Quarterly Investor Update

Fiscal 3Q17 | 2-2-2018

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Sprint

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Highlights

Net Additions

HIGHEST

Retail Net Additions in nearly three years

Adjusted EBITDA*

HIGHEST

for a fiscal third quarter in eleven years

Operating Income

8 consecutive quarters of Operating Income

Operating Expenses

Over **$1B**

Net reductions year-to-date across Cost of Services and SG&A[1]

[1] after adjusting for hurricane and other non-recurring charges

Adjusted Free Cash Flow*

POSITIVE

in 8 of last 9 quarters

Network

MOST IMPROVED

operator in 2017" [2]

Average Download Speeds Up **60%** year-over-year

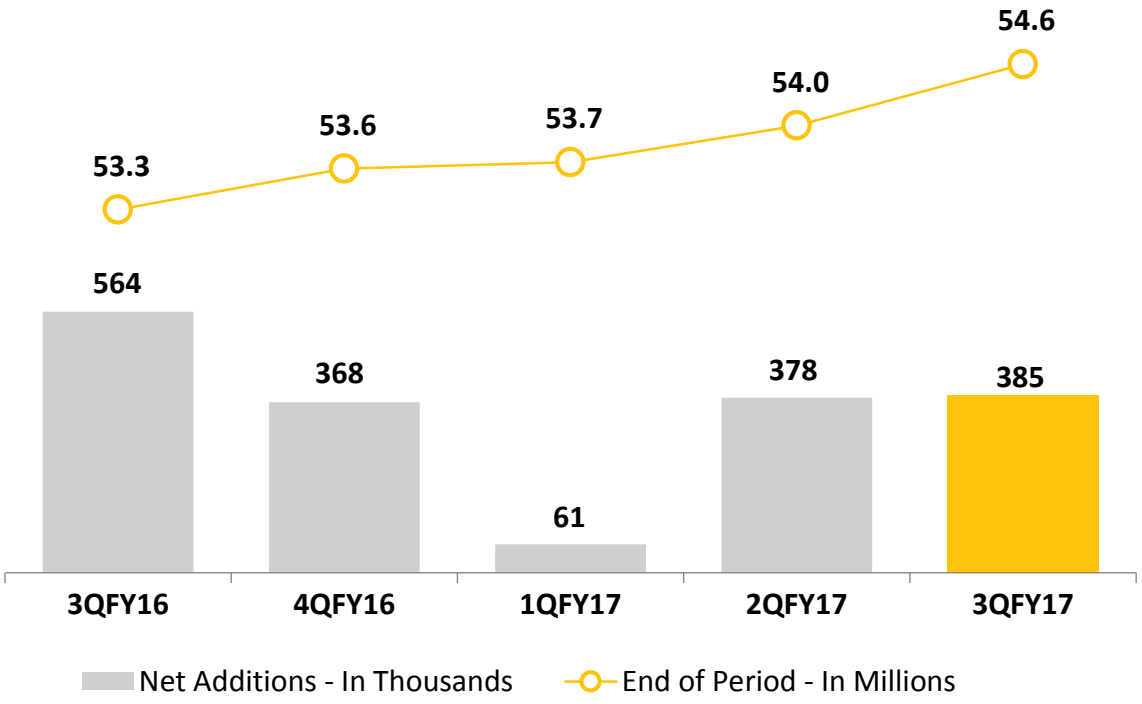
[2] Average download speed increase based on Ookla's analysis of Speedtest Intelligence data comparing December 2016 to December 2017 for all mobile results.

Message from the CEO

"Sprint has now added postpaid phone customers for 10 consecutive quarters and added prepaid customers for four consecutive quarters. This momentum, along with a continued focus on the cost structure, is driving improvements in profitability metrics and adjusted free cash flow*."

Marcelo Claure

Total Connections

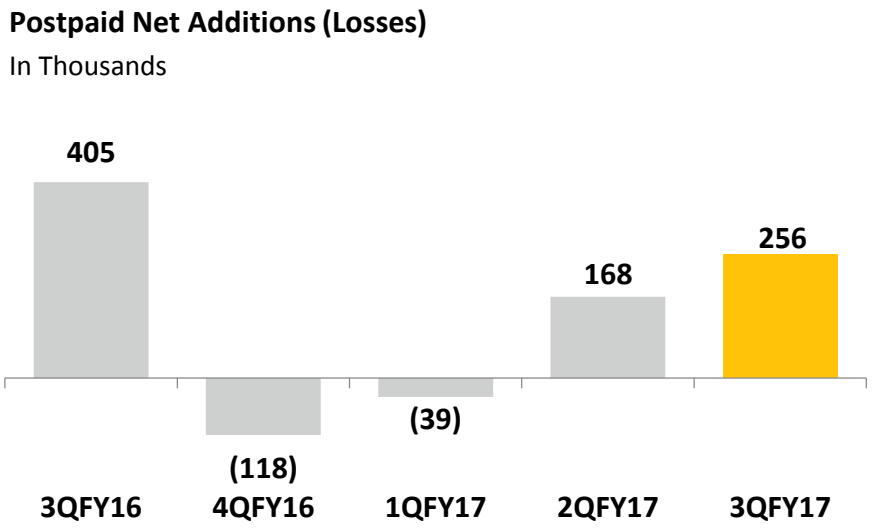


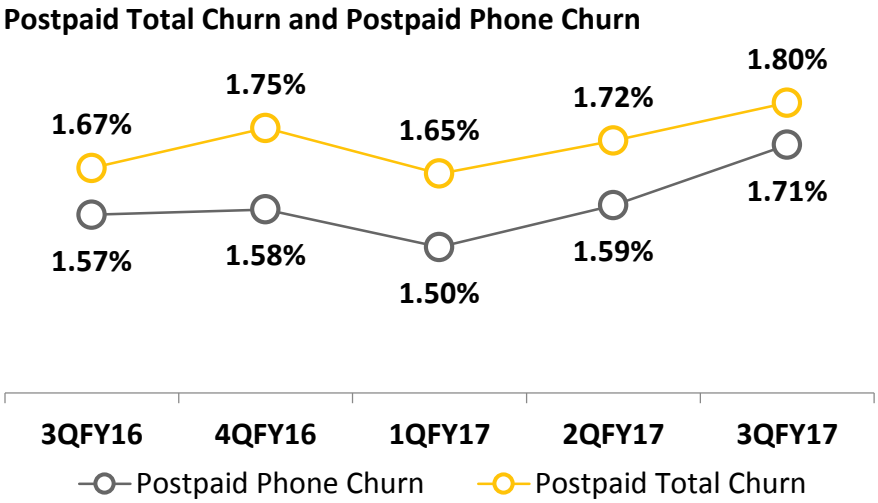
The company had **385,000 net additions** in the current quarter compared with 564,000 in the year-ago period and 378,000 net additions in the prior quarter.

Sprint ended the quarter with nearly **54.6 million connections**, including 31.9 million postpaid, 9.0 million prepaid, and nearly 13.7 million wholesale and affiliate connections.

The company has had nearly **1.2 million net additions** over the last four quarters.

Postpaid net additions were 256,000 during the quarter compared to net additions of 405,000 in the year-ago period and 168,000 in the prior quarter. The year-over-year decline was primarily driven by lower phone net additions and partially offset by higher other device net additions, while the sequential increase was primarily driven by higher other device net additions.

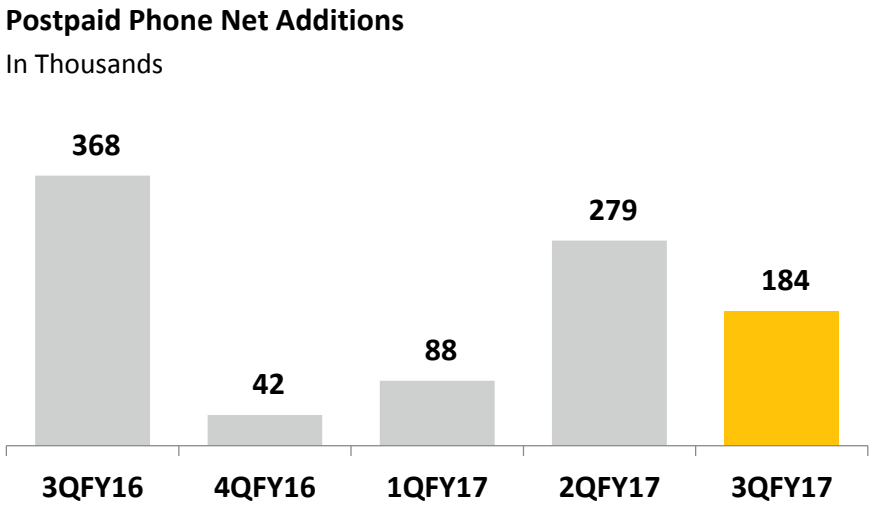




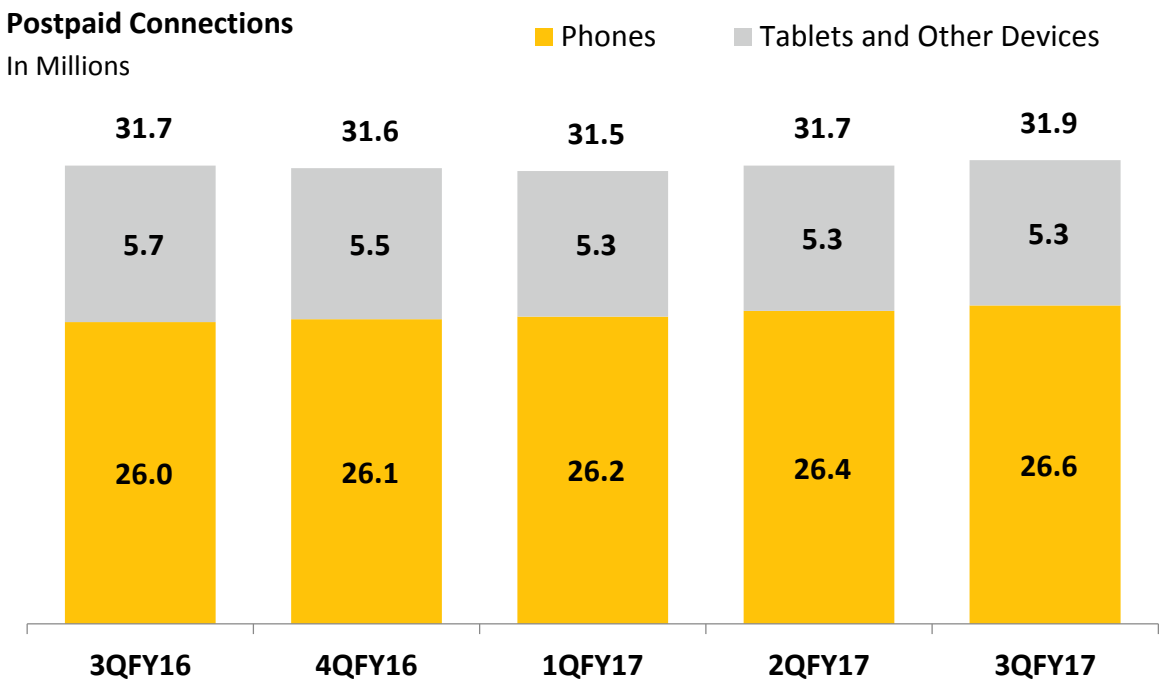
Postpaid phone churn of 1.71 percent compared to 1.57 percent in the year-ago period and 1.59 percent in the prior quarter. Both the year-over-year and sequential increases were driven by network quality in certain areas within our footprint, and the company's decision to selectively manage both higher ARPU customers and customers rolling off device commitments in order to maximize the net present value of the base. The sequential increase was also impacted by typical seasonality.

Postpaid total churn of 1.80 percent for the quarter compared to 1.67 percent in the year-ago period and 1.72 percent in the prior quarter. Both the year-over-year and sequential increases were primarily driven by higher postpaid phone churn. The year-over-year increase was also impacted by higher tablet churn as customers rolled off promotional offers.

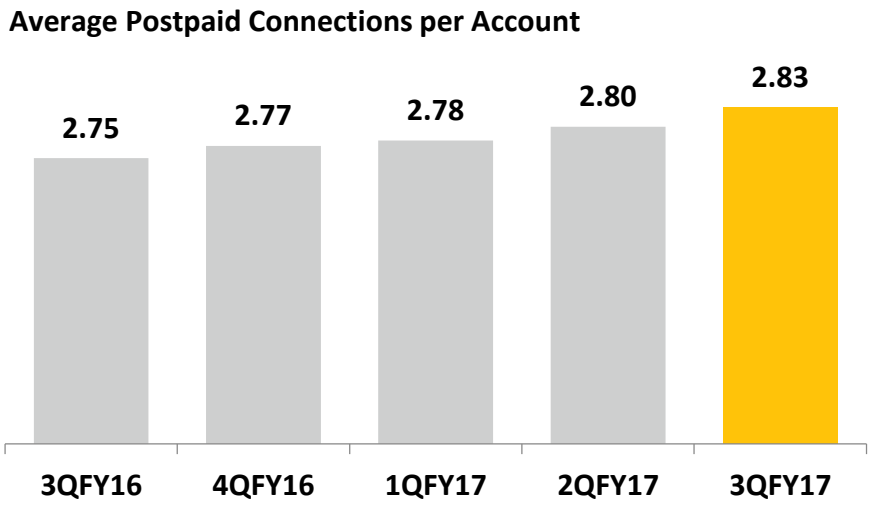
Postpaid phone net additions of 184,000 compared to net additions of 368,000 in the year-ago period and 279,000 in the prior quarter. Both the year-over-year and sequential decreases were primarily driven by higher churn. The company ended the quarter with 26.6 million phone connections.

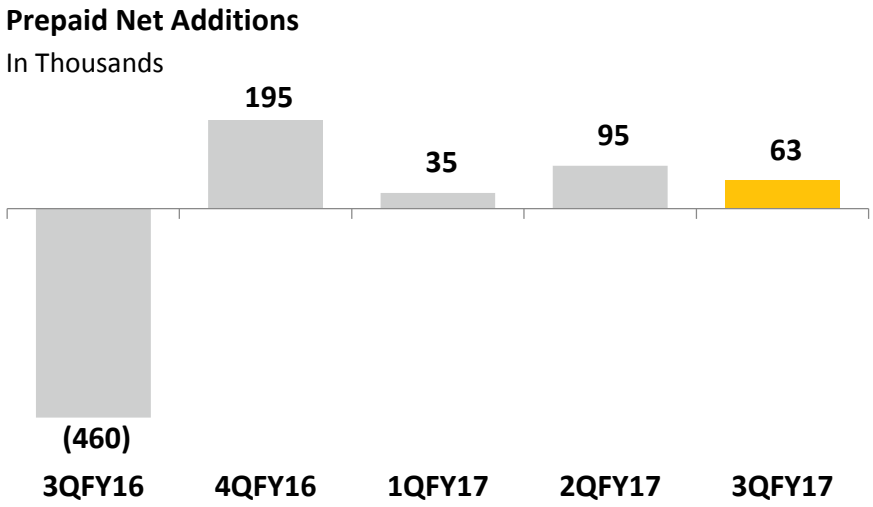


Tablet and other device net additions of 72,000 in the quarter compared to net additions of 37,000 in the year-ago period and net losses of 111,000 in the prior quarter. Both the year-over-year and sequential increases were primarily driven by the launch of the Apple watch. The company ended the quarter with 5.3 million tablet and other device connections. The current quarter included 69,000 tablet net losses, compared to 30,000 in the year-ago period and 145,000 in the prior quarter.



Average postpaid connections per account of 2.83 at quarter end compared to 2.75 in the year-ago period and 2.80 in the prior quarter. The growth has been driven by higher phones per account, partially offset by tablet pressure.





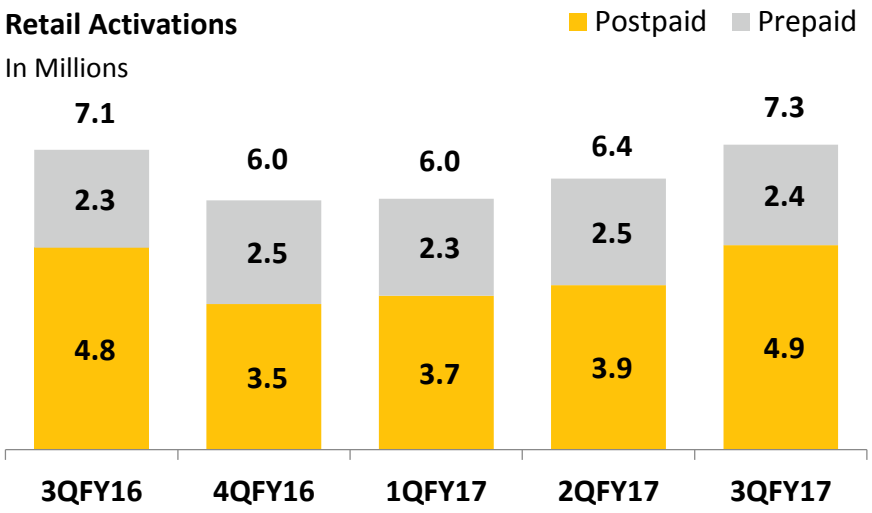
Wholesale & affiliate net additions were 66,000 in the quarter compared to 619,000 in the year-ago period and 115,000 in the prior quarter. The year-over-year decline was primarily impacted by lower connected device net additions, which generally have a lower ARPU than other wholesale & affiliate customers.

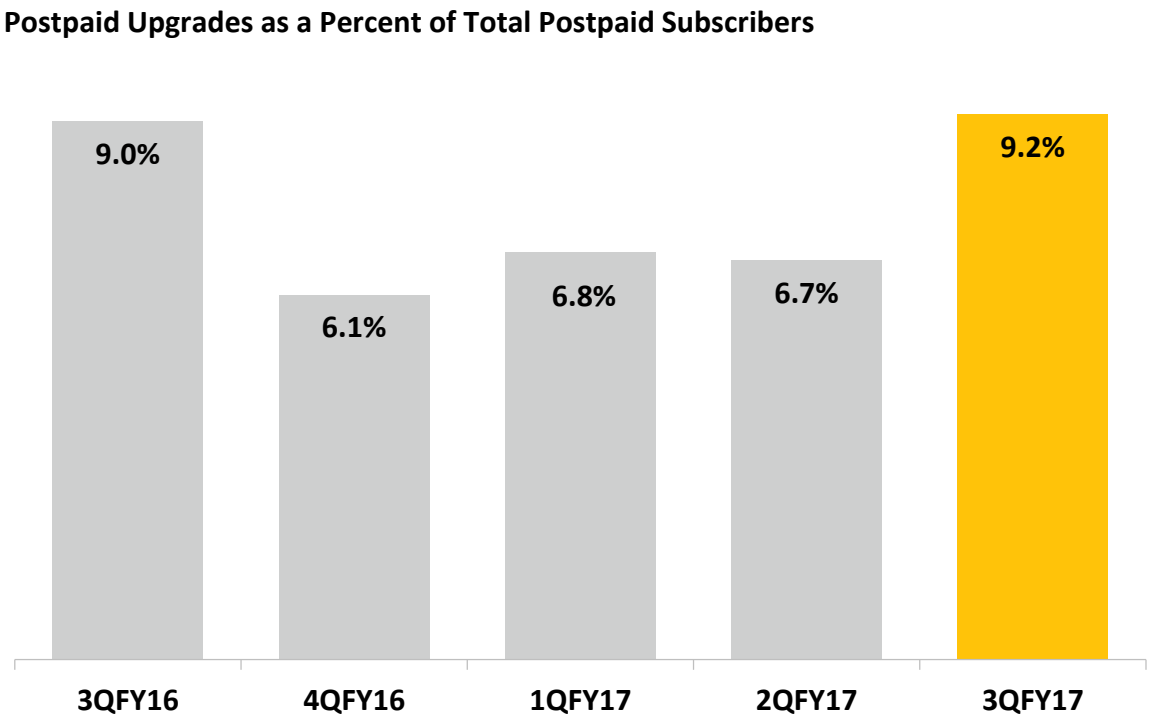
Prepaid net additions of 63,000 during the quarter compared to net losses of 460,000 in the year-ago period and net additions of 95,000 in the prior quarter. The year-over-year improvement was mostly driven by lower churn and higher gross additions in the Boost brand. Sequentially, the decrease was mostly driven by lower gross additions, partially offset by lower churn.

Prepaid churn was 4.63 percent compared to 5.74 percent for the year-ago period and 4.83 percent for the prior quarter. The year-over-year improvement was mostly due to lower churn in the Boost brand, while the sequential improvement was mostly driven by lower churn in the Virgin brand.

Activations

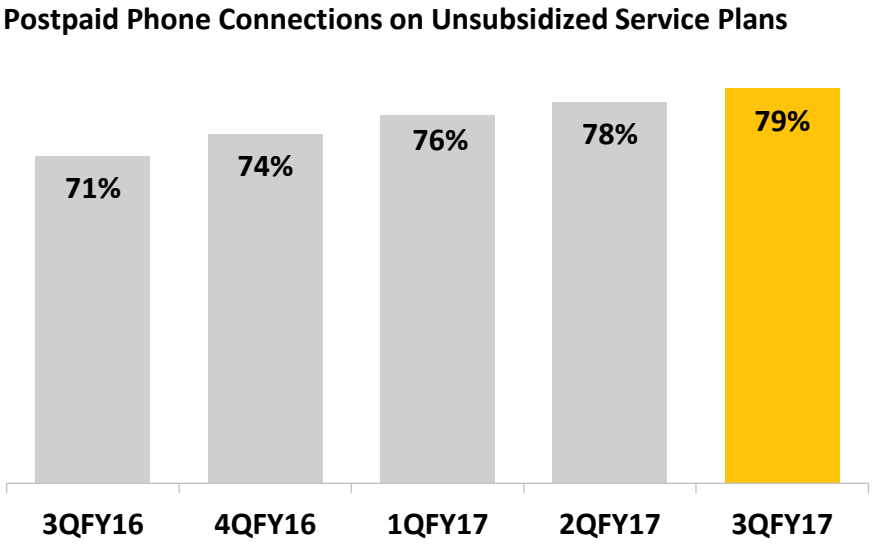
Retail activations were 7.3 million during the quarter compared to 7.1 million in the year-ago period and 6.4 million in the prior quarter. Year-over-year, the increase was primarily driven by higher prepaid gross additions and postpaid phone upgrades. Sequentially, the increase was primarily driven by higher postpaid phone upgrades.

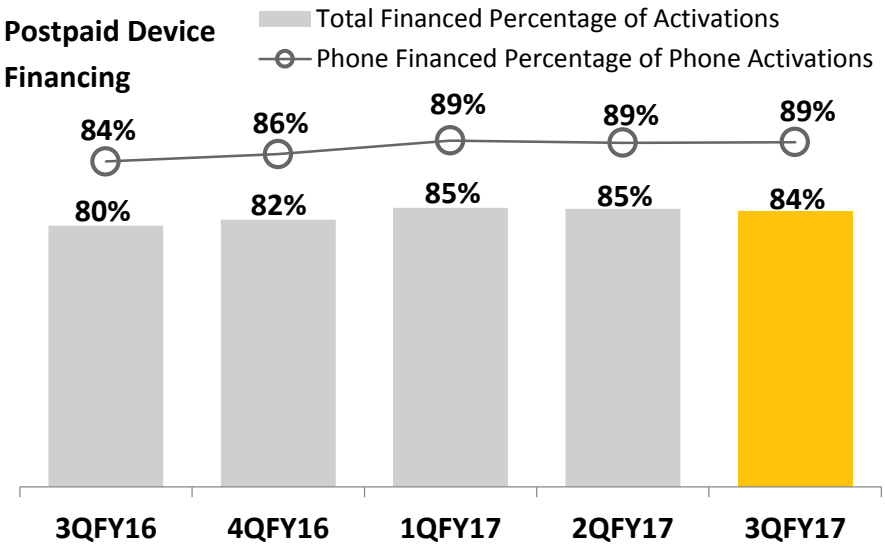




Postpaid upgrade rate was 9.2 percent during the quarter compared to 9.0 percent for the year-ago period and 6.7 percent for the prior quarter. The sequential increase was due to seasonality.

Postpaid phone connections on unsubsidized service plans represented 79 percent of the base at the end of the quarter, compared to 71 percent in the year-ago period and 78 percent in the prior quarter.

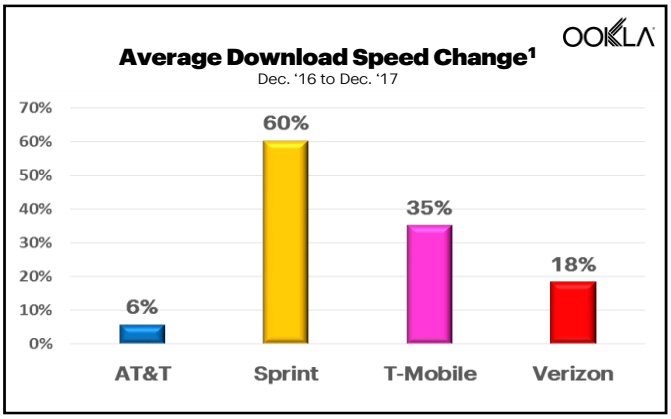




Postpaid carrier aggregation capable phones, which allow for higher download data speeds, were 94 percent of postpaid phones activated during the quarter, increasing the number of these phones within the phone base to 72 percent.

Postpaid device financing rate was 84 percent of postpaid activations for the quarter compared to 80 percent for the year-ago period and 85 percent in the prior quarter. At the end of the quarter, 45 percent of the postpaid connection base was active on a leasing agreement compared to 38 percent in the year-ago quarter and 42 percent in the prior quarter.

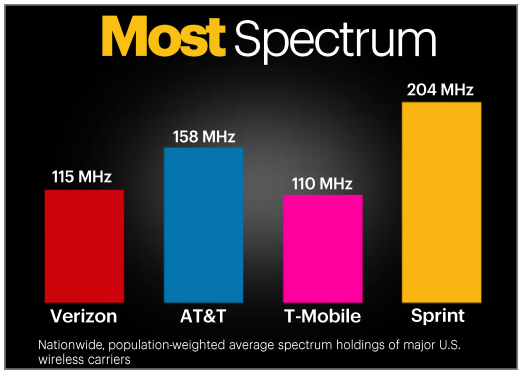
Postpaid phone financing rate was 89 percent of phone activations for the quarter compared to 84 percent for the year-ago period and 89 percent in the prior quarter.

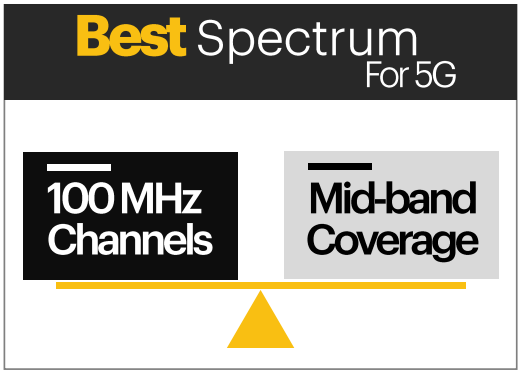


Sprint is unlocking the value of the largest mobile broadband spectrum holdings in the U.S. and Sprint's Next-Gen Network is designed to drive significant improvements to network performance and the customer experience by investing in four main areas.

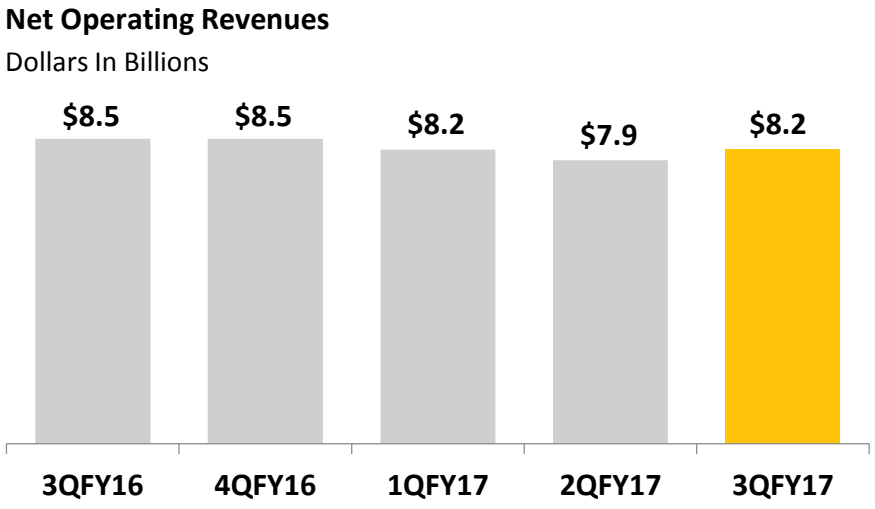
- Upgrade existing towers to leverage all three of the company's spectrum bands – 800 MHz, 1.9 GHz and 2.5 GHz – for faster, more reliable service.
- Build thousands of new cell sites to expand its coverage footprint and extend coverage to more popular customer destinations.
- Add more small cells -- including Sprint Magic Boxes, mini-macros and strand mounts to densify every major market and significantly boost capacity and data speeds – and leverage the recent strategic agreements with Altice and Cox. The company has already deployed more than 80,000 Sprint Magic Boxes in approximately 200 cities across the country and plans to deploy more than 1 million as part of its multi-year roadmap.
- Deploy game-changing 64T64R Massive MIMO 2.5 GHz radios to increase capacity up to 10 times that of current LTE systems and increase data speeds for more customers in high-traffic locations. Massive MIMO, a key enabler for 5G, will allow the company to support both LTE and 5G NR (New Radio) modes simultaneously without additional tower climbs.

Sprint's network has already seen significant improvements. According to Ookla Speedtest Intelligence data, Sprint was the most improved operator in 2017 with a 60 percent year-over-year increase in its national average download speed.[1]





[1] Average download speed increase based on Ookla's analysis of Speedtest Intelligence data comparing December 2016 to December 2017 for all mobile results.



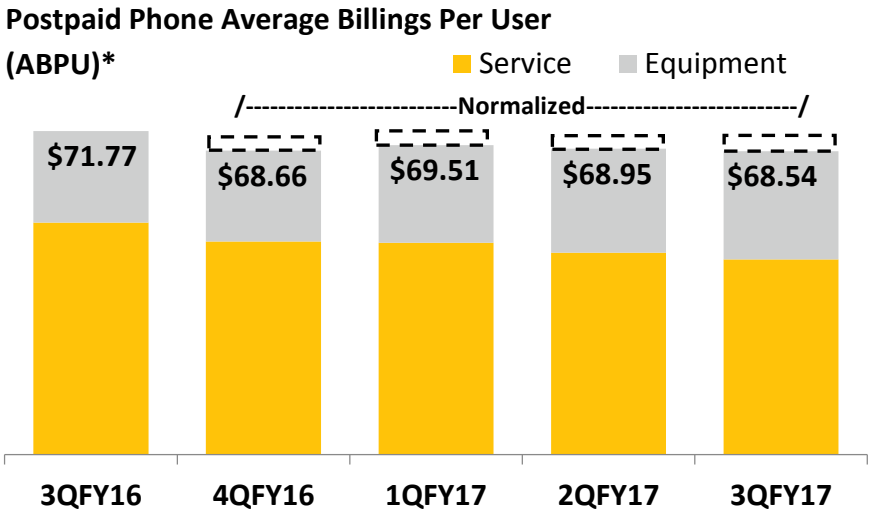
Net operating revenues of $8.2 billion for the quarter declined $310 million year-over-year and increased $312 million sequentially. The year-over-year decrease was mostly driven by lower wireless and wireline service revenue, partially offset by higher equipment revenue. Sequentially, the increase was primarily driven by higher equipment revenue.

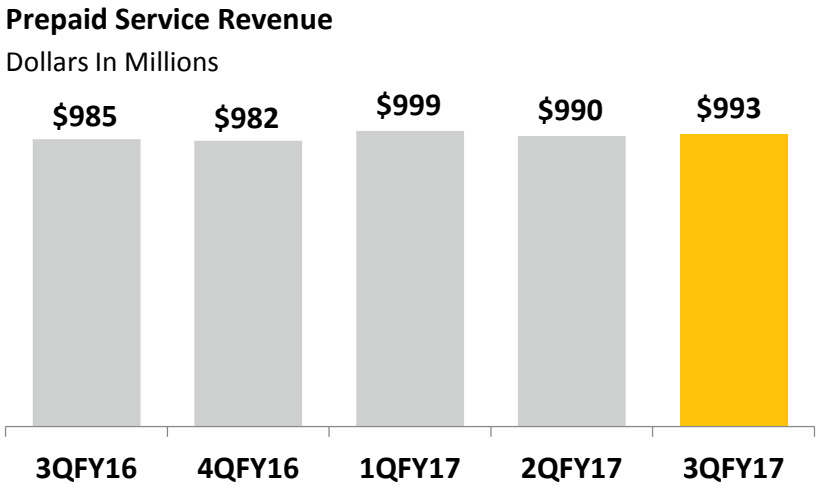
Wireless service revenue of $5.6 billion declined $327 million year-over-year and $30 million sequentially. Over half of the year-over-year decrease was driven by changes to the company's device insurance program, which were accretive to Adjusted EBITDA* but resulted in lower insurance revenue as the program revenue is accounted for and presented on a net basis. The year-over-year reduction was also impacted by lower postpaid phone ARPU, partially offset by growth in the postpaid phone customer base. Sequentially, wireless service revenue was relatively flat.

Equipment revenue of $2.3 billion increased $83 million year-over-year and increased $349 million sequentially. The year-over-year growth was driven by increased sales of used devices to third parties and higher lease revenue, and was partially offset by a lower mix of installment billing sales, which recognize more revenue at the point of sale relative to leasing sales. Sequentially, the increase was mostly driven by higher postpaid sales volume, higher average unit prices, and growth in lease revenue. Sales of used devices to third parties, which have a corresponding impact to cost of products expense and are relatively neutral to Adjusted EBITDA*, were in line with recent quarters.

Wireline revenues of $393 million for the quarter declined $104 million year-over-year and $16 million sequentially. The year-over-year and sequential declines were primarily driven by lower voice volumes, as the company continues to de-emphasize certain voice services. The year-over-year decline was also impacted by the annual process of resetting the intercompany rate, based on current market prices for voice and IP services sold to the wireless segment.

Postpaid Phone Average Billings Per User (ABPU)* of $68.54 for the quarter decreased 5 percent year-over-year and less than 1 percent sequentially. The year-over-year decline was primarily due to lower insurance revenue resulting from the change in the company's device insurance program, which was accretive to Adjusted EBITDA*, promotions, and hurricane-related credits. Normalizing for the device insurance program change and hurricane-related credits, ABPU* would have decreased less than 1% year-over-year.



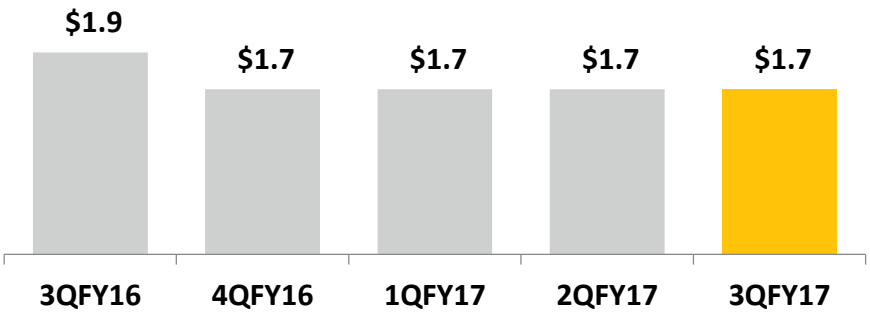


Prepaid Service Revenue of $993 million increased $8 million year-over-year and $3 million sequentially. When adjusting for the removal of low-engagement customers from the base in the third fiscal quarter of 2016, relatively stable ARPU combined with four straight quarters of net additions have led to year-over-year growth in prepaid service revenue for the first time in nearly three years.

Prepaid Average Revenue Per User (ARPU) of $37.46 for the quarter increased 10 percent year-over-year and decreased 1 percent sequentially. The year-over-year increase was primarily driven by a change in the company's churn rules resulting in the removal of low-engagement customers from the base in the third fiscal quarter of 2016.

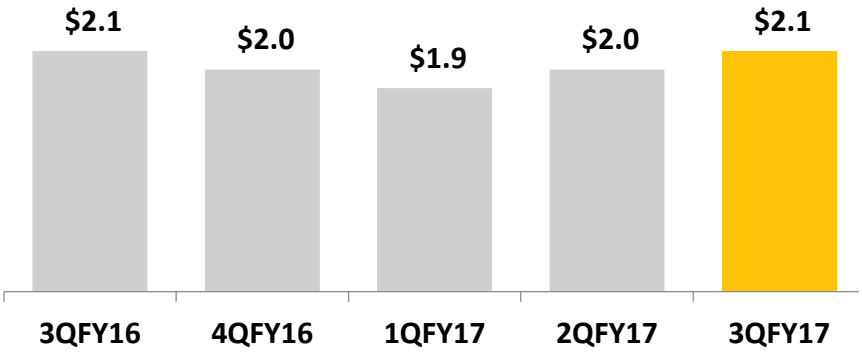
Cost of services (CoS) of $1.7 billion for the quarter decreased $192 million year-over-year and increased $35 million sequentially. The current quarter included non-recurring charges of $51 million related to a regulatory fee matter and $30 million related to hurricane expenses. Adjusting for these impacts, the year-over-year decline would have been approximately $273 million, primarily driven by changes to the company's device insurance program, as the program revenue is accounted for and reported on a net basis and related expenses are no longer incurred by Sprint, as well as lower network expenses. Sequentially, cost of services would have decreased approximately $31 million when adjusting for the aforementioned charges.

Cost of Services
Dollars In Billions



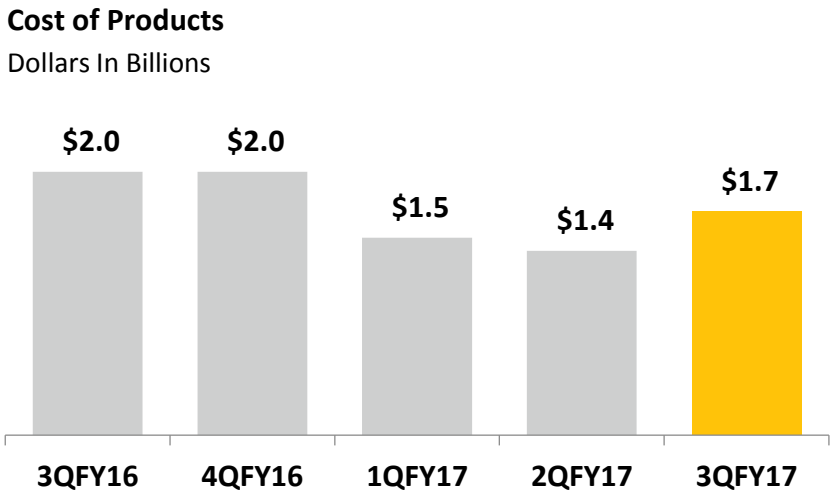
* excluding hurricane-related and other non-recurring charges

Selling, General, and Administrative
Dollars In Billions

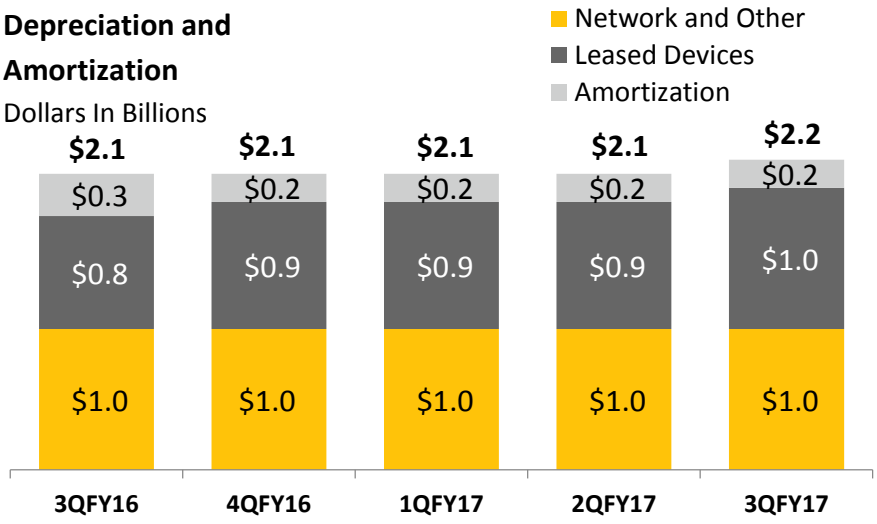


Selling, general and administrative expenses (SG&A) of $2.1 billion for the quarter increased by $28 million year-over-year and $95 million sequentially. The year-over-year increases in prepaid marketing and sales as well as general and administrative expenses were mostly offset by lower bad debt expenses related to a decrease in installment billing sales. Sequentially, the increases were mostly driven by seasonally higher postpaid sales and marketing expenses.

Cost of products of $1.7 billion for the quarter decreased $312 million year-over-year and increased $269 million sequentially. The year-over-year decrease was impacted by a lower mix of installment billing sales, and was partially offset by more sales of used devices to third parties. The sequential increase was impacted by higher postpaid sales volume and higher average unit costs.

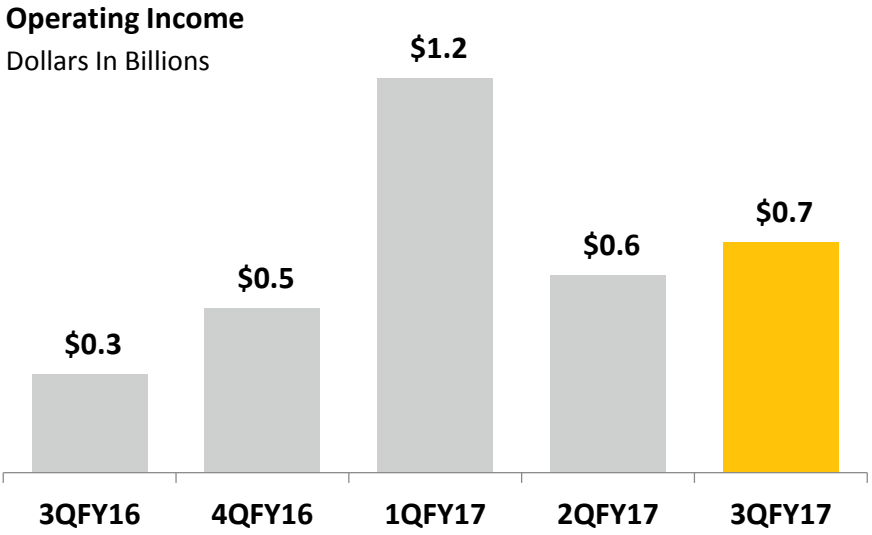


Other, net in the current quarter represented a net benefit of $175 million, primarily resulting from $343 million associated with favorable legal settlements for patent infringement lawsuits net of legal fees, partially offset by $32 million in litigation and other contingencies expense, $13 million in severance and exit costs, and $123 million in loss on leased devices, the latter of which impacted Adjusted EBITDA*.



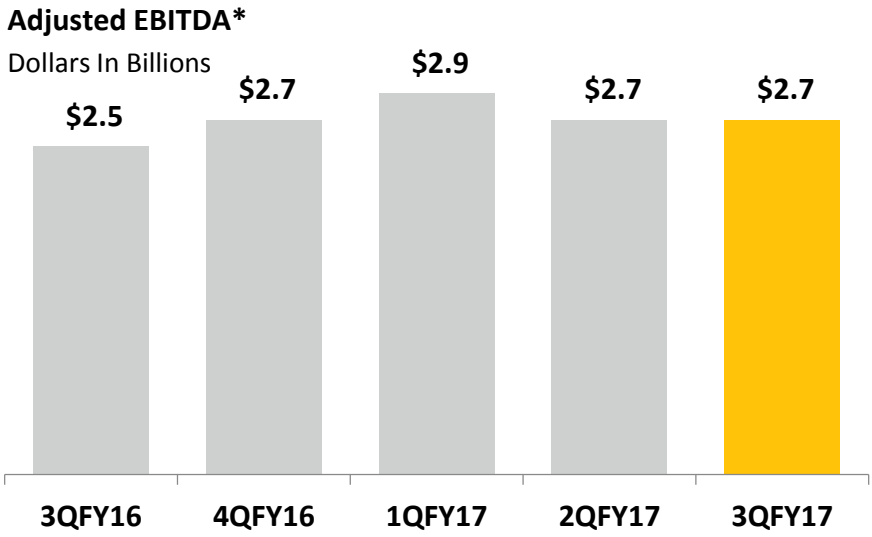
Depreciation and amortization expense of $2.2 billion for the quarter increased $81 million year-over-year and $79 million sequentially. Leased device depreciation was $990 million in the quarter, $837 million in the year-ago period, and $888 million in the prior quarter.

Operating income of $727 million compared to $311 million in the year-ago period and $601 million in the prior quarter. The current quarter included $343 million in favorable settlements for patent infringement lawsuits net of legal fees, $66 million of hurricane-related impacts, a $51 million charge related to a regulatory fee matter, $32 million litigation and other contingencies expense, and $13 million in severance and exit costs. The year-ago period included $47 million primarily related to asset dispositions and severance costs, while the prior quarter included $34 million of hurricane-related impacts. Adjusting for items in each period, operating income would have improved by approximately $190 million year-over-year and declined approximately $90 million sequentially.



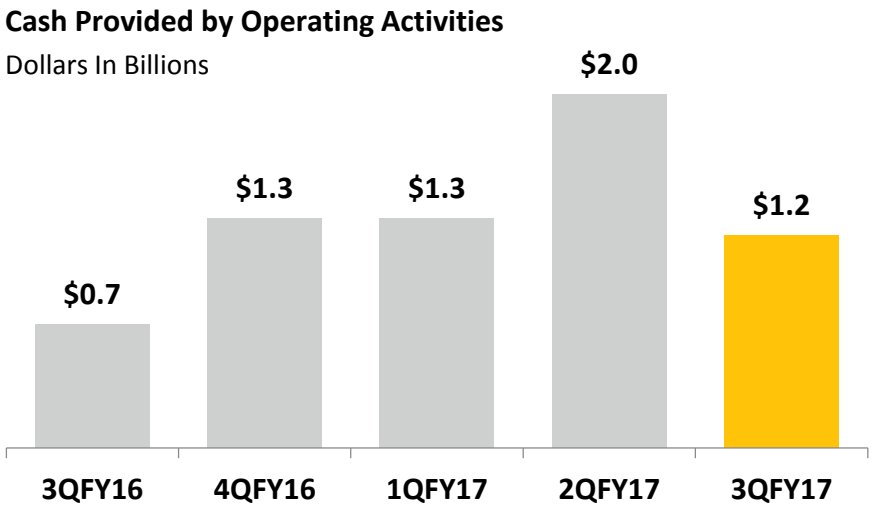
Net income of $7.2 billion for the quarter compared to a net loss of $479 million in the year-ago period and a net loss of $48 million in the prior quarter.

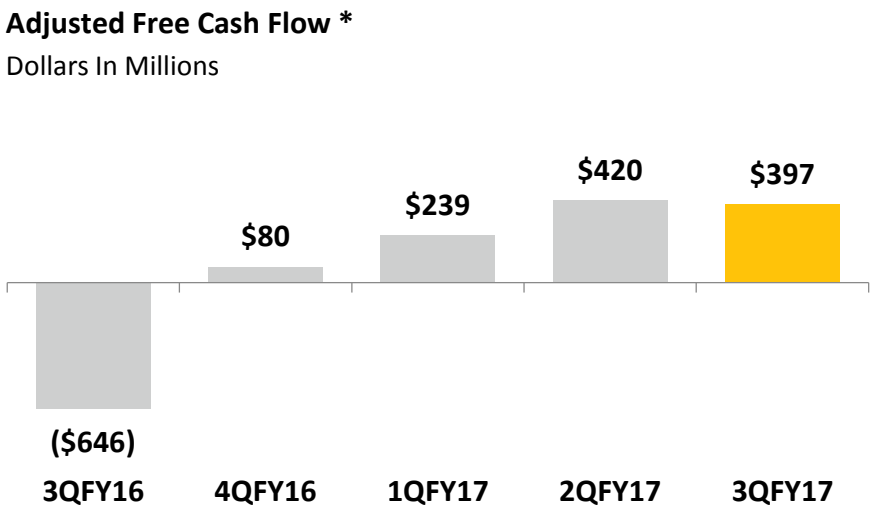
The current quarter included a $7.1 billion non-cash income tax benefit resulting from a re-measurement of the company's deferred tax assets and liabilities due to changes in tax laws included in the Tax Cuts and Jobs Act, which was enacted into law in December 2017. Excluding tax reform, hurricane-related impacts, and other non-recurring items, the net loss would have improved by approximately $300 million year-over-year.



Adjusted EBITDA* was $2.7 billion for the quarter, compared to $2.5 billion in the year-ago period and $2.7 billion in the prior quarter. The year-over-year improvement was primarily due to lower cost of services and cost of products expenses, partially offset by lower operating revenues. Sequentially higher equipment revenues offset higher cost of products expenses.

Cash provided by operating activities of $1.2 billion for the quarter compared to $650 million in the year-ago period and $2.0 billion in the prior quarter. Both the year-over-year and sequential changes benefitted from a cash settlement related to a patent infringement lawsuit. In addition, the year-over-year increase was driven by improvements in Adjusted EBITDA*, while the sequential decrease was primarily driven by unfavorable working capital changes.

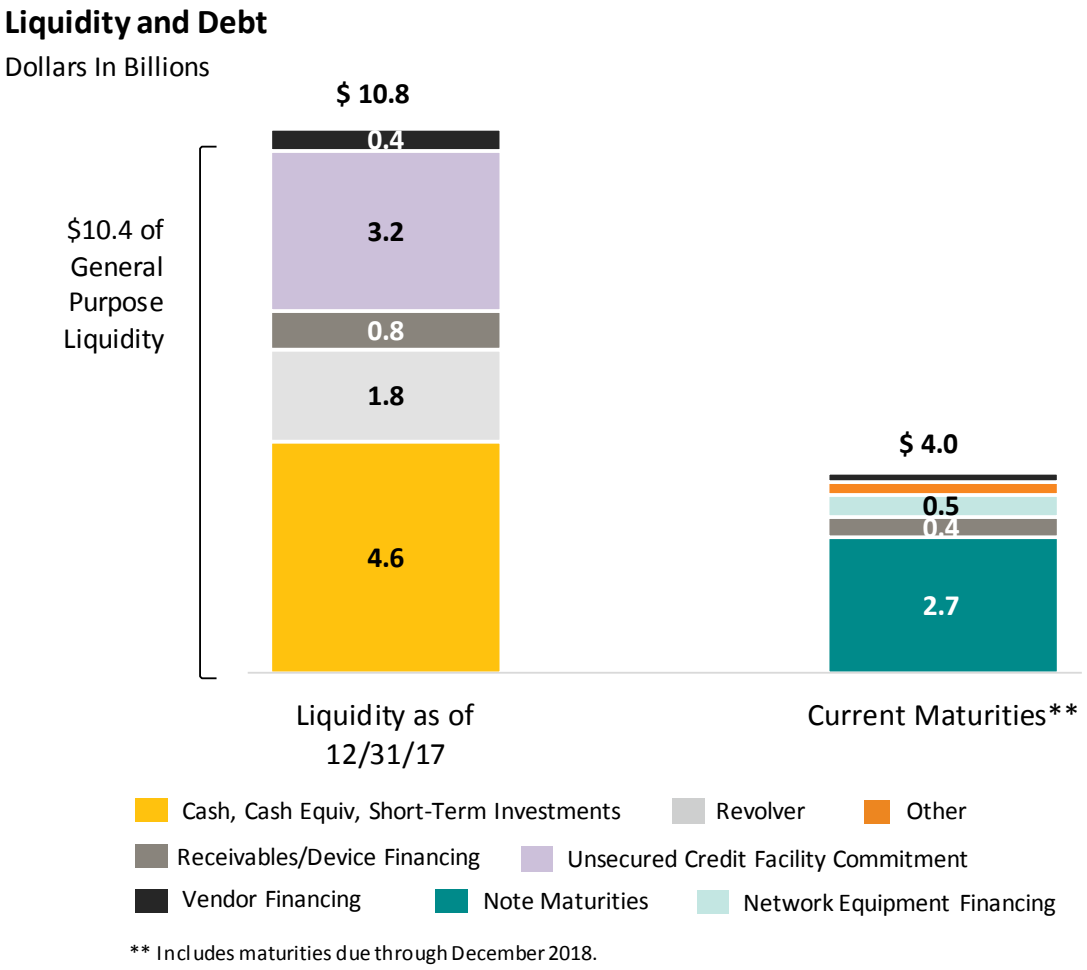




Adjusted free cash flow* of $397 million for the quarter compared to negative $646 million in the year-ago period and $420 million in the prior quarter. The year-over-year improvement was primarily driven by higher net proceeds of financings related to devices and receivables and higher cash provided by operating activities, partially offset by higher network capital expenditures. Sequentially, higher net proceeds of financings related to devices and receivables was offset by lower cash provided by operating activities.

Cash capital expenditures were $1.4 billion in the quarter compared to $1.2 billion in the year-ago period and $1.3 billion in the prior quarter. The year-over-year increase was driven by higher capital expenditures for network equipment. Capital expenditures for leased devices were $682 million in the current quarter compared to $767 million in the year-ago period and $608 million in the prior quarter.

Liquidity



Total general purpose liquidity was $10.4 billion at the end of the quarter, including $4.6 billion of cash, cash equivalents and short-term investments. Additionally, the company has approximately $427 million of availability under vendor financing agreements that can be used toward the purchase of 2.5GHz network equipment.

FISCAL YEAR 2017 Guidance

Adjusted EBITDA*
Mid-point of
$10.8 billion to $11.2 billion

Operating Income
$2.5 billion to $2.7 billion

Cash Capex
Low-end of
$3.5 billion to $4.0 billion
excluding devices leased through indirect channels

Adjusted Free Cash Flow*
$500 million to $700 million

Wireless Operating Statistics (Unaudited)

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net additions (losses) (in thousands)					
Postpaid	256	168	405	385	929
Postpaid phone	184	279	368	551	888
Prepaid [f]	63	95	(460)	193	(1,215)
Wholesale and affiliate [f]	66	115	619	246	2,051
Total wireless net additions	**385**	**378**	**564**	**824**	**1,765**
End of period connections (in thousands)					
Postpaid [d] [e]	31,942	31,686	31,694	31,942	31,694
Postpaid phone [d]	26,616	26,432	26,037	26,616	26,037
Prepaid [d] [f] [g] [h] [i]	8,997	8,765	8,493	8,997	8,493
Wholesale and affiliate [d] [f] [h]	13,642	13,576	13,084	13,642	13,084
Total end of period connections	**54,581**	**54,027**	**53,271**	**54,581**	**53,271**
Churn					
Postpaid	1.80%	1.72%	1.67%	1.73%	1.58%
Postpaid phone	1.71%	1.59%	1.57%	1.60%	1.44%
Prepaid [h]	4.63%	4.83%	5.74%	4.68%	5.57%
Supplemental data - connected devices					
End of period connections (in thousands)					
Retail postpaid	2,259	2,158	1,960	2,259	1,960
Wholesale and affiliate	11,272	11,221	10,594	11,272	10,594
Total	**13,531**	**13,379**	**12,554**	**13,531**	**12,554**
ARPU [a]					
Postpaid	$ 45.13	$ 46.00	$ 49.70	$ 46.14	$ 50.59
Postpaid phone	$ 51.26	$ 52.34	$ 57.12	$ 52.50	$ 58.11
Prepaid [h]	$ 37.46	$ 37.83	$ 33.97	$ 37.84	$ 33.35

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

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

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
ABPA*					
Postpaid service revenue	$ 4,297	$ 4,363	$ 4,686	$ 13,126	$ 14,184
Add: Installment plan and non-operating lease billings	379	397	291	1,144	829
Add: Lease revenue - operating	1,047	966	887	2,912	2,453
Total for postpaid connections	**$ 5,723**	**$ 5,726**	**$ 5,864**	**$ 17,182**	**$ 17,466**
Average postpaid accounts (in thousands)	11,193	11,277	11,413	11,261	11,368
Postpaid ABPA* [b]	$ 170.39	$ 169.25	$ 171.28	$ 169.53	$ 170.71

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Postpaid phone ABPU*					
Postpaid phone service revenue	$ 4,069	$ 4,132	$ 4,420	$ 12,415	$ 13,350
Add: Installment plan and non-operating lease billings	335	358	261	1,025	752
Add: Lease revenue - operating	1,037	953	873	2,877	2,411
Total for postpaid phone connections	**$ 5,441**	**$ 5,443**	**$ 5,554**	**$ 16,317**	**$ 16,513**
Postpaid average phone connections (in thousands)	26,461	26,312	25,795	26,275	25,528
Postpaid phone ABPU* [c]	$ 68.54	$ 68.95	$ 71.77	$ 69.00	$ 71.87

[a] 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.

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

[c] Postpaid phone ABPU* is calculated by dividing postpaid phone service revenue earned from postpaid phone connections plus billings from installment plans and non-operating leases, as well as, operating lease revenue 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.

[d] 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 (f) below. An additional 270,000 of nTelos' subscribers are now part of our affiliate relationship with Shentel and were 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 as a result of a the transfer of additional subscribers to Shentel.

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

[f] 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 MVNO's.

[g] 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 the reduction of 49,000 to prepaid end of period subscribers.

[h] As a result of aligning all prepaid brands, including prepaid affiliate subscribers, under one churn and retention program as of December 31, 2016, end of period prepaid and affiliate subscribers were reduced by 1,234,000 and 21,000, respectively.

[i] 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.

Wireless Device Financing Summary (Unaudited)

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

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Postpaid activations (in thousands)	4,874	3,917	4,812	12,459	11,827
Postpaid activations financed	84%	85%	80%	85%	75%
Postpaid activations - operating leases	72%	68%	43%	66%	42%
Installment plans					
Installment sales financed	$ 276	$ 268	$ 1,036	$ 1,097	$ 2,188
Installment billings	$ 353	$ 373	$ 291	$ 1,094	$ 829
Installment receivables, net	$ 1,383	$ 1,583	$ -	$ 1,383	$ -
Leasing revenue and depreciation					
Lease revenue - operating	$ 1,047	$ 966	$ 887	$ 2,912	$ 2,453
Lease depreciation	$ 990	$ 888	$ 837	$ 2,732	$ 2,205
Leased device additions					
Cash paid for capital expenditures - leased devices	$ 682	$ 608	$ 767	$ 1,787	$ 1,530
Transfers from inventory - leased devices	$ 1,761	$ 1,060	$ 1,095	$ 3,671	$ 2,281
Leased devices					
Leased devices in property, plant and equipment, net	$ 5,683	$ 4,709	$ 4,454	$ 5,683	$ 4,454
Leased device units					
Leased devices in property, plant and equipment (units in thousands)	14,002	13,019	11,981	14,002	11,981
Leased device and receivables financings net proceeds					
Proceeds	$ 1,125	$ 789	$ -	$ 2,679	$ 1,055
Repayments	(598)	(1,148)	(231)	(2,019)	(655)
Net proceeds (repayments) of financings related to devices and receivables	**$ 527**	**$ (359)**	**$ (231)**	**$ 660**	**$ 400**

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

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net operating revenues					
Service revenue	$ 5,930	$ 5,967	$ 6,323	$ 17,968	$ 19,252
Equipment revenue	2,309	1,960	2,226	6,355	5,556
Total net operating revenues	**8,239**	**7,927**	**8,549**	**24,323**	**24,808**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,733	1,698	1,925	5,140	6,125
Cost of products (exclusive of depreciation and amortization below)	1,673	1,404	1,985	4,622	5,097
Selling, general and administrative	2,108	2,013	2,080	6,059	5,992
Depreciation - network and other	987	997	1,000	2,961	3,022
Depreciation - leased devices	990	888	837	2,732	2,205
Amortization	196	209	255	628	813
Other, net	(175)	117	156	(310)	260
Total net operating expenses	7,512	7,326	8,238	21,832	23,514
Operating income	**727**	**601**	**311**	**2,491**	**1,294**
Interest expense	(581)	(595)	(619)	(1,789)	(1,864)
Other (expense) income, net	(42)	44	(60)	(50)	(67)
Income (loss) before income taxes	**104**	**50**	**(368)**	**652**	**(637)**
Income tax benefit (expense)	7,052	(98)	(111)	6,662	(286)
Net income (loss)	**7,156**	**(48)**	**(479)**	**7,314**	**(923)**
Less: Net loss attributable to noncontrolling interests	6	-	-	6	-
Net income (loss) attributable to Sprint Corporation	**$ 7,162**	**$ (48)**	**$ (479)**	**$ 7,320**	**$ (923)**
Basic net income (loss) per common share	**$ 1.79**	**$ (0.01)**	**$ (0.12)**	**$ 1.83**	**$ (0.23)**
Diluted net income (loss) per common share	**$ 1.76**	**$ (0.01)**	**$ (0.12)**	**$ 1.79**	**$ (0.23)**
Weighted average common shares outstanding	4,001	3,998	3,983	3,998	3,979
Diluted weighted average common shares outstanding	4,061	3,998	3,983	4,080	3,979
Effective tax rate	**-6,780.8%**	**196.0%**	**-30.2%**	**-1,021.8%**	**-44.9%**

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

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net income (loss)	**$ 7,156**	**$ (48)**	**$ (479)**	**$ 7,314**	**$ (923)**
Income tax (benefit) expense	(7,052)	98	111	(6,662)	286
Income (loss) before income taxes	**104**	**50**	**(368)**	**652**	**(637)**
Other expense (income), net	42	(44)	60	50	67
Interest expense	581	595	619	1,789	1,864
Operating income	**727**	**601**	**311**	**2,491**	**1,294**
Depreciation - network and other	987	997	1,000	2,961	3,022
Depreciation - leased devices	990	888	837	2,732	2,205
Amortization	196	209	255	628	813
EBITDA* [(1)]	**2,900**	**2,695**	**2,403**	**8,812**	**7,334**
Loss (gain) from asset dispositions, exchanges, and other, net [(2)]	-	-	28	(304)	(326)
Severance and exit costs [(3)]	13	-	19	13	30
Contract terminations [(4)]	-	-	-	(5)	113
Litigation and other contingencies [(5)]	(260)	-	-	(315)	103
Hurricanes [(6)]	66	34	-	100	-
Adjusted EBITDA* [(1)]	**$ 2,719**	**$ 2,729**	**$ 2,450**	**$ 8,301**	**$ 7,254**
Adjusted EBITDA margin*	**45.9%**	**45.7%**	**38.7%**	**46.2%**	**37.7%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 696	$ 682	$ 478	$ 2,499	$ 1,421
Cash paid for capital expenditures - leased devices	$ 682	$ 608	$ 767	$ 1,787	$ 1,530

WIRELESS STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net operating revenues					
Service revenue					
Postpaid	$ 4,297	$ 4,363	$ 4,686	$ 13,126	$ 14,184
Prepaid [7]	993	990	985	2,982	3,096
Wholesale, affiliate and other [7]	329	296	275	884	784
Total service revenue	5,619	5,649	5,946	16,992	18,064
Equipment revenue	2,309	1,960	2,226	6,355	5,556
Total net operating revenues	**7,928**	**7,609**	**8,172**	**23,347**	**23,620**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	1,466	1,422	1,649	4,300	5,226
Cost of products (exclusive of depreciation and amortization below)	1,673	1,404	1,985	4,622	5,097
Selling, general and administrative	2,024	1,936	2,032	5,835	5,797
Depreciation - network and other	931	944	947	2,800	2,868
Depreciation - leased devices	990	888	837	2,732	2,205
Amortization	196	209	255	628	813
Other, net	139	117	150	54	248
Total net operating expenses	7,419	6,920	7,855	20,971	22,254
Operating income	**$ 509**	**$ 689**	**$ 317**	**$ 2,376**	**$ 1,366**

WIRELESS NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Operating income	**$ 509**	**$ 689**	**$ 317**	**$ 2,376**	**$ 1,366**
Loss (gain) from asset dispositions, exchanges, and other, net [2]	-	-	28	(304)	(326)
Severance and exit costs [3]	4	-	13	(1)	18
Contract terminations [4]	-	-	-	(5)	113
Litigation and other contingencies [5]	63	-	-	63	103
Hurricanes [6]	66	34	-	100	-
Depreciation - network and other	931	944	947	2,800	2,868
Depreciation - leased devices	990	888	837	2,732	2,205
Amortization	196	209	255	628	813
Adjusted EBITDA* [1]	**$ 2,759**	**$ 2,764**	**$ 2,397**	**$ 8,389**	**$ 7,160**
Adjusted EBITDA margin*	**49.1%**	**48.9%**	**40.3%**	**49.4%**	**39.6%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 565	$ 539	$ 389	$ 2,042	$ 1,123
Cash paid for capital expenditures - leased devices	$ 682	$ 608	$ 767	$ 1,787	$ 1,530

WIRELINE STATEMENTS OF OPERATIONS (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net operating revenues					
Voice	$ 94	$ 109	$ 153	$ 327	$ 506
Data	29	33	41	96	127
Internet	254	256	281	765	871
Other	16	11	22	47	59
Total net operating revenues	**393**	**409**	**497**	**1,235**	**1,563**
Net operating expenses					
Cost of services (exclusive of depreciation and amortization below)	352	372	400	1,111	1,284
Selling, general and administrative	71	66	49	194	189
Depreciation and amortization	55	49	51	155	148
Other, net	(314)	-	6	(309)	13
Total net operating expenses	164	487	506	1,151	1,634
Operating income (loss)	**$ 229**	**$ (78)**	**$ (9)**	**$ 84**	**$ (71)**

WIRELINE NON-GAAP RECONCILIATION (Unaudited)
(Millions)

	Quarter To Date			Year To Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Operating income (loss)	**$ 229**	**$ (78)**	**$ (9)**	**$ 84**	**$ (71)**
Severance and exit costs [3]	9	-	6	14	13
Litigation and other contingencies [5]	(323)	-	-	(323)	-
Depreciation and amortization	55	49	51	155	148
Adjusted EBITDA*	**$ (30)**	**$ (29)**	**$ 48**	**$ (70)**	**$ 90**
Adjusted EBITDA margin*	**-7.6%**	**-7.1%**	**9.7%**	**-5.7%**	**5.8%**
Selected items:					
Cash paid for capital expenditures - network and other	$ 30	$ 40	$ 24	$ 132	$ 75

CONDENSED CONSOLIDATED CASH FLOW INFORMATION (Unaudited)
(Millions)

	Year to Date	
	12/31/17	12/31/16
Operating activities		
Net income (loss)	$ 7,314	$ (923)
Depreciation and amortization	6,321	6,040
Provision for losses on accounts receivable	312	406
Share-based and long-term incentive compensation expense	137	57
Deferred income tax (benefit) expense	(6,707)	276
Gains from asset dispositions and exchanges	(479)	(354)
Call premiums paid on debt redemptions	(129)	-
Loss on early extinguishment of debt	65	-
Amortization of long-term debt premiums, net	(125)	(234)
Loss on disposal of property, plant and equipment	533	368
Contract terminations	(5)	96
Other changes in assets and liabilities:		
Accounts and notes receivable	(74)	(542)
Inventories and other current assets	(3,216)	(2,254)
Deferred purchase price from sale of receivables	-	(220)
Accounts payable and other current liabilities	(104)	(97)
Non-current assets and liabilities, net	260	(313)
Other, net	302	594
Net cash provided by operating activities	**4,405**	**2,900**
Investing activities		
Capital expenditures - network and other	(2,499)	(1,421)
Capital expenditures - leased devices	(1,787)	(1,530)
Expenditures relating to FCC licenses	(92)	(46)
Change in short-term investments, net	5,271	(2,349)
Proceeds from sales of assets and FCC licenses	367	126
Other, net	16	26
Net cash provided by (used in) investing activities	**1,276**	**(5,194)**
Financing activities		
Proceeds from debt and financings	3,073	6,830
Repayments of debt, financing and capital lease obligations	(7,159)	(3,266)
Debt financing costs	(19)	(272)
Other, net	(6)	68
Net cash (used in) provided by financing activities	**(4,111)**	**3,360**
Net increase in cash and cash equivalents	**1,570**	**1,066**
Cash and cash equivalents, beginning of period	**2,870**	**2,641**
Cash and cash equivalents, end of period	**$ 4,440**	**$ 3,707**

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

	Quarter To Date			Year to Date	
	12/31/17	9/30/17	12/31/16	12/31/17	12/31/16
Net cash provided by operating activities	**$ 1,166**	**$ 1,959**	**$ 650**	**$ 4,405**	**$ 2,900**
Capital expenditures - network and other	(696)	(682)	(478)	(2,499)	(1,421)
Capital expenditures - leased devices	(682)	(608)	(767)	(1,787)	(1,530)
Expenditures relating to FCC licenses, net	(73)	(6)	(14)	(92)	(46)
Proceeds from sales of assets and FCC licenses	149	117	60	367	126
Other investing activities, net	6	(1)	134	2	98
Free cash flow*	**$ (130)**	**$ 779**	**$ (415)**	**$ 396**	**$ 127**
Net proceeds (repayments) of financings related to devices and receivables	527	(359)	(231)	660	400
Adjusted free cash flow*	**$ 397**	**$ 420**	**$ (646)**	**$ 1,056**	**$ 527**

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Millions)

	12/31/17	3/31/17
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,440	$ 2,870
Short-term investments	173	5,444
Accounts and notes receivable, net	3,917	4,138
Device and accessory inventory	1,009	1,064
Prepaid expenses and other current assets	626	601
Total current assets	10,165	14,117
Property, plant and equipment, net	19,712	19,209
Goodwill	6,586	6,579
FCC licenses and other	41,222	40,585
Definite-lived intangible assets, net	2,667	3,320
Other assets	1,067	1,313
Total assets	**$ 81,419**	**$ 85,123**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 3,176	$ 3,281
Accrued expenses and other current liabilities	3,859	4,141
Current portion of long-term debt, financing and capital lease obligations	4,036	5,036
Total current liabilities	11,071	12,458
Long-term debt, financing and capital lease obligations	32,825	35,878
Deferred tax liabilities	7,709	14,416
Other liabilities	3,509	3,563
Total liabilities	**55,114**	**66,315**
Stockholders' equity		
Common stock	40	40
Paid-in capital	27,825	27,756
Accumulated deficit	(1,264)	(8,584)
Accumulated other comprehensive loss	(366)	(404)
Total stockholders' equity	26,235	18,808
Noncontrolling interests	70	-
Total equity	26,305	18,808
Total liabilities and equity	**$ 81,419**	**$ 85,123**

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

	12/31/17	3/31/17
Total debt	$ 36,861	$ 40,914
Less: Cash and cash equivalents	(4,440)	(2,870)
Less: Short-term investments	(173)	(5,444)
Net debt*	**$ 32,248**	**$ 32,600**

SCHEDULE OF DEBT (Unaudited)
(Millions)

ISSUER	MATURITY	12/31/17 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
Sprint Corporation		**10,500**
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	3,281
Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, and Sprint Spectrum Co III LLC		**3,281**
Sprint Communications, Inc.		
Export Development Canada secured loan	12/17/2019	300
9% Guaranteed notes due 2018	11/15/2018	1,800
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.		**8,080**
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	183
Secured equipment credit facilities	2020 - 2021	555
Secured term loan	02/03/2024	3,970
Credit facilities		**4,708**
Accounts receivable facility	11/18/2019	**2,966**
Financing obligations	2018 - 2021	**614**
Capital leases and other obligations	2018 - 2026	**532**
Total principal		**36,885**
Net premiums and debt financing costs		**(24)**
Total debt		**$ 36,861**

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 products 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 equipment revenue at the point of sale and the cost of the device is recognized as cost of products. During the three and nine-month periods ended December 31, 2017, we leased devices through our Sprint direct channels totaling approximately $1,761 million and $3,671 million, respectively, which would have increased cost of products 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 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, 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 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 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 second quarter 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 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.

(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 $92 million and $275 million for the three and nine-month periods ended December 31, 2016, 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, operating lease revenue 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, operating lease revenue, 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, operating lease revenue 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, operating lease revenue, 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, including changes in restricted cash, if any, and excluding the sale-leaseback of devices 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, short-term investments and, if any, restricted cash. 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. 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 December 31, 2017 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. Sprint has been named to the Dow Jones Sustainability Index (DJSI) North America for the past five years. You can learn more and visit Sprint at www.sprint.com or www.facebook.com/sprint and www.twitter.com/sprint.