULE OF DEBT (Unaudited)

(Millions)

ISSUER	MATURITY	9/30/18 PRINCIPAL
Sprint Corporation		
7.25% Senior notes due 2021	09/15/2021	$ 2,250
7.875% Senior notes due 2023	09/15/2023	4,250
7.125% Senior notes due 2024	06/15/2024	2,500
7.625% Senior notes due 2025	02/15/2025	1,500
7.625% Senior notes due 2026	03/01/2026	1,500
Sprint Corporation		**12,000**
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		
3.36% Senior secured notes due 2021	09/20/2021	2,625
4.738% Senior secured notes due 2025	03/20/2025	2,100
5.152% Senior secured notes due 2028	03/20/2028	1,838
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**6,563**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/17/2019	300
9% Guaranteed notes due 2018	11/15/2018	1,753
7% Guaranteed notes due 2020	03/01/2020	1,000
7% Senior notes due 2020	08/15/2020	1,500
11.5% Senior notes due 2021	11/15/2021	1,000
9.25% Debentures due 2022	04/15/2022	200
6% Senior notes due 2022	11/15/2022	2,280
Sprint Communications, Inc.		**8,033**
Sprint Capital Corporation		
6.9% Senior notes due 2019	05/01/2019	1,729
6.875% Senior notes due 2028	11/15/2028	2,475
8.75% Senior notes due 2032	03/15/2032	2,000
Sprint Capital Corporation		**6,204**
Credit facilities		
PRWireless secured term loan	06/28/2020	181
Secured equipment credit facilities	2021 - 2022	461
Secured term loan	02/03/2024	3,940
Credit facilities		**4,582**
Accounts receivable facility	2020	**3,024**
Financing obligations	2021	**129**
Capital leases and other obligations	2019 - 2026	**478**
Total principal		**41,013**
Net premiums and debt financing costs		**(338)**
Total debt		**$ 40,675**

News Release

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Three Months Ended September 30, 2018			Six Months Ended September 30, 2018		
	As reported	Balances without adoption of Topic 606	Change	As reported	Balances without adoption of Topic 606	Change
Net operating revenues						
Service revenue	$ 5,762	$ 5,935	$ (173)	$ 11,502	$ 11,818	$ (316)
Equipment sales	1,418	1,067	351	2,591	1,959	632
Equipment rentals	1,253	1,270	(17)	2,465	2,498	(33)
Total net operating revenues	**8,433**	**8,272**	**161**	**16,558**	**16,275**	**283**
Net operating expenses						
Cost of services (exclusive of depreciation and amortization below)	1,694	1,714	(20)	3,371	3,402	(31)
Cost of equipment sales	1,517	1,468	49	2,787	2,716	71
Cost of equipment rentals (exclusive of depreciation below)	151	151	-	275	275	-
Selling, general and administrative	1,861	1,954	(93)	3,728	3,902	(174)
Depreciation - network and other	1,021	1,021	-	2,044	2,044	-
Depreciation - equipment rentals	1,181	1,181	-	2,317	2,317	-
Amortization	159	159	-	330	330	-
Other, net	71	71	-	113	113	-
Total net operating expenses	7,655	7,719	(64)	14,965	15,099	(134)
Operating income	**778**	**553**	**225**	**1,593**	**1,176**	**417**
Total other expense	(554)	(554)	-	(1,149)	(1,149)	-
Income (loss) before income taxes	**224**	**(1)**	**225**	**444**	**27**	**417**
Income tax (expense) benefit	(17)	30	(47)	(64)	23	(87)
Net income	**207**	**29**	**178**	**380**	**50**	**330**
Less: Net income attributable to noncontrolling interests	(11)	(11)	-	(8)	(8)	-
Net income attributable to Sprint Corporation	**$ 196**	**$ 18**	**$ 178**	**$ 372**	**$ 42**	**$ 330**
Basic net income per common share attributable to Sprint Corporation	**$ 0.05**	**$ -**	**$ 0.05**	**$ 0.09**	**$ 0.01**	**$ 0.08**
Diluted net income per common share attributable to Sprint Corporation	**$ 0.05**	**$ -**	**$ 0.05**	**$ 0.09**	**$ 0.01**	**$ 0.08**
Basic weighted average common shares outstanding	4,061	4,061	-	4,036	4,036	-
Diluted weighted average common shares outstanding	4,124	4,124	-	4,095	4,095	-

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	September 30, 2018		
	As reported	Balances without adoption of Topic 606	Change
ASSETS			
Current assets			
Accounts and notes receivable, net	$ 3,555	$ 3,470	$ 85
Device and accessory inventory	859	881	(22)
Prepaid expenses and other current assets	1,121	691	430
Costs to acquire a customer contract	1,379	-	1,379
Other assets	1,163	1,004	159
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	$ 3,370	$ 3,397	$ (27)
Deferred tax liabilities	7,704	7,251	453
Other liabilities	3,428	3,460	(32)
Stockholders' equity			
Retained earnings (accumulated deficit)	432	(1,205)	1,637

NOTES TO THE FINANCIAL INFORMATION (Unaudited)

(1) As more of our customers elect to lease a device rather than purchasing one under our subsidized program, there is a significant positive impact to EBITDA* and Adjusted EBITDA* from direct channel sales primarily due to the fact the cost of the device is not recorded as cost of equipment sales but rather is depreciated over the customer lease term. Under our device leasing program for the direct channel, devices are transferred from inventory to property and equipment and the cost of the leased device is recognized as depreciation expense over the customer lease term to an estimated residual value. The customer payments are recognized as revenue over the term of the lease. Under our subsidized program, the cash received from the customer for the device is recognized as revenue from equipment sales at the point of sale and the cost of the device is recognized as cost of equipment sales. During the three and six month periods ended September 30, 2018, we leased devices through our Sprint direct channels totaling approximately $1,094 million and $2,257, respectively, which would have increased cost of equipment sales and reduced EBITDA* if they had been purchased under our subsidized program.

The impact to EBITDA* and Adjusted EBITDA* resulting from the sale of devices under our installment billing program is generally neutral except for the impact in our indirect channels from the time value of money element related to the imputed interest on the installment receivable.

(2) During the second quarter of fiscal year 2018 and the first quarter of fiscal year 2017, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. Additionally, during the first quarter of fiscal year 2017 the company recorded a pre-tax non-cash gain related to spectrum swaps with other carriers.

(3) During the second and first quarters of fiscal year 2018, severance and exit costs consist of lease exit costs primarily associated with tower and cell sites, access exit costs related to payments that will continue to be made under the company's backhaul access contracts for which the company will no longer be receiving any economic benefit, and severance costs associated with reduction in its work force.

(4) During the first quarter of fiscal year 2018, contract termination costs are primarily due to the purchase of certain leased spectrum assets, which upon termination of the spectrum leases resulted in the accelerated recognition of the unamortized favorable lease balances. During the first quarter of fiscal year 2017, we recorded a $5 million gain due to reversal of a liability recorded in relation to the termination of our relationship with General Wireless Operations, Inc. (Radio Shack).

(5) During the second and first quarters of fiscal year 2018, we recorded merger costs of $56 million and $93 million, respectively, due to the proposed Business Combination Agreement with T-Mobile.

(6) During the first quarter of fiscal year 2017, we recorded a $55 million reduction in legal reserves related to favorable developments in pending legal proceedings.

(7) During the second quarter of fiscal year 2018 we recognized hurricane-related reimbursements of $32 million. During the second quarter of fiscal year 2017 we recorded estimated hurricane-related charges of $34 million, consisting of customer service credits, incremental roaming costs, network repairs and replacements.

Sprint

***FINANCIAL MEASURES**

Sprint provides financial measures determined in accordance with 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 provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint 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 does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

EBITDA is operating income/(loss) before depreciation and amortization. **Adjusted EBITDA** is **EBITDA** excluding severance, exit costs, and other special items. **Adjusted EBITDA Margin** represents Adjusted EBITDA divided by non-equipment net operating revenues for Wireless and Adjusted EBITDA divided by net operating revenues for Wireline. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations. 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 EBITDA and Adjusted EBITDA 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.

Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. We believe that ABPA provides useful information to investors, analysts and our management to evaluate average postpaid customer billings per account as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid account each month.

Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals by the sum of the monthly average number of postpaid phone connections during the period. We believe that ABPU provides useful information to investors, analysts and our management to evaluate average postpaid phone customer billings as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid phone user each month.

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. **Adjusted Free Cash Flow** is **Free Cash Flow** plus the proceeds from device financings and sales of receivables, net of repayments. We believe that Free Cash Flow and Adjusted Free Cash Flow provide useful information to investors, analysts and our management about the cash generated by our core operations and net proceeds obtained to fund certain leased devices, respectively, after interest and dividends, if any, 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.

Net Debt is consolidated debt, including current maturities, less cash and cash equivalents and short-term investments. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.

SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan”, “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are 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, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint 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 when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2018. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

About Sprint:
Sprint (NYSE: S) is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served 54.5 million connections as of Sept. 30, 2018 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. Today, Sprint’s legacy of innovation and service continues with an increased investment to dramatically improve coverage, reliability, and speed across its nationwide network and commitment to launching the first 5G mobile network in the U.S. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.

News Release

Sprint

SPRINT REPORTS CONTINUED YEAR-OVER-YEAR GROWTH IN WIRELESS SERVICE REVENUE WITH FISCAL YEAR 2018 THIRD QUARTER RESULTS

- *Wireless service revenue grew year-over-year for the second consecutive quarter, excluding the $199 million impact of the new revenue recognition standard*
  - *Postpaid service revenue grew year-over-year for the first time in five years*
  - *Prepaid service revenue grew year-over-year for the fifth consecutive quarter*

- *Net loss of $141 million, operating income of $479 million, and adjusted EBITDA* of $3.1 billion*
  - *12th consecutive quarter of operating income*
  - *Highest fiscal third quarter adjusted EBITDA* in 12 years*

- *Postpaid net additions of 309,000 grew 53,000 year-over-year*
  - *Sixth consecutive quarter of net additions*
  - *10th consecutive quarter of net additions in the business market*

- *Continued progress on Next-Gen Network plans*
  - *Network investments of $1.4 billion more than doubled year-over-year*
  - *Remain on track for mobile 5G launch in the coming months*

- *Strong progress on digitalization initiatives*
  - *Postpaid gross additions in digital channels increased nearly 70 percent year-over-year*
  - *Approximately 30 percent of all Sprint customer care chats are now performed by virtual agents using artificial intelligence*

OVERLAND PARK, Kan. – Jan. 31, 2019 – Sprint Corporation (NYSE: S) today reported fiscal year 2018 third quarter results, including its second consecutive quarter of year-over-year growth in wireless service revenue and its sixth consecutive quarter of postpaid net additions. The company also reported its 12th consecutive quarter of operating income and the highest fiscal third quarter adjusted EBITDA* in 12 years.

"Sprint's strategy of balancing growth and profitability while we work toward regulatory approval of our T-Mobile merger is reflected in our fiscal third quarter results," said Sprint CEO Michel Combes. "We delivered solid financials, increased network investments as we prepare for our mobile 5G launch, and continued the digital transformation of the company."

Continued Growth in Wireless Service Revenue and Reduction in Costs

Sprint reported 309,000 postpaid net additions in the quarter, an improvement of 53,000 year-over-year, as the company continued to offer some of the best unlimited plans in the industry and focused on growing revenue per customer with additional devices and value-added services. This strategy has driven improved wireless service revenue trends in the business, excluding the impact of the new revenue recognition standard.

- Wireless service revenue grew year-over-year for the second consecutive quarter.
- Postpaid service revenue grew year-over-year for the first time in five years.
- Prepaid service revenue grew year-over-year for the fifth consecutive quarter.

Sprint continued to make progress on its multi-year plan to improve its cost structure. Excluding the impact of the new revenue recognition standard and merger costs, the company reported approximately $800 million of combined year-over-year gross reductions in cost of services and selling, general and administrative expenses during the first three quarters of fiscal 2018 and approximately $300 million of net reductions year-to-date. For the full fiscal year, the company expects to deliver gross reductions of more than $1 billion for the fifth consecutive year, with net reductions of less than $500 million after reinvestments.

Net loss of $141 million in the quarter compared to net income of $7.2 billion in the year-ago period, as the fiscal year 2017 third quarter results included a $7.1 billion non-cash benefit from tax reform. The company also reported the following results.

(Millions, except per share data)	Fiscal 3Q18	Fiscal 3Q17	Change
Net (loss) income	($141)	$7,162	($7,303)
Basic (loss) income per share	($0.03)	$1.79	($1.82)
Operating income	$479	$727	($248)
Adjusted EBITDA*	$3,101	$2,719	$382
Net cash provided by operating activities	$2,225	$2,683	($458)
Adjusted free cash flow*	($908)	$397	($1,305)

Network Investments Grow as Mobile 5G Launch Approaches
Sprint's quarterly network investments, or cash capital expenditures excluding leased devices, of $1.4 billion more than doubled year-over-year and increased approximately $150 million sequentially as the company made continued progress on executing its Next-Gen Network plan.

- Sprint completed thousands of tri-band upgrades and now has 2.5 GHz spectrum deployed on approximately 75 percent of its macro sites.
- Sprint added thousands of new outdoor small cells and currently has 27,000 deployed including both mini macros and strand mounts.
- Sprint has deployed hundreds of Massive MIMO radios, which increase the speed and capacity of the LTE network and, with a software upgrade, will provide mobile 5G service.

Sprint remains on track to launch its mobile 5G network in the coming months in nine of the largest cities in the country: Atlanta, Chicago, Dallas, Houston, Kansas City, Los Angeles, New York City, Phoenix and Washington, D.C. The company has also announced standards-based 5G devices from LG, HTC, and Samsung that will be available soon.

Building a Digital Disruptor
Sprint is leading the U.S. telecommunications industry in leveraging digital capabilities by focusing on three main areas.

- Increasing digital revenue through improvement in gross adds and upgrades through digital channels.
- Providing intelligent customer experience by leveraging artificial intelligence, analytics, and automation.
- Improving digital engagement with the company's in-house digital marketing agency and enhanced app functions.

The company made strong progress on its digital transformation in the quarter.

- Postpaid gross additions in digital channels increased nearly 70 percent year-over-year.
- About one of every six postpaid upgrades occurred in a digital channel.
- Approximately 30 percent of all Sprint customer care chats are now performed by virtual agents using artificial intelligence.
- Introduced Apple Business Chat, allowing customers to chat directly with Sprint 24/7 by sending a message through the Messages app on an iPhone and iPad.

News Release

Fiscal Year 2018 Outlook

- The company continues to expect adjusted EBITDA* of $12.4 billion to $12.7 billion.
- Excluding the impact of the new revenue recognition standard, the company continues to expect adjusted EBITDA* of $11.7 billion to $12.0 billion.
- The company continues to expect cash capital expenditures excluding leased devices to be $5.0 billion to $5.5 billion.

Conference Call and Webcast

- Date/Time: 9:30 a.m. (ET) Thursday, January 31, 2019
- Call-in Information
  - U.S./Canada: 866-360-1063 (ID: 6879716)
  - International: 443-961-0242 (ID: 6879716)
- Webcast available at www.sprint.com/investors
- Additional information about results is available on our Investor Relations website

Contact Information

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News Release

Sprint

Wireless Operating Statistics (Unaudited)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Net additions (losses) (in thousands)					
Postpaid	309	109	256	541	385
Postpaid phone	(26)	(34)	184	27	551
Prepaid	(173)	(14)	63	(184)	193
Wholesale and affiliate	(88)	(115)	66	(272)	246
Total wireless net additions (losses)	**48**	**(20)**	**385**	**85**	**824**
End of period connections (in thousands)					
Postpaid [(a) (c) (d)]	32,605	32,296	31,942	32,605	31,942
Postpaid phone [(a) (c)]	26,787	26,813	26,616	26,787	26,616
Prepaid [(a) (b) (c) (e) (f)]	8,846	9,019	8,997	8,846	8,997
Wholesale and affiliate [(b) (c) (g)]	13,044	13,232	13,642	13,044	13,642
Total end of period connections	**54,495**	**54,547**	**54,581**	**54,495**	**54,581**
Churn					
Postpaid	1.85%	1.78%	1.80%	1.75%	1.73%
Postpaid phone	1.84%	1.73%	1.71%	1.71%	1.60%
Prepaid	4.83%	4.74%	4.63%	4.58%	4.68%
Supplemental data - connected devices					
End of period connections (in thousands)					
Retail postpaid	2,821	2,585	2,259	2,821	2,259
Wholesale and affiliate	10,563	10,838	11,272	10,563	11,272
Total	**13,384**	**13,423**	**13,531**	**13,384**	**13,531**
ARPU [(h)]					
Postpaid	$ 43.64	$ 43.99	$ 45.13	$ 43.73	$ 46.14
Postpaid phone	$ 50.01	$ 50.16	$ 51.26	$ 49.91	$ 52.50
Prepaid	$ 34.53	$ 35.40	$ 37.46	$ 35.40	$ 37.84

NON-GAAP RECONCILIATION - ABPA* AND ABPU* (Unaudited)

(Millions, except accounts, connections, ABPA, and ABPU*)*

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
ABPA*					
Postpaid service revenue	$ 4,236	$ 4,255	$ 4,297	$ 12,679	$ 13,126
Add: Installment plan and non-operating lease billings	306	326	379	984	1,144
Add: Equipment rentals	1,313	1,253	1,047	3,778	2,912
Total for postpaid connections	**$ 5,855**	**$ 5,834**	**$ 5,723**	**$ 17,441**	**$ 17,182**
Average postpaid accounts (in thousands)	11,196	11,207	11,193	11,193	11,261
Postpaid ABPA* [(i)]	$ 174.32	$ 173.53	$ 170.39	$ 173.14	$ 169.53

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Postpaid phone ABPU*					
Postpaid phone service revenue	$ 4,014	$ 4,038	$ 4,069	$ 12,029	$ 12,415
Add: Installment plan and non-operating lease billings	253	279	335	839	1,025
Add: Equipment rentals	1,307	1,247	1,037	3,758	2,877
Total for postpaid phone connections	**$ 5,574**	**$ 5,564**	**$ 5,441**	**$ 16,626**	**$ 16,317**
Postpaid average phone connections (in thousands)	26,751	26,838	26,461	26,778	26,275
Postpaid phone ABPU* [(j)]	$ 69.45	$ 69.10	$ 68.54	$ 68.98	$ 69.00

[(a)] During the three-month period ended June 30, 2018, we ceased selling devices in our installment billing program under one of our brands and as a result, 45,000 subscribers were migrated back to prepaid.

[(b)] Sprint is no longer reporting Lifeline subscribers due to regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale Lifeline MVNOs.

[(c)] As a result of our affiliate agreement with Shentel, certain subscribers have been transferred from postpaid and prepaid to affiliates. During the three-month period ended June 30, 2018, 10,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended June 30, 2017, 17,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates.

[(d)] During the three-month period ended June 30, 2017, 2,000 Wi-Fi connections were adjusted from the postpaid subscriber base.

[(e)] During the three-month period ended September 30, 2017, the Prepaid Data Share platform It's On was decommissioned as the Company continues to focus on higher value contribution offerings resulting in a 49,000 reduction to prepaid end of period subscribers.

[(f)] During the three-month period ended December 31, 2017, prepaid end of period subscribers increased by 169,000 in conjunction with the PRWireless HoldCo, LLC joint venture.

[(g)] On April 1, 2018, approximately 115,000 wholesale subscribers were removed from the subscriber base with no impact to revenue. During the three-month period ended December 31, 2018, an additional 100,000 wholesale subscribers were removed from the subscriber base with no impact to revenue.

[(h)] ARPU is calculated by dividing service revenue by the sum of the monthly average number of connections in the applicable service category. Changes in average monthly service revenue reflect connections for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to connections, plus the net effect of average monthly revenue generated by new connections and deactivating connections. Postpaid phone ARPU represents revenues related to our postpaid phone connections.

[(i)] Postpaid ABPA* is calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

[(j)] Postpaid phone ABPU* is calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid phone connections during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

Wireless Device Financing Summary (Unaudited)

(Millions, except sales, connections, and leased devices in property, plant and equipment)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Postpaid activations (in thousands)	4,462	3,772	4,874	11,707	12,459
Postpaid activations financed	81%	81%	84%	82%	85%
Postpaid activations - operating leases	63%	59%	72%	64%	66%
Installment plans					
Installment sales financed	$ 357	$ 255	$ 276	$ 825	$ 1,097
Installment billings	$ 251	$ 292	$ 353	$ 868	$ 1,094
Installment receivables, net	$ 894	$ 838	$ 1,383	$ 894	$ 1,383
Equipment rentals and depreciation - equipment rentals					
Equipment rentals	$ 1,313	$ 1,253	$ 1,047	$ 3,778	$ 2,912
Depreciation - equipment rentals	$ 1,137	$ 1,181	$ 990	$ 3,454	$ 2,732
Leased device additions					
Cash paid for capital expenditures - leased devices	$ 2,215	$ 1,707	$ 2,468	$ 5,739	$ 5,533
Leased devices					
Leased devices in property, plant and equipment, net	$ 6,683	$ 6,184	$ 5,683	$ 6,683	$ 5,683
Leased device units					
Leased devices in property, plant and equipment (units in thousands)	15,897	15,392	14,002	15,897	14,002
Leased device and receivables financings net proceeds					
Proceeds	$ 2,200	$ 1,527	$ 1,125	$ 5,083	$ 2,679
Repayments	(1,900)	(1,200)	(598)	(4,170)	(2,019)
Net proceeds of financings related to devices and receivables	**$ 300**	**$ 327**	**$ 527**	**$ 913**	**$ 660**

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Net operating revenues					
Service revenue	$ 5,699	$ 5,762	$ 5,930	$ 17,201	$ 17,968
Equipment sales	1,589	1,418	1,262	4,180	3,443
Equipment rentals	1,313	1,253	1,047	3,778	2,912
Total net operating revenues	**8,601**	**8,433**	**8,239**	**25,159**	**24,323**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,648	1,694	1,733	5,019	5,140
Cost of equipment sales	1,734	1,517	1,673	4,521	4,622
Cost of equipment rentals (exclusive of depreciation below)	182	151	123	457	347
Selling, general and administrative	2,003	1,861	2,108	5,731	6,059
Depreciation - network and other	1,088	1,021	987	3,132	2,961
Depreciation - equipment rentals	1,137	1,181	990	3,454	2,732
Amortization	145	159	196	475	628
Other, net	185	71	(298)	298	(657)
Total net operating expenses	8,122	7,655	7,512	23,087	21,832
Operating income	**479**	**778**	**727**	**2,072**	**2,491**
Interest expense	(664)	(633)	(581)	(1,934)	(1,789)
Other income (expense), net	32	79	(42)	153	(50)
(Loss) income before income taxes	**(153)**	**224**	**104**	**291**	**652**
Income tax benefit (expense)	8	(17)	7,052	(56)	6,662
Net (loss) income	**(145)**	**207**	**7,156**	**235**	**7,314**
Less: Net loss (income) attributable to noncontrolling interests	4	(11)	6	(4)	6
Net (loss) income attributable to Sprint Corporation	**$ (141)**	**$ 196**	**$ 7,162**	**$ 231**	**$ 7,320**
Basic net (loss) income per common share attributable to Sprint Corporation	**$ (0.03)**	**$ 0.05**	**$ 1.79**	**$ 0.06**	**$ 1.83**
Diluted net (loss) income per common share attributable to Sprint Corporation	**$ (0.03)**	**$ 0.05**	**$ 1.76**	**$ 0.06**	**$ 1.79**
Basic weighted average common shares outstanding	4,078	4,061	4,001	4,050	3,998
Diluted weighted average common shares outstanding	4,078	4,124	4,061	4,110	4,080
Effective tax rate	**5.2%**	**7.6%**	**-6,780.8%**	**19.2%**	**-1,021.8%**

NON-GAAP RECONCILIATION - NET (LOSS) INCOME TO ADJUSTED EBITDA* (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Net (loss) income	**$ (145)**	**$ 207**	**$ 7,156**	**$ 235**	**$ 7,314**
Income tax (benefit) expense	(8)	17	(7,052)	56	(6,662)
(Loss) income before income taxes	**(153)**	**224**	**104**	**291**	**652**
Other (income) expense, net	(32)	(79)	42	(153)	50
Interest expense	664	633	581	1,934	1,789
Operating income	**479**	**778**	**727**	**2,072**	**2,491**
Depreciation - network and other	1,088	1,021	987	3,132	2,961
Depreciation - equipment rentals	1,137	1,181	990	3,454	2,732
Amortization	145	159	196	475	628
EBITDA* (1)	**2,849**	**3,139**	**2,900**	**9,133**	**8,812**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	105	68	-	173	(304)
Severance and exit costs (3)	30	25	13	63	13
Contract terminations costs (benefits) (4)	-	-	-	34	(5)
Merger costs (5)	67	56	-	216	-
Litigation expenses and other contingencies (6)	50	-	(260)	50	(315)
Hurricanes (7)	-	(32)	66	(32)	100
Adjusted EBITDA* (1)	**$ 3,101**	**$ 3,256**	**$ 2,719**	**$ 9,637**	**$ 8,301**
Adjusted EBITDA margin*	**54.4%**	**56.5%**	**45.9%**	**56.0%**	**46.2%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 1,416	$ 1,266	$ 696	$ 3,814	$ 2,539
Cash paid for capital expenditures - leased devices	$ 2,215	$ 1,707	$ 2,468	$ 5,739	$ 5,533

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WIRELESS STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Net operating revenues					
Service revenue					
Postpaid	$ 4,236	$ 4,255	$ 4,297	$ 12,679	$ 13,126
Prepaid	924	954	993	2,860	2,982
Wholesale, affiliate and other	289	289	329	868	884
Total service revenue	5,449	5,498	5,619	16,407	16,992
Equipment sales	1,589	1,418	1,262	4,180	3,443
Equipment rentals	1,313	1,253	1,047	3,778	2,912
Total net operating revenues	**8,351**	**8,169**	**7,928**	**24,365**	**23,347**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,439	1,466	1,466	4,334	4,300
Cost of equipment sales	1,734	1,517	1,673	4,521	4,622
Cost of equipment rentals (exclusive of depreciation below)	182	151	123	457	347
Selling, general and administrative	1,885	1,749	2,024	5,338	5,835
Depreciation - network and other	1,035	968	931	2,975	2,800
Depreciation - equipment rentals	1,137	1,181	990	3,454	2,732
Amortization	145	159	196	475	628
Other, net	185	58	16	280	(293)
Total net operating expenses	7,742	7,249	7,419	21,834	20,971
Operating income	**$ 609**	**$ 920**	**$ 509**	**$ 2,531**	**$ 2,376**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Operating income	**$ 609**	**$ 920**	**$ 509**	**$ 2,531**	**$ 2,376**
Loss (gain) from asset dispositions, exchanges, and other, net (2)	105	68	-	173	(304)
Severance and exit costs (3)	30	12	4	45	(1)
Contract terminations costs (benefits) (4)	-	-	-	34	(5)
Litigation expenses and other contingencies (6)	50	-	63	50	63
Hurricanes (7)	-	(32)	66	(32)	100
Depreciation - network and other	1,035	968	931	2,975	2,800
Depreciation - equipment rentals	1,137	1,181	990	3,454	2,732
Amortization	145	159	196	475	628
Adjusted EBITDA* (1)	**$ 3,111**	**$ 3,276**	**$ 2,759**	**$ 9,705**	**$ 8,389**
Adjusted EBITDA margin*	**57.1%**	**59.6%**	**49.1%**	**59.2%**	**49.4%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 1,242	$ 1,101	$ 565	$ 3,362	$ 2,079
Cash paid for capital expenditures - leased devices	$ 2,215	$ 1,707	$ 2,468	$ 5,739	$ 5,533

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WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Net operating revenues	**$ 316**	**$ 328**	**$ 393**	**$ 982**	**$ 1,235**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	280	295	352	886	1,111
Selling, general and administrative	52	53	71	174	194
Depreciation and amortization	51	51	55	151	155
Other, net	-	13	(314)	18	(309)
Total net operating expenses	383	412	164	1,229	1,151
Operating (loss) income	**$ (67)**	**$ (84)**	**$ 229**	**$ (247)**	**$ 84**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	12/31/17
Operating (loss) income	**$ (67)**	**$ (84)**	**$ 229**	**$ (247)**	**$ 84**
Severance and exit costs [(3)]	-	13	9	18	14
Litigation expenses and other contingencies [(6)]	-	-	(323)	-	(323)
Depreciation and amortization	51	51	55	151	155
Adjusted EBITDA*	**$ (16)**	**$ (20)**	**$ (30)**	**$ (78)**	**$ (70)**
Adjusted EBITDA margin*	**-5.1%**	**-6.1%**	**-7.6%**	**-7.9%**	**-5.7%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 64	$ 55	$ 30	$ 170	$ 132

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CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)

(Millions)

	Year To Date 12/31/18	Year To Date 12/31/17
Operating activities		
Net income	$ 235	$ 7,314
Depreciation and amortization	7,061	6,321
Provision for losses on accounts receivable	278	312
Share-based and long-term incentive compensation expense	101	137
Deferred income tax expense (benefit)	25	(6,707)
Gains from asset dispositions and exchanges	-	(479)
Loss on early extinguishment of debt	-	65
Amortization of long-term debt premiums, net	(94)	(125)
Loss on disposal of property, plant and equipment	642	533
Deferred purchase price from sale of receivables	(223)	(909)
Other changes in assets and liabilities:		
Accounts and notes receivable	65	(74)
Inventories and other current assets	248	570
Accounts payable and other current liabilities	(530)	(104)
Non-current assets and liabilities, net	(601)	260
Other, net	375	295
Net cash provided by operating activities	**7,582**	**7,409**
Investing activities		
Capital expenditures - network and other	(3,814)	(2,539)
Capital expenditures - leased devices	(5,739)	(5,533)
Expenditures relating to FCC licenses	(145)	(92)
Change in short-term investments, net	1,467	5,271
Proceeds from sales of assets and FCC licenses	416	367
Proceeds from deferred purchase price from sale of receivables	223	909
Proceeds from corporate owned life insurance policies	110	2
Other, net	52	(1)
Net cash used in investing activities	**(7,430)**	**(1,616)**
Financing activities		
Proceeds from debt and financings	6,416	3,073
Repayments of debt, financing and capital lease obligations	(6,937)	(7,159)
Debt financing costs	(286)	(19)
Call premiums paid on debt redemptions	-	(129)
Proceeds from issuance of common stock, net	281	12
Other, net	-	(18)
Net cash used in financing activities	**(526)**	**(4,240)**
Net (decrease) increase in cash, cash equivalents and restricted cash	**(374)**	**1,553**
Cash, cash equivalents and restricted cash, beginning of period	**6,659**	**2,942**
Cash, cash equivalents and restricted cash, end of period	**$ 6,285**	**$ 4,495**

RECONCILIATION TO CONSOLIDATED FREE CASH FLOW* (NON-GAAP) (Unaudited)

(Millions)

	Quarter To Date 12/31/18	Quarter To Date 9/30/18	Quarter To Date 12/31/17	Year To Date 12/31/18	Year To Date 12/31/17
Net cash provided by operating activities	**$ 2,225**	**$ 2,927**	**$ 2,683**	**$ 7,582**	**$ 7,409**
Capital expenditures - network and other	(1,416)	(1,266)	(696)	(3,814)	(2,539)
Capital expenditures - leased devices	(2,215)	(1,707)	(2,468)	(5,739)	(5,533)
Expenditures relating to FCC licenses, net	(75)	(11)	(73)	(145)	(92)
Proceeds from sales of assets and FCC licenses	144	139	149	416	367
Proceeds from deferred purchase price from sale of receivables	-	53	269	223	909
Other investing activities, net	129	63	6	189	4
Free cash flow*	**$ (1,208)**	**$ 198**	**$ (130)**	**$ (1,288)**	**$ 525**
Net proceeds of financings related to devices and receivables	300	327	527	913	660
Adjusted free cash flow*	**$ (908)**	**$ 525**	**$ 397**	**$ (375)**	**$ 1,185**

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	12/31/18	3/31/18
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,191	$ 6,610
Short-term investments	632	2,354
Accounts and notes receivable, net	3,455	3,711
Device and accessory inventory	919	1,003
Prepaid expenses and other current assets	1,199	575
Total current assets	12,396	14,253
Property, plant and equipment, net	21,422	19,925
Costs to acquire a customer contract	1,497	-
Goodwill	6,598	6,586
FCC licenses and other	41,448	41,309
Definite-lived intangible assets, net	1,915	2,465
Other assets	1,128	921
Total assets	**$ 86,404**	**$ 85,459**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 3,637	$ 3,409
Accrued expenses and other current liabilities	3,467	3,962
Current portion of long-term debt, financing and capital lease obligations	3,596	3,429
Total current liabilities	10,700	10,800
Long-term debt, financing and capital lease obligations	36,288	37,463
Deferred tax liabilities	7,684	7,294
Other liabilities	3,403	3,483
Total liabilities	**58,075**	**59,040**
Stockholders' equity		
Common stock	41	40
Treasury shares, at cost	(7)	-
Paid-in capital	28,278	27,884
Retained earnings (accumulated deficit)	291	(1,255)
Accumulated other comprehensive loss	(333)	(313)
Total stockholders' equity	28,270	26,356
Noncontrolling interests	59	63
Total equity	28,329	26,419
Total liabilities and equity	**$ 86,404**	**$ 85,459**

NET DEBT* (NON-GAAP) (Unaudited)

(Millions)

	12/31/18	3/31/18
Total debt	$ 39,884	$ 40,892
Less: Cash and cash equivalents	(6,191)	(6,610)
Less: Short-term investments	(632)	(2,354)
Net debt*	**$ 33,061**	**$ 31,928**

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SCHEDULE OF DEBT (Unaudited)
(Millions)

ISSUER	**MATURITY**	12/31/18 **PRINCIPAL**
Sprint Corporation		
7.25% Senior notes due 2021	09/15/2021	$ 2,250
7.875% Senior notes due 2023	09/15/2023	4,250
7.125% Senior notes due 2024	06/15/2024	2,500
7.625% Senior notes due 2025	02/15/2025	1,500
7.625% Senior notes due 2026	03/01/2026	1,500
Sprint Corporation		**12,000**
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		
3.36% Senior secured notes due 2021	09/20/2021	2,406
4.738% Senior secured notes due 2025	03/20/2025	2,100
5.152% Senior secured notes due 2028	03/20/2028	1,838
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**6,344**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/17/2019	300
7% Guaranteed notes due 2020	03/01/2020	1,000
7% Senior notes due 2020	08/15/2020	1,500
11.5% Senior notes due 2021	11/15/2021	1,000
6% Senior notes due 2022	11/15/2022	2,280
Sprint Communications, Inc.		**6,080**
Sprint Capital Corporation		
6.9% Senior notes due 2019	05/01/2019	1,729
6.875% Senior notes due 2028	11/15/2028	2,475
8.75% Senior notes due 2032	03/15/2032	2,000
Sprint Capital Corporation		**6,204**
Credit facilities		
PRWireless secured term loan	06/28/2020	187
Secured equipment credit facilities	2020 - 2022	515
Secured term loan	02/03/2024	3,930
Secured term loan B1	02/03/2024	1,100
Credit facilities		**5,732**
Accounts receivable facility	2020	**3,324**
Financing obligations	2021	**118**
Capital leases and other obligations	2019 - 2026	**470**
Total principal		**40,272**
Net premiums and debt financing costs		**(388)**
Total debt		**$ 39,884**

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Millions, except per share data)

	Three Months Ended December 31, 2018			Nine Months Ended December 31, 2018		
	As reported	Balances without adoption of Topic 606	Change	As reported	Balances without adoption of Topic 606	Change
Net operating revenues						
Service revenue	$ 5,699	$ 5,898	$ (199)	$ 17,201	$ 17,716	$ (515)
Equipment sales	1,589	1,264	325	4,180	3,223	957
Equipment rentals	1,313	1,329	(16)	3,778	3,827	(49)
Total net operating revenues	**8,601**	**8,491**	**110**	**25,159**	**24,766**	**393**
Net operating expenses						
Cost of services (exclusive of depreciation and amortization below)	1,648	1,671	(23)	5,019	5,073	(54)
Cost of equipment sales	1,734	1,715	19	4,521	4,431	90
Cost of equipment rentals (exclusive of depreciation below)	182	182	-	457	457	-
Selling, general and administrative	2,003	2,145	(142)	5,731	6,047	(316)
Depreciation - network and other	1,088	1,088	-	3,132	3,132	-
Depreciation - equipment rentals	1,137	1,137	-	3,454	3,454	-
Amortization	145	145	-	475	475	-
Other, net	185	185	-	298	298	-
Total net operating expenses	8,122	8,268	(146)	23,087	23,367	(280)
Operating income	**479**	**223**	**256**	**2,072**	**1,399**	**673**
Total other expense	(632)	(632)	-	(1,781)	(1,781)	-
(Loss) income before income taxes	**(153)**	**(409)**	**256**	**291**	**(382)**	**673**
Income tax benefit (expense)	8	62	(54)	(56)	85	(141)
Net (loss) income	**(145)**	**(347)**	**202**	**235**	**(297)**	**532**
Less: Net loss (income) attributable to noncontrolling interests	4	4	-	(4)	(4)	-
Net (loss) income attributable to Sprint Corporation	**$ (141)**	**$ (343)**	**$ 202**	**$ 231**	**$ (301)**	**$ 532**
Basic net (loss) income per common share attributable to Sprint Corporation	**$ (0.03)**	**$ (0.08)**	**$ 0.05**	**$ 0.06**	**$ (0.07)**	**$ 0.13**
Diluted net (loss) income per common share attributable to Sprint Corporation	**$ (0.03)**	**$ (0.08)**	**$ 0.05**	**$ 0.06**	**$ (0.07)**	**$ 0.13**
Basic weighted average common shares outstanding	4,078	4,078	-	4,050	4,050	-
Diluted weighted average common shares outstanding	4,078	4,078	-	4,110	4,050	60

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	December 31, 2018		
	As reported	Balances without adoption of Topic 606	Change
ASSETS			
Current assets			
Accounts and notes receivable, net	$ 3,455	$ 3,356	$ 99
Device and accessory inventory	919	941	(22)
Prepaid expenses and other current assets	1,199	672	527
Costs to acquire a customer contract	1,497	-	1,497
Other assets	1,128	939	189
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	$ 3,467	$ 3,489	$ (22)
Deferred tax liabilities	7,684	7,177	507
Other liabilities	3,403	3,437	(34)
Stockholders' equity			
Retained earnings (accumulated deficit)	291	(1,548)	1,839

NOTES TO THE FINANCIAL INFORMATION (Unaudited)

(1) As more of our customers elect to lease a device rather than purchasing one under our subsidized program, there is a significant positive impact to EBITDA* and Adjusted EBITDA* from direct channel sales primarily due to the fact the cost of the device is not recorded as cost of equipment sales but rather is depreciated over the customer lease term. Under our device leasing program for the direct channel, devices are transferred from inventory to property and equipment and the cost of the leased device is recognized as depreciation expense over the customer lease term to an estimated residual value. The customer payments are recognized as revenue over the term of the lease. Under our subsidized program, the cash received from the customer for the device is recognized as revenue from equipment sales at the point of sale and the cost of the device is recognized as cost of equipment sales. During the three and nine month periods ended December 31, 2018, we leased devices through our Sprint direct channels totaling approximately $1,560 million and $3,817 million, respectively, which would have increased cost of equipment sales and reduced EBITDA* if they had been purchased under our subsidized program.

The impact to EBITDA* and Adjusted EBITDA* resulting from the sale of devices under our installment billing program is generally neutral except for the impact in our indirect channels from the time value of money element related to the imputed interest on the installment receivable.

(2) During the third and second quarters of fiscal year 2018 and the first quarter of fiscal year 2017, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. Additionally, during the first quarter of fiscal year 2017 the company recorded a pre-tax non-cash gain related to spectrum swaps with other carriers.

(3) During the third, second and first quarters of fiscal year 2018 and the third quarter of fiscal year 2017, severance and exit costs consist of lease exit costs primarily associated with tower and cell sites, access exit costs related to payments that will continue to be made under the company's backhaul access contracts for which the company will no longer be receiving any economic benefit, and severance costs associated with reduction in its work force.

(4) During the first quarter of fiscal year 2018, contract termination costs are primarily due to the purchase of certain leased spectrum assets, which upon termination of the spectrum leases resulted in the accelerated recognition of the unamortized favorable lease balances. During the first quarter of fiscal year 2017, we recorded a $5 million gain due to reversal of a liability recorded in relation to the termination of our relationship with General Wireless Operations, Inc. (Radio Shack).

(5) During the third, second and first quarters of fiscal year 2018, we recorded merger costs of $67 million, $56 million and $93 million, respectively, due to the proposed Business Combination Agreement with T-Mobile.

(6) During the third quarter of fiscal year 2018, litigation expenses and other contingencies consist of tax matters settled with the State of New York. During the third and first quarters of fiscal year 2017, litigation expenses and other contingencies consist of reductions associated with legal settlements or favorable developments in pending legal proceedings as well as non-recurring charges of $51 million related to a regulatory fee matter.

(7) During the second quarter of fiscal year 2018 we recognized hurricane-related reimbursements of $32 million. During the third and second quarters of fiscal year 2017 we recorded estimated hurricane-related charges of $66 million and $34 million, respectively, consisting of customer service credits, incremental roaming costs, network repairs and replacements.

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***FINANCIAL MEASURES**

Sprint provides financial measures determined in accordance with 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 provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint 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 does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

EBITDA is operating income/(loss) before depreciation and amortization. **Adjusted EBITDA** is **EBITDA** excluding severance, exit costs, and other special items. **Adjusted EBITDA Margin** represents Adjusted EBITDA divided by non-equipment net operating revenues for Wireless and Adjusted EBITDA divided by net operating revenues for Wireline. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations. 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 EBITDA and Adjusted EBITDA 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.

Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. We believe that ABPA provides useful information to investors, analysts and our management to evaluate average postpaid customer billings per account as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid account each month.

Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals by the sum of the monthly average number of postpaid phone connections during the period. We believe that ABPU provides useful information to investors, analysts and our management to evaluate average postpaid phone customer billings as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid phone user each month.

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. **Adjusted Free Cash Flow** is **Free Cash Flow** plus the proceeds from device financings and sales of receivables, net of repayments. We believe that Free Cash Flow and Adjusted Free Cash Flow provide useful information to investors, analysts and our management about the cash generated by our core operations and net proceeds obtained to fund certain leased devices, respectively, after interest and dividends, if any, 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.

Net Debt is consolidated debt, including current maturities, less cash and cash equivalents and short-term investments. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.

SAFE HARBOR

This release includes "forward-looking statements" within the meaning of the securities laws. The words "may," "could," "should," "estimate," "project," "forecast," "intend," "expect," "anticipate," "believe," "target," "plan", "outlook," "providing guidance," and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are 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, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint 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 when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2018 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

About Sprint:
Sprint (NYSE: S) is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served 54.5 million connections as of Dec. 31, 2018 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. Today, Sprint's legacy of innovation and service continues with an increased investment to dramatically improve coverage, reliability, and speed across its nationwide network and commitment to launching the first 5G mobile network in the U.S. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.

News Release

SPRINT REPORTS FISCAL YEAR 2018 FOURTH QUARTER AND FULL YEAR RESULTS

- *Fiscal year 2018 wireless service revenue stabilized year-over-year, excluding the impact of the new revenue recognition standard*
    - *Fiscal fourth quarter wireless service revenue grew 1 percent year-over-year*

- *Fiscal year 2018 net loss of $1.9 billion and operating income of $398 million both include a preliminary non-cash charge of $2 billion; Adjusted EBITDA* of $12.8 billion*
    - *Fiscal fourth quarter net loss of $2.2 billion, operating loss of $1.7 billion, and adjusted EBITDA* of $3.1 billion*

- *Fiscal year 2018 postpaid net additions of 710,000 improved by 286,000 year-over-year*
    - *Data device net additions of 872,000 were partially offset by phone net losses of 162,000*
    - *Fiscal fourth quarter postpaid net additions of 169,000 driven by data device net additions of 358,000 and phone net losses of 189,000*

- *Continued progress on Next-Gen Network deployment*
    - *Mobile 5G network to launch in select cities in the coming weeks*

- *Strong momentum on digitalization initiatives*
    - *Postpaid gross additions in digital channels increased approximately 60 percent year-over-year in both the fourth quarter and for the full year*

OVERLAND PARK, Kan. – May 7, 2019 – Sprint Corporation (NYSE: S) today reported results for the fiscal year 2018 fourth quarter and full year, including a stabilization of wireless service revenue and continued growth in postpaid net additions. The company reported a net loss of $1.9 billion and operating income of $398 million, both of which included a preliminary non-cash charge of $2 billion, along with adjusted EBITDA* of $12.8 billion in fiscal year 2018.

“Sprint delivered on its plan for fiscal 2018, as we met all of our financial guidance for the year,” said Sprint CEO Michel Combes. “While we’ve made progress, there are certainly continued challenges to address, which will continue to put pressure on our service revenue and retail customer growth.”

Wireless Service Revenue Stabilized and Cost Reduction Targets Achieved
Sprint has focused on growing revenue per customer with additional devices and value-added services. This strategy produced 710,000 postpaid net additions for the year, an improvement of 286,000 year-over-year that was driven by growth in data devices, which offset losses in postpaid phone customers. This growth, along with a slowing decline in postpaid ARPU, contributed to the stabilization of wireless service revenue at $22.5 billion for the year, excluding the impact of the new revenue recognition standard.

Sprint achieved both its gross and net cost reduction targets in fiscal year 2018. Excluding the impact of the new revenue recognition standard and approximately $350 million of merger-related costs, the company delivered approximately $1.2 billion of combined year-over-year *gross* reductions in cost of services and selling, general and administrative (SG&A) expenses during fiscal year 2018 and approximately $330 million of *net* reductions after reinvestments in network and other operational initiatives. While the company continues to look for opportunities to improve operational and cost efficiencies in fiscal 2019, these improvements are expected to be fully offset by incremental costs associated with network and customer experience initiatives.

News Release

Net loss of $1.9 billion for the year compared to net income of $7.4 billion in the prior year, as fiscal year 2018 included a preliminary non-cash goodwill impairment charge of $2 billion and fiscal year 2017 results included a $7.1 billion non-cash benefit from tax reform.

The new revenue recognition standard had a positive impact on reported net income of $146 million and $678 million in the fiscal year 2018 fourth quarter and full year, respectively. The new standard also had a positive impact on reported operating income and adjusted EBITDA* of $185 million and $858 million in the fiscal year 2018 fourth quarter and full year, respectively.

(Millions, except per share data)	Fiscal 4Q18	Fiscal 4Q17	Change		Fiscal 2018	Fiscal 2017	Change
Net (loss) income attributable to Sprint	**($2,174)**	$69	($2,243)		**($1,943)**	$7,389	($9,332)
Basic (loss) income per share	**($0.53)**	$0.02	($0.55)		**($0.48)**	$1.85	($2.33)
Operating (loss) income	**($1,674)**	$236	($1,910)		**$398**	$2,727	($2,329)
Adjusted EBITDA*	**$3,136**	$2,768	$368		**$12,773**	$11,069	$1,704
Net cash provided by operating activities	**$2,847**	$2,653	$194		**$10,429**	$10,062	$367
Adjusted free cash flow*	**($539)**	($240)	($299)		**($914)**	$945	($1,859)

Network Deployment Continues with Mobile 5G Launch Coming Soon

Sprint made continued progress in the quarter on executing its Next-Gen Network plan.

- Sprint now has 2.5 GHz spectrum deployed on approximately 80 percent of its macro sites.
- Sprint currently has approximately 30,000 outdoor small cells deployed including both mini macros and strand mounts.
- Sprint has deployed approximately 1,500 Massive MIMO radios, which increase the speed and capacity of the LTE network and, with a software upgrade, will provide mobile 5G service in select cities in the coming weeks.

Standards-based 5G is currently on-air in select locations, with commercial service expected to launch in the coming weeks. Chicago, Atlanta, Dallas and Kansas City are expected to be among the first cities to offer commercial 5G service; with Houston, Los Angeles, New York City, Phoenix and Washington D.C. slated to launch by the end of June. The total initial 5G coverage footprint across all nine cities is expected to be more than 1,000 square miles. The company has also announced standards-based 5G devices from LG, HTC, and Samsung that will be available soon.

Building a Digital Disruptor

Sprint continued to leverage digital capabilities to transform the way it engages with customers.

- Postpaid gross additions in digital channels increased approximately 60 percent year-over-year in both the fiscal fourth quarter and for the full fiscal year. Additionally, the company exited the year with nearly 20 percent of postpaid upgrades occurring in a digital channel.
- Approximately 30 percent of all Sprint customer care chats are now performed by virtual agents using artificial intelligence.
- Web conversions improved while online media spend and cost per click were down year-over-year.

Conference Call and Webcast

- Date/Time: 4:30 p.m. (ET) Tuesday, May 7, 2019
- Call-in Information
  - U.S./Canada: 866-360-1063 ID: 4660559
  - International: 443-961-0242 ID: 4660559
- Webcast available at www.sprint.com/investors

- Additional information about results is available on our Investor Relations website

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News Release

Sprint

Wireless Operating Statistics (Unaudited)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Net additions (losses) (in thousands)					
Postpaid [(a)]	169	309	39	710	424
Postpaid phone [(a)]	(189)	(26)	55	(162)	606
Prepaid	(30)	(173)	170	(214)	363
Wholesale and affiliate	(147)	(88)	(165)	(419)	81
Total wireless net (losses) additions	**(8)**	**48**	**44**	**77**	**868**
End of period connections (in thousands)					
Postpaid [(a) (b) (d) (e)]	32,774	32,605	32,119	32,774	32,119
Postpaid phone [(a) (b) (d)]	26,598	26,787	26,813	26,598	26,813
Prepaid [(a) (b) (c) (d) (f) (g)]	8,816	8,846	8,989	8,816	8,989
Wholesale and affiliate [(c) (d) (h)]	12,897	13,044	13,517	12,897	13,517
Total end of period connections	**54,487**	**54,495**	**54,625**	**54,487**	**54,625**
Churn					
Postpaid	1.81%	1.85%	1.78%	1.77%	1.74%
Postpaid phone	1.82%	1.84%	1.68%	1.74%	1.62%
Prepaid	4.37%	4.83%	4.30%	4.53%	4.58%
Supplemental data - connected devices					
End of period connections (in thousands)					
Retail postpaid	3,121	2,821	2,335	3,121	2,335
Wholesale and affiliate	10,384	10,563	11,162	10,384	11,162
Total	**13,505**	**13,384**	**13,497**	**13,505**	**13,497**
ARPU [(i)]					
Postpaid	$ 43.25	$ 43.64	$ 44.40	$ 43.60	$ 45.70
Postpaid phone	$ 50.18	$ 50.01	$ 50.44	$ 49.98	$ 51.98
Prepaid	$ 33.67	$ 34.53	$ 37.15	$ 34.98	$ 37.67

NON-GAAP RECONCILIATION - ABPA* AND ABPU* (Unaudited)

(Millions, except accounts, connections, ABPA, and ABPU*)*

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
ABPA*					
Postpaid service revenue	$ 4,231	$ 4,236	$ 4,270	$ 16,910	$ 17,396
Add: Installment plan and non-operating lease billings	273	306	368	1,257	1,512
Add: Equipment rentals	1,359	1,313	1,136	5,137	4,048
Total for postpaid connections	**$ 5,863**	**$ 5,855**	**$ 5,774**	**$ 23,304**	**$ 22,956**
Average postpaid accounts (in thousands)	11,184	11,196	11,259	11,191	11,260
Postpaid ABPA* [(j)]	$ 174.75	$ 174.32	$ 171.38	$ 173.54	$ 169.99

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Postpaid phone ABPU*					
Postpaid phone service revenue	$ 4,012	$ 4,014	$ 4,048	$ 16,041	$ 16,463
Add: Installment plan and non-operating lease billings	213	253	324	1,052	1,349
Add: Equipment rentals	1,354	1,307	1,126	5,112	4,003
Total for postpaid phone connections	**$ 5,579**	**$ 5,574**	**$ 5,498**	**$ 22,205**	**$ 21,815**
Postpaid average phone connections (in thousands)	26,652	26,751	26,754	26,746	26,394
Postpaid phone ABPU* [(k)]	$ 69.79	$ 69.45	$ 68.51	$ 69.19	$ 68.88

[(a)] During the three-month period ended March 31, 2018, a non-Sprint branded postpaid offering was introduced allowing prepaid customers to purchase a device under our installment billing program. As a result of the extension of credit, approximately 167,000 prepaid subscribers were migrated from the prepaid subscriber base into the postpaid subscriber base. In addition, net subscriber additions under the non-Sprint branded postpaid offering were 44,000 during the three-month period ended March 31, 2018.

[(b)] During the three-month period ended June 30, 2018, we ceased selling devices in our installment billing program under one of our brands and as a result, 45,000 subscribers were migrated back to prepaid.

[(c)] Sprint is no longer reporting Lifeline subscribers due to regulatory changes resulting in tighter program restrictions. We have excluded them from our customer base for all periods presented, including our Assurance Wireless prepaid brand and subscribers through our wholesale Lifeline MVNOs.

[(d)] As a result of our affiliate agreement with Shentel, certain subscribers have been transferred from postpaid and prepaid to affiliates. During the three-month period ended June 30, 2018, 10,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended March 31, 2018, 29,000 and 11,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. During the three-month period ended June 30, 2017, 17,000 and 4,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates.

[(e)] During the three-month period ended June 30, 2017, 2,000 Wi-Fi connections were adjusted from the postpaid subscriber base.

[(f)] During the three-month period ended September 30, 2017, the Prepaid Data Share platform It's On was decommissioned as the Company continues to focus on higher value contribution offerings resulting in a 49,000 reduction to prepaid end of period subscribers.

[(g)] During the three-month period ended December 31, 2017, prepaid end of period subscribers increased by 169,000 in conjunction with the PRWireless HoldCo, LLC joint venture.

[(h)] On April 1, 2018, approximately 115,000 wholesale subscribers were removed from the subscriber base with no impact to revenue. During the three-month period ended December 31, 2018, an additional 100,000 wholesale subscribers were removed from the subscriber base with no impact to revenue.

[(i)] ARPU is calculated by dividing service revenue by the sum of the monthly average number of connections in the applicable service category. Changes in average monthly service revenue reflect connections for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to connections, plus the net effect of average monthly revenue generated by new connections and deactivating connections. Postpaid phone ARPU represents revenues related to our postpaid phone connections.

[(j)] Postpaid ABPA* is calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

[(k)] Postpaid phone ABPU* is calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid phone connections during the period. Installment plan billings represent the substantial majority of the total billings in the table above for all periods presented.

Sprint

Wireless Device Financing Summary (Unaudited)

(Millions, except sales, connections, and leased devices in property, plant and equipment)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Postpaid activations (in thousands)	3,730	4,462	3,737	15,437	16,196
Postpaid activations financed	79%	81%	84%	81%	85%
Postpaid activations - operating leases	58%	63%	70%	62%	67%
Installment plans					
Installment sales financed	$ 368	$ 357	$ 214	$ 1,193	$ 1,311
Installment billings	$ 219	$ 251	$ 342	$ 1,087	$ 1,436
Installment receivables, net	$ 926	$ 894	$ 1,149	$ 926	$ 1,149
Equipment rentals and depreciation - equipment rentals					
Equipment rentals	$ 1,359	$ 1,313	$ 1,136	$ 5,137	$ 4,048
Depreciation - equipment rentals	$ 1,084	$ 1,137	$ 1,060	$ 4,538	$ 3,792
Leased device additions					
Cash paid for capital expenditures - leased devices	$ 1,702	$ 2,215	$ 1,928	$ 7,441	$ 7,461
Leased devices					
Leased devices in property, plant and equipment, net	$ 6,612	$ 6,683	$ 6,012	$ 6,612	$ 6,012
Leased device units					
Leased devices in property, plant and equipment (units in thousands)	15,889	15,897	14,543	15,889	14,543
Leased device and receivables financings net proceeds					
Proceeds	$ 1,783	$ 2,200	$ -	$ 6,866	$ 2,679
Repayments	(2,500)	(1,900)	(555)	(6,670)	(2,574)
Net (repayments) proceeds of financings related to devices and receivables	**$ (717)**	**$ 300**	**$ (555)**	**$ 196**	**$ 105**

News Release

Sprint

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Net operating revenues					
Service revenue	$ 5,656	$ 5,699	$ 5,866	$ 22,857	$ 23,834
Equipment sales	1,426	1,589	1,081	5,606	4,524
Equipment rentals	1,359	1,313	1,136	5,137	4,048
Total net operating revenues	**8,441**	**8,601**	**8,083**	**33,600**	**32,406**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,645	1,648	1,661	6,664	6,801
Cost of equipment sales	1,561	1,734	1,487	6,082	6,109
Cost of equipment rentals (exclusive of depreciation below)	186	182	146	643	493
Selling, general and administrative	2,043	2,003	2,028	7,774	8,087
Depreciation - network and other	1,113	1,088	1,015	4,245	3,976
Depreciation - equipment rentals	1,084	1,137	1,060	4,538	3,792
Amortization	133	145	184	608	812
Goodwill impairment (1)	2,000	-	-	2,000	-
Other, net	350	185	266	648	(391)
Total net operating expenses	10,115	8,122	7,847	33,202	29,679
Operating (loss) income	**(1,674)**	**479**	**236**	**398**	**2,727**
Interest expense	(629)	(664)	(576)	(2,563)	(2,365)
Other income (expense), net	34	32	(9)	187	(59)
(Loss) income before income taxes	**(2,269)**	**(153)**	**(349)**	**(1,978)**	**303**
Income tax benefit	91	8	412	35	7,074
Net (loss) income	**(2,178)**	**(145)**	**63**	**(1,943)**	**7,377**
Less: Net loss attributable to noncontrolling interests	4	4	6	-	12
Net (loss) income attributable to Sprint Corporation	**$ (2,174)**	**$ (141)**	**$ 69**	**$ (1,943)**	**$ 7,389**
Basic net (loss) income per common share attributable to Sprint Corporation	**$ (0.53)**	**$ (0.03)**	**$ 0.02**	**$ (0.48)**	**$ 1.85**
Diluted net (loss) income per common share attributable to Sprint Corporation	**$ (0.53)**	**$ (0.03)**	**$ 0.02**	**$ (0.48)**	**$ 1.81**
Basic weighted average common shares outstanding	4,080	4,078	4,004	4,057	3,999
Diluted weighted average common shares outstanding	4,080	4,078	4,055	4,057	4,078
Effective tax rate	**4.0%**	**5.2%**	**118.1%**	**1.8%**	**-2,334.7%**

NON-GAAP RECONCILIATION - NET (LOSS) INCOME TO ADJUSTED EBITDA* (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Net (loss) income	**$ (2,178)**	**$ (145)**	**$ 63**	**$ (1,943)**	**$ 7,377**
Income tax benefit	(91)	(8)	(412)	(35)	(7,074)
(Loss) income before income taxes	**(2,269)**	**(153)**	**(349)**	**(1,978)**	**303**
Other (income) expense, net	(34)	(32)	9	(187)	59
Interest expense	629	664	576	2,563	2,365
Operating (loss) income	**(1,674)**	**479**	**236**	**398**	**2,727**
Depreciation - network and other	1,113	1,088	1,015	4,245	3,976
Depreciation - equipment rentals	1,084	1,137	1,060	4,538	3,792
Amortization	133	145	184	608	812
EBITDA* (2)	**656**	**2,849**	**2,495**	**9,789**	**11,307**
Loss (gain) from asset dispositions, exchanges, and other, net (3)	304	105	189	477	(115)
Severance and exit costs (4)	22	30	67	85	80
Contract terminations costs (benefits) (5)	-	-	-	34	(5)
Merger costs (6)	130	67	-	346	-
Litigation expenses and other contingencies (7)	24	50	10	74	(305)
Goodwill impairment (1)	2,000	-	-	2,000	-
Hurricanes (8)	-	-	7	(32)	107
Adjusted EBITDA* (2)	**$ 3,136**	**$ 3,101**	**$ 2,768**	**$ 12,773**	**$ 11,069**
Adjusted EBITDA margin*	**55.4%**	**54.4%**	**47.2%**	**55.9%**	**46.4%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 1,149	$ 1,416	$ 780	$ 4,963	$ 3,319
Cash paid for capital expenditures - leased devices	$ 1,702	$ 2,215	$ 1,928	$ 7,441	$ 7,461

News Release

Sprint

WIRELESS STATEMENTS OF OPERATIONS (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Net operating revenues					
Service revenue					
Postpaid	$ 4,231	$ 4,236	$ 4,270	$ 16,910	$ 17,396
Prepaid	886	924	989	3,746	3,971
Wholesale, affiliate and other	292	289	314	1,160	1,198
Total service revenue	5,409	5,449	5,573	21,816	22,565
Equipment sales	1,426	1,589	1,081	5,606	4,524
Equipment rentals	1,359	1,313	1,136	5,137	4,048
Total net operating revenues	**8,194**	**8,351**	**7,790**	**32,559**	**31,137**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,462	1,439	1,401	5,796	5,701
Cost of equipment sales	1,561	1,734	1,487	6,082	6,109
Cost of equipment rentals (exclusive of depreciation below)	186	182	146	643	493
Selling, general and administrative	1,854	1,885	1,947	7,192	7,782
Depreciation - network and other	1,064	1,035	968	4,039	3,768
Depreciation - equipment rentals	1,084	1,137	1,060	4,538	3,792
Amortization	133	145	184	608	812
Other, net	349	185	258	629	(35)
Total net operating expenses	7,693	7,742	7,451	29,527	28,422
Operating income	**$ 501**	**$ 609**	**$ 339**	**$ 3,032**	**$ 2,715**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)

(Millions)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Operating income	**$ 501**	**$ 609**	**$ 339**	**$ 3,032**	**$ 2,715**
Loss (gain) from asset dispositions, exchanges, and other, net (3)	304	105	189	477	(115)
Severance and exit costs (4)	21	30	59	66	58
Contract terminations costs (benefits) (5)	-	-	-	34	(5)
Litigation expenses and other contingencies (7)	24	50	10	74	73
Hurricanes (8)	-	-	7	(32)	107
Depreciation - network and other	1,064	1,035	968	4,039	3,768
Depreciation - equipment rentals	1,084	1,137	1,060	4,538	3,792
Amortization	133	145	184	608	812
Adjusted EBITDA* (2)	**$ 3,131**	**$ 3,111**	**$ 2,816**	**$ 12,836**	**$ 11,205**
Adjusted EBITDA margin*	**57.9%**	**57.1%**	**50.5%**	**58.8%**	**49.7%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 973	$ 1,242	$ 681	$ 4,335	$ 2,760
Cash paid for capital expenditures - leased devices	$ 1,702	$ 2,215	$ 1,928	$ 7,441	$ 7,461

News Release

Sprint

WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date 3/31/19	Quarter To Date 12/31/18	Quarter To Date 3/31/18	Year To Date 3/31/19	Year To Date 3/31/18
Net operating revenues	**$ 314**	**$ 316**	**$ 344**	**$ 1,296**	**$ 1,579**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	255	280	316	1,141	1,427
Selling, general and administrative	50	52	76	224	270
Depreciation and amortization	46	51	50	197	205
Other, net	1	-	9	19	(300)
Total net operating expenses	352	383	451	1,581	1,602
Operating loss	**$ (38)**	**$ (67)**	**$ (107)**	**$ (285)**	**$ (23)**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date 3/31/19	Quarter To Date 12/31/18	Quarter To Date 3/31/18	Year To Date 3/31/19	Year To Date 3/31/18
Operating loss	**$ (38)**	**$ (67)**	**$ (107)**	**$ (285)**	**$ (23)**
Loss from asset dispositions, exchanges, and other, net (3)	-	-	1	-	1
Severance and exit costs (4)	1	-	8	19	22
Litigation expenses and other contingencies (7)	-	-	-	-	(323)
Depreciation and amortization	46	51	50	197	205
Adjusted EBITDA*	**$ 9**	**$ (16)**	**$ (48)**	**$ (69)**	**$ (118)**
Adjusted EBITDA margin*	**2.9%**	**-5.1%**	**-14.0%**	**-5.3%**	**-7.5%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 72	$ 64	$ 34	$ 242	$ 166

News Release

Sprint®

CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)
(Millions)

	Year To Date	
	3/31/19	3/31/18
Operating activities		
Net (loss) income	$ (1,943)	$ 7,377
Goodwill impairment (1)	2,000	-
Depreciation and amortization	9,391	8,580
Provision for losses on accounts receivable	394	362
Share-based and long-term incentive compensation expense	132	182
Deferred income tax benefit	(85)	(7,119)
Gains from asset dispositions and exchanges	-	(479)
Loss on early extinguishment of debt	-	65
Amortization of long-term debt premiums, net	(112)	(158)
Loss on disposal of property, plant and equipment	1,135	868
Litigation and other contingencies	74	(13)
Deferred purchase price from sale of receivables	(223)	(1,140)
Other changes in assets and liabilities:		
Accounts and notes receivable	(150)	83
Inventories and other current assets	279	745
Accounts payable and other current liabilities	(142)	17
Non-current assets and liabilities, net	(728)	271
Other, net	407	421
Net cash provided by operating activities	**10,429**	**10,062**
Investing activities		
Capital expenditures - network and other	(4,963)	(3,319)
Capital expenditures - leased devices	(7,441)	(7,461)
Expenditures relating to FCC licenses	(163)	(115)
Change in short-term investments, net	2,032	3,090
Proceeds from sales of assets and FCC licenses	591	527
Proceeds from deferred purchase price from sale of receivables	223	1,140
Proceeds from corporate owned life insurance policies	110	2
Other, net	69	1
Net cash used in investing activities	**(9,542)**	**(6,135)**
Financing activities		
Proceeds from debt and financings	9,307	8,529
Repayments of debt, financing and capital lease obligations	(9,764)	(8,518)
Debt financing costs	(321)	(93)
Call premiums paid on debt redemptions	-	(131)
Proceeds from issuance of common stock, net	291	21
Other, net	4	(18)
Net cash used in financing activities	**(483)**	**(210)**
Net increase in cash, cash equivalents and restricted cash	**404**	**3,717**
Cash, cash equivalents and restricted cash, beginning of period	**6,659**	**2,942**
Cash, cash equivalents and restricted cash, end of period	**$ 7,063**	**$ 6,659**

RECONCILIATION TO CONSOLIDATED FREE CASH FLOW* (NON-GAAP) (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	3/31/19	12/31/18	3/31/18	3/31/19	3/31/18
Net cash provided by operating activities	**$ 2,847**	**$ 2,225**	**$ 2,653**	**$ 10,429**	**$ 10,062**
Capital expenditures - network and other	(1,149)	(1,416)	(780)	(4,963)	(3,319)
Capital expenditures - leased devices	(1,702)	(2,215)	(1,928)	(7,441)	(7,461)
Expenditures relating to FCC licenses, net	(18)	(75)	(23)	(163)	(115)
Proceeds from sales of assets and FCC licenses	175	144	160	591	527
Proceeds from deferred purchase price from sale of receivables	-	-	231	223	1,140
Other investing activities, net	25	129	2	214	6
Free cash flow*	**$ 178**	**$ (1,208)**	**$ 315**	**$ (1,110)**	**$ 840**
Net (repayments) proceeds of financings related to devices and receivables	(717)	300	(555)	196	105
Adjusted free cash flow*	**$ (539)**	**$ (908)**	**$ (240)**	**$ (914)**	**$ 945**

News Release

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	3/31/19	3/31/18
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,982	$ 6,610
Short-term investments	67	2,354
Accounts and notes receivable, net	3,554	3,711
Device and accessory inventory	999	1,003
Prepaid expenses and other current assets	1,289	575
Total current assets	12,891	14,253
Property, plant and equipment, net	21,201	19,925
Costs to acquire a customer contract	1,559	-
Goodwill	4,598	6,586
FCC licenses and other	41,465	41,309
Definite-lived intangible assets, net	1,769	2,465
Other assets	1,118	921
Total assets	**$ 84,601**	**$ 85,459**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 3,961	$ 3,409
Accrued expenses and other current liabilities	3,597	3,962
Current portion of long-term debt, financing and capital lease obligations	4,557	3,429
Total current liabilities	12,115	10,800
Long-term debt, financing and capital lease obligations	35,366	37,463
Deferred tax liabilities	7,556	7,294
Other liabilities	3,437	3,483
Total liabilities	**58,474**	**59,040**
Stockholders' equity		
Common stock	41	40
Paid-in capital	28,306	27,884
Accumulated deficit	(1,883)	(1,255)
Accumulated other comprehensive loss	(392)	(313)
Total stockholders' equity	26,072	26,356
Noncontrolling interests	55	63
Total equity	26,127	26,419
Total liabilities and equity	**$ 84,601**	**$ 85,459**

NET DEBT* (NON-GAAP) (Unaudited)

(Millions)

	3/31/19	3/31/18
Total debt	$ 39,923	$ 40,892
Less: Cash and cash equivalents	(6,982)	(6,610)
Less: Short-term investments	(67)	(2,354)
Net debt*	**$ 32,874**	**$ 31,928**

News Release

Sprint

SCHEDULE OF DEBT (Unaudited)
(Millions)

ISSUER	MATURITY	3/31/19 PRINCIPAL
Sprint Corporation		
7.25% Senior notes due 2021	09/15/2021	$ 2,250
7.875% Senior notes due 2023	09/15/2023	4,250
7.125% Senior notes due 2024	06/15/2024	2,500
7.625% Senior notes due 2025	02/15/2025	1,500
7.625% Senior notes due 2026	03/01/2026	1,500
Sprint Corporation		**12,000**
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		
3.36% Senior secured notes due 2021	09/20/2021	2,187
4.738% Senior secured notes due 2025	03/20/2025	2,100
5.152% Senior secured notes due 2028	03/20/2028	1,838
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**6,125**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/17/2019	300
7% Guaranteed notes due 2020	03/01/2020	1,000
7% Senior notes due 2020	08/15/2020	1,500
11.5% Senior notes due 2021	11/15/2021	1,000
6% Senior notes due 2022	11/15/2022	2,280
Sprint Communications, Inc.		**6,080**
Sprint Capital Corporation		
6.9% Senior notes due 2019	05/01/2019	1,729
6.875% Senior notes due 2028	11/15/2028	2,475
8.75% Senior notes due 2032	03/15/2032	2,000
Sprint Capital Corporation		**6,204**
Credit facilities		
PRWireless secured term loan	06/28/2020	198
Secured equipment credit facilities	2020 - 2022	661
Secured term loan	02/03/2024	3,920
Secured term loan B1	02/03/2024	1,995
Credit facilities		**6,774**
Accounts receivable facility	2020	**2,607**
Financing obligations	2021	**109**
Capital leases and other obligations	2019 - 2026	**429**
Total principal		**40,328**
Net premiums and debt financing costs		**(405)**
Total debt		**$ 39,923**

News Release

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Millions, except per share data)

	Three Months Ended March 31, 2019			Year Ended March 31, 2019		
	As reported	without adoption of Topic 606	Change	As reported	without adoption of Topic 606	Change
Net operating revenues						
Service revenue	$ 5,656	$ 5,869	$ (213)	$ 22,857	$ 23,585	$ (728)
Equipment sales	1,426	1,057	369	5,606	4,280	1,326
Equipment rentals	1,359	1,373	(14)	5,137	5,200	(63)
Total net operating revenues	**8,441**	**8,299**	**142**	**33,600**	**33,065**	**535**
Net operating expenses						
Cost of services (exclusive of depreciation and amortization below)	1,645	1,669	(24)	6,664	6,742	(78)
Cost of equipment sales	1,561	1,506	55	6,082	5,937	145
Cost of equipment rentals (exclusive of depreciation below)	186	186	-	643	643	-
Selling, general and administrative	2,043	2,117	(74)	7,774	8,164	(390)
Depreciation - network and other	1,113	1,113	-	4,245	4,245	-
Depreciation - equipment rentals	1,084	1,084	-	4,538	4,538	-
Amortization	133	133	-	608	608	-
Goodwill impairment [(1)]	2,000	2,000	-	2,000	2,000	-
Other, net	350	350	-	648	648	-
Total net operating expenses	10,115	10,158	(43)	33,202	33,525	(323)
Operating (loss) income	**(1,674)**	**(1,859)**	**185**	**398**	**(460)**	**858**
Total other expenses	(595)	(595)	-	(2,376)	(2,376)	-
Loss before income taxes	**(2,269)**	**(2,454)**	**185**	**(1,978)**	**(2,836)**	**858**
Income tax benefit	91	130	(39)	35	215	(180)
Net loss	**(2,178)**	**(2,324)**	**146**	**(1,943)**	**(2,621)**	**678**
Less: Net loss attributable to noncontrolling interests	4	4	-	-	-	-
Net loss attributable to Sprint Corporation	**$ (2,174)**	**$ (2,320)**	**$ 146**	**$ (1,943)**	**$ (2,621)**	**$ 678**
Basic net loss per common share attributable to Sprint Corporation	**$ (0.53)**	**$ (0.57)**	**$ 0.04**	**$ (0.48)**	**$ (0.65)**	**$ 0.17**
Diluted net loss per common share attributable to Sprint Corporation	**$ (0.53)**	**$ (0.57)**	**$ 0.04**	**$ (0.48)**	**$ (0.65)**	**$ 0.17**
Basic weighted average common shares outstanding	4,080	4,080	-	4,057	4,057	-
Diluted weighted average common shares outstanding	4,080	4,080	-	4,057	4,057	-

RECONCILIATION OF ADJUSTMENTS FROM THE ADOPTION OF TOPIC 606 RELATIVE TO TOPIC 605 ON CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(Millions)

	March 31, 2019		
	As reported	Balances without adoption of Topic 606	Change
ASSETS			
Current assets			
Accounts and notes receivable, net	$ 3,554	$ 3,443	$ 111
Device and accessory inventory	999	1,020	(21)
Prepaid expenses and other current assets	1,289	651	638
Costs to acquire a customer contract	1,559	-	1,559
Other assets	1,118	916	202
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	$ 3,597	$ 3,610	$ (13)
Deferred tax liabilities	7,556	7,010	546
Other liabilities	3,437	3,466	(29)
Stockholders' equity			
Accumulated deficit	(1,883)	(3,868)	1,985

NOTES TO THE FINANCIAL INFORMATION (Unaudited)

(1) As a result of our annual goodwill impairment assessment, we recorded a preliminary non-cash goodwill impairment charge of $2 billion during the fourth quarter of fiscal year 2018. The substantial portion of this impairment charge is not taxable as goodwill is generally not separately deductible for tax purposes.

(2) As more of our customers elect to lease a device rather than purchasing one under our subsidized program, there is a significant positive impact to EBITDA* and Adjusted EBITDA* from direct channel sales primarily due to the fact the cost of the device is not recorded as cost of equipment sales but rather is depreciated over the customer lease term. Under our device leasing program for the direct channel, devices are transferred from inventory to property and equipment and the cost of the leased device is recognized as depreciation expense over the customer lease term to an estimated residual value. The customer payments are recognized as revenue over the term of the lease. Under our subsidy model, we recognize revenue from the sale of devices as equipment sales at the point of sale and the cost of the device is recognized as cost of equipment sales. During the three and twelve month periods ended March 31, 2019, we leased devices through our Sprint direct channels totaling approximately $1,114 million and $4,931 million, respectively, which would have increased cost of equipment sales and reduced EBITDA* if they had been purchased under our subsidized program.

The impact to EBITDA* and Adjusted EBITDA* resulting from the sale of devices under our installment billing program is generally neutral except for the impact in our indirect channels from the time value of money element related to the imputed interest on the installment receivable.

(3) During the fourth, third and second quarters of fiscal year 2018 and the fourth and first quarters of fiscal year 2017, the company recorded losses on dispositions of assets primarily related to cell site construction and network development costs that are no longer relevant as a result of changes in the company's network plans. Additionally, during the first quarter of fiscal year 2017 the company recorded a pre-tax non-cash gain related to spectrum swaps with other carriers.

(4) For all quarters of fiscal year 2018 and the fourth and third quarters of fiscal year 2017, severance and exit costs consist of lease exit costs primarily associated with tower and cell sites, access exit costs related to payments that will continue to be made under the company's backhaul access contracts for which the company will no longer be receiving any economic benefit, and severance costs associated with reduction in its work force.

(5) During the first quarter of fiscal year 2018, contract termination costs are primarily due to the purchase of certain leased spectrum assets, which upon termination of the spectrum leases resulted in the accelerated recognition of the unamortized favorable lease balances. During the first quarter of fiscal year 2017, we recorded a $5 million gain due to reversal of a liability recorded in relation to the termination of our relationship with General Wireless Operations, Inc. (Radio Shack).

(6) During the fourth, third, second and first quarters of fiscal year 2018, we recorded merger costs of $130 million, $67 million, $56 million and $93 million, respectively, due to the proposed Business Combination Agreement with T-Mobile.

(7) During the fourth quarter of fiscal year 2018, litigation expenses and other contingencies consist of unfavorable developments associated with legal matters. During the third quarter of fiscal year 2018, litigation expenses and other contingencies consist of tax matters settled with the State of New York. During the fourth, third and first quarters of fiscal year 2017, litigation expenses and other contingencies consist of reductions associated with legal settlements or favorable developments in pending legal proceedings. In addition, the third quarter of fiscal year 2017 included non-recurring charges of $51 million related to a regulatory fee matter.

(8) During the second quarter of fiscal year 2018 we recognized hurricane-related reimbursements of $32 million. During the fourth, third and second quarters of fiscal year 2017 we recorded hurricane-related costs of $7 million, $66 million and $34 million, respectively, consisting of customer service credits, incremental roaming costs, network repairs and replacements.

***FINANCIAL MEASURES**

Sprint provides financial measures determined in accordance with 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 provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint 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 does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

EBITDA is operating income/(loss) before depreciation and amortization. **Adjusted EBITDA** is **EBITDA** excluding severance, exit costs, and other special items. **Adjusted EBITDA Margin** represents Adjusted EBITDA divided by non-equipment net operating revenues for Wireless and Adjusted EBITDA divided by net operating revenues for Wireline. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations. 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 EBITDA and Adjusted EBITDA 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.

Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus billings from installment plans and non-operating leases, as well as equipment rentals, by the sum of the monthly average number of postpaid accounts during the period. We believe that ABPA provides useful information to investors, analysts and our management to evaluate average postpaid customer billings per account as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid account each month.

Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus billings from installment plans and non-operating leases, as well as equipment rentals by the sum of the monthly average number of postpaid phone connections during the period. We believe that ABPU provides useful information to investors, analysts and our management to evaluate average postpaid phone customer billings as it approximates the expected cash collections, including billings from installment plans and non-operating leases, as well as equipment rentals, per postpaid phone user each month.

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. **Adjusted Free Cash Flow** is **Free Cash Flow** plus the proceeds from device financings and sales of receivables, net of repayments. We believe that Free Cash Flow and Adjusted Free Cash Flow provide useful information to investors, analysts and our management about the cash generated by our core operations and net proceeds obtained to fund certain leased devices, respectively, after interest and dividends, if any, 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.

Net Debt is consolidated debt, including current maturities, less cash and cash equivalents and short-term investments. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.

SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan”, “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, subscriber growth, and liquidity; and statements expressing general views about future operating results — are 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, the development and deployment of new technologies and services such as 5G; efficiencies and cost savings of new technologies and services; customer and network usage; subscriber additions and churn rates; service, speed, capacity, coverage and quality; availability of devices; availability of various financings; and the timing of various events and the economic environment. Sprint 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 when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2018, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 and, when filed, our Annual Report on Form 10-K for the fiscal year ended March 31, 2019. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

About Sprint:
Sprint (NYSE: S) is a communications services company that creates more and better ways to connect its customers to the things they care about most. Sprint served 54.5 million connections as of March 31, 2019 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. Today, Sprint’s legacy of innovation and service continues with an increased investment to dramatically improve coverage, reliability, and speed across its nationwide network and commitment to launching the first 5G mobile network in the U.S. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.

Exhibit 2: Excerpts of Testimony of Dow Draper, California Public Utilities Commission

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

In Attendance: COMMISSIONER CLIFFORD RECHTSCHAFFEN
ADMINISTRATIVE LAW JUDGE KARL J. BEMESDERFER, presiding

	EVIDENTIARY HEARING
In the Matter of the Joint Application of Sprint Communications Company L.P. (U-5112) and T-Mobile USA, Inc., a Delaware Corporation, For Approval of Transfer of Control of Sprint Communications Company L.P. Pursuant to California Public Utilities Code Section 854(a).	Application 18-07-011
	CONSOLIDATED
In the Matter of the Joint Application of Sprint Spectrum L.P. (U3062C), and Virgin Mobile USA L.P. (U4327C) and T-Mobile USA, Inc., a Delaware Corporation, for Review of Wireless Transfer Notification per Commission Decision 95-10-032.	Application 18-07-012.

REPORTERS' TRANSCRIPT
San Francisco, California
February 6, 2019
Pages 437 - 721
Volume - 5

Reported by: Ana M. Gonzalez, CSR No. 11320
Thomas C. Brenneman, CSR No. 9554
Doris Huaman, CSR No. 10538
Carol A. Mendez, CSR No. 4330
Jason Stacey, CSR No. 14092

Q And do you currently have any additions or corrections to make to your prepared rebuttal testimony?

A I do not.

MR. HENDRICKSON: Okay. Thank you. Your Honor, the witness is ready for cross-examination.

ALJ BEMESDERFER: All right.

Counsel.

MR. FOSS: Thank you, your Honor.

CROSS-EXAMINATION

BY MR. FOSS:

Q Good afternoon. Is it Mr. Draper or Mr. Dow Draper?

A Draper is my last name. Dow is my middle name that I go by. So, good afternoon.

Q Thank you. And you're the Chief Commercial Officer for Sprint?

A That's correct.

Q And in your dealings as a CCO, do you often deal with the CFO?

A Yes, sir, I do.

Q What is his name?

A Andrew Davies.

Q And also the CEO?

A Yes.

Q And that's Marcelo Claure?

Sprint has $41 billion of debt today. In 2017 we generated $840 million of free cash flow after all our investments which was, as you can see in the green bar, the yellow bars are free cash flow, green bars are network capex. That green bar needs to be at 5 to 6 billion.

We made a little bit of cash. We significantly underinvested in the network. We've got tremendous amounts of debt. That doesn't mean we can't continue to borrow to invest in our network. That is the current stated plan.

When you ask if there are constraints on this plan, there are constraints on this plan in terms of will we be able to continue to borrow and to invest in the network at a level we need to be.

Q Thank you. If you could look at page 12, at line 4 to 5 you say we have steadily been improving our network with more investment to come.

Now, Mr. Draper, we have talked about -- you've said it is a financially stable company. You've stated you are increasing your capex spending. Per subscriber, you were one of the highest, and you are improving --

MR. HENDRICKSON: Objection. That mischaracterized his testimony.

MR. FOSS: I believe we went through this. He agreed that amount would be substantial.

MR. HENDRICKSON: He didn't say it was among the highest.

ALJ BEMESDERFER: Sustained.

BY MR. FOSS:

Q Your investments over the next I think five years are $26 billion. You've been steadily improving your network. Does that paint a picture of a failing company?

A It is not my testimony today that Sprint is failing company. I think to put it into context in your remarks, we were losing billions of dollars, at risk of bankruptcy 2014. What the company has done through significant cost cutting, including reducing jobs, reducing other core expenses, contracting in certain areas, we have managed to go from losing billions of dollars to producing a little bit of free cash flow. We are very proud of the work the team has done. It has been very difficult. When I say we have stabilized, we have come from a very dark place to one where we are at least breaking even or coming close to breathing even.

Now, the challenges that I'm trying to articulate is that while we have been improving our network, and I'm proud of what the network team has done. To be able to achieve the same type of coverage capacity and quality is going to make a lot of money, and $5 billion a year is a great start. That is where we think we should be on a run-rate basis. That is something that will keep us at our current gap to our competitors. It won't expand the gap. If we want to close that gap, we need to spend more.

To connect the context of what I'm saying, we are a stable company. Sprint is not going bankrupt. We are not a failing firm. However, my testimony here, what I'm trying to the point out, we have challenges, right? How are we going to become an effective competitor, an alternative for consumers to AT&T and Verizon? It is something we wrestle with and work on every day.

Q You mentioned you were in a dark place a few years ago. Is that because of competition in the marketplace?

A So of course many things are related to competition. But you have to ask, take a look at page 11, change gears a little bit here. You discuss something called spectrum-backed notes, and could you tell me what that is?

A I'm not an expert. I'm not a treasurer. But essentially this is where we use our spectrum as collateral to borrow money.

Q And in response to Mr. Clark's testimony you say that spectrum-backed notes are not a comprehensive solution to Sprint's cash flow problems, correct?

A That is correct.

Q Okay. So they are not a comprehensive solution, I understand that. Are you saying that they are no solution at all?

A No, not at all. Sprint will be able to borrow money. Again, my testimony is not that Sprint is going bankrupt, it is not able to borrow more money, not able to remain a competitor. This -- specifically what we are talking about here is there is a certain amount of borrowing we will be able to do against our spectrum. But the broader context here is that this is sort of an analogy I use when I think about this is -- okay, I've maxed out my credit card. Can I spectrum is valued at $7 billion?

A I am not qualified to answer that.

Q Okay. The spectrum-backed bonds are another part of solutions that we talked about being more efficient, workforce reductions, less aggressive pricing structures, correct?

A So these are -- I would say that spectrum-backed bonds are one of many creative things that Sprint has had to do as its revenue has declined, and it has had to find ways to keep its -- try to become cash flow positive and find ways to finance the network.

Q And Sprint has not considered bankruptcy; is that true?

A To my knowledge, Sprint has not considered bankruptcy. We do not intend to. As far as I know, we have no plans of declaring bankruptcy. Sprint is not at risk of becoming bankrupt.

Q I have an exhibit that is a transcript of an earnings call. I would like to have that passed out.

ALJ BEMESDERFER: Off the record a minute.

(Off the record.)

ALJ BEMESDERFER: Back on the record.

For perspective, we bring in about $34 billion in net operating revenues. So most companies might consider a breaking even generating $500 million is terrible. For us, this was a tremendous recovery, going from losing billions of dollars -- and yes, I know, making $500 million isn't enough to fund all these things we want to do, but at least we've come a long way from losing money to at least being stable.

Q But he seems a little more excited about the future than you. In fact, he says he could not be more excited for the next chapter.

Are you that excited about the future of the company?

A So Sprint will be here to compete whether we merge with T-Mobile or not. What I'm excited about is -- let me rephrase that. Sprint, as I described in my testimony, has some realistic challenges that are not unknown to investors, not unknown to people who follow this industry. What I'm really excited about, especially as the person in charge of trying to get and keep customers, is, again, being able to combine Sprint's depth of spectrum with T-Mobile's breadth of coverage to offer just an absolutely superior