



Fiscal 4Q15 Results Conference Call

May 3, 2016

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Cautionary Statement



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, 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, 2015 and, when filed, its Annual Report on Form 10-K for the fiscal year ended March 31, 2016. 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.

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*Non-GAAP Financial Measures



*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.

Sprint Platform Postpaid ABPA is average billings per account and calculated by dividing postpaid service revenue earned from postpaid customers plus installment plan billings and 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 Sprint platform postpaid customer billings per account as it approximates the expected cash collections, including installment plan billings and lease revenue, per postpaid account each month.

Sprint Platform Postpaid Phone ABPU is average billings per postpaid phone user and calculated by dividing service revenue earned from postpaid phone customers plus installment plan billings and 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 Sprint platform postpaid phone customer billings as it approximates the expected cash collections, including installment plan billings and 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. Adjusted Free Cash Flow is Free Cash Flow plus the proceeds from the sale-leaseback of devices and sales of future lease 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 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.

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Net Loss per Share



	4QFY14	4QFY15	FY 2014	FY 2015
Reported net loss per share	(\$0.06)	(\$0.14)	(\$0.85)	(\$0.50)
Select items included in net loss per share:				
Severance and exit costs	\$0.01	(\$0.04)	(\$0.08)	(\$0.10)
Loss from asset dispositions		(\$0.02)		(\$0.04)
Litigation costs			(\$0.02)	(\$0.05)
Non-cash impairment charges			(\$0.54)	
Non-cash impairment tax benefit			\$0.18	

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Fiscal Year 2015 Highlights



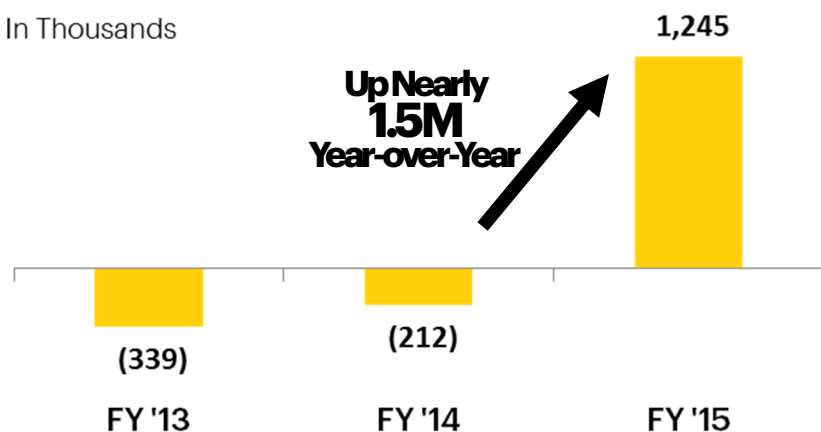
- Generated positive fiscal year Operating Income for the first time in nine years driven by consistent quarterly operating revenues and continued momentum in our cost reduction efforts
- Postpaid phone net additions^ were the highest in three years and improved by nearly 2 million year-over-year
- Best-ever postpaid churn^ for a fiscal year in the company's 20 year history in wireless, and the biggest year-over-year improvement in churn in 12 years
- \$11 billion of currently committed liquidity thanks to successfully executing both device and network financing transactions in April
- LTE Plus service in 204 markets, and our network is performing better than ever for both voice and data

Growing Connections



Postpaid Net Adds^

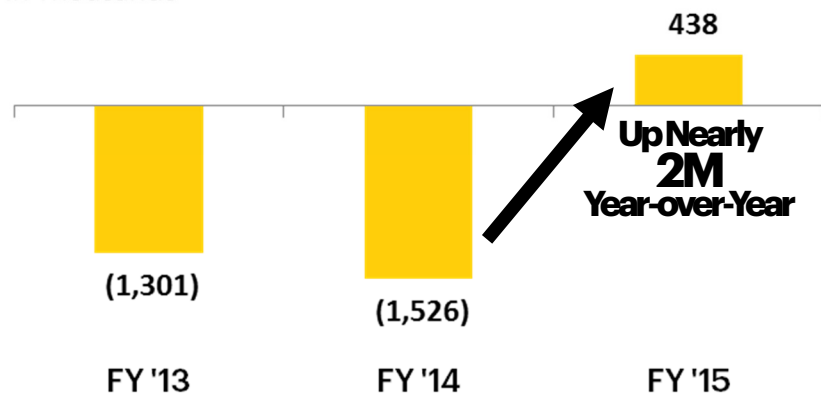
In Thousands



- Postpaid net additions of over 1.2M for fiscal 2015 improved by nearly 1.5M y/y
- Fiscal 2015 postpaid phone net additions were the highest in three years
- Lowest ever postpaid churn and postpaid phone churn for a fiscal year

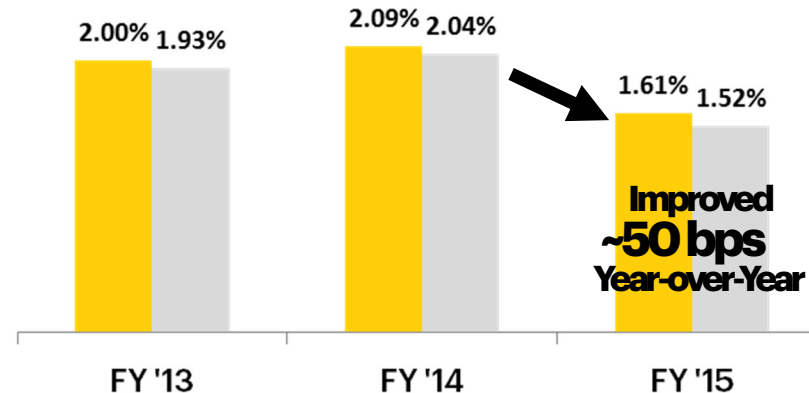
Postpaid Phone Net Adds^

In Thousands



Postpaid Churn^

■ Postpaid Churn
■ Postpaid Phone Churn



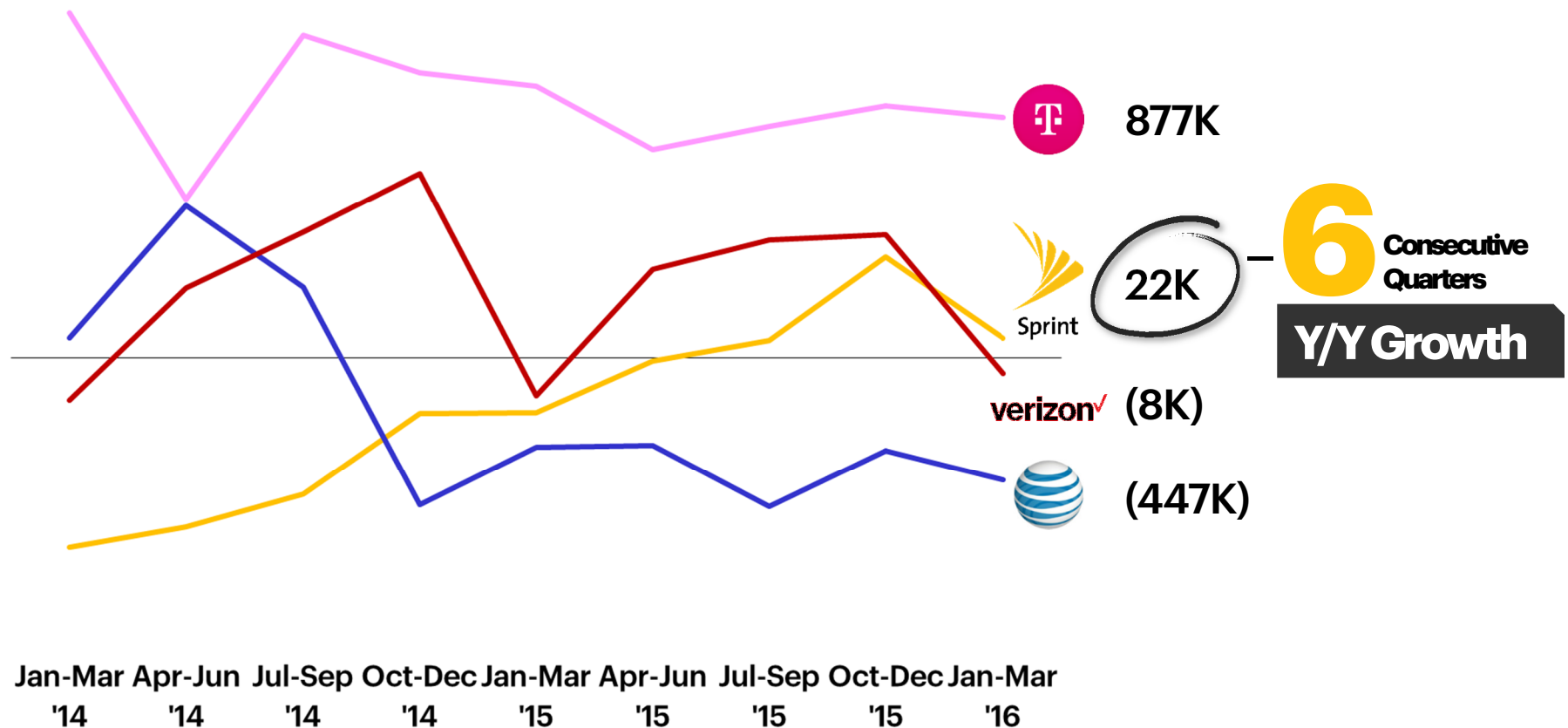
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^ indicates results specific to Sprint Platform

Building Competitive Momentum



Postpaid Phone Net Additions^



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^ indicates results specific to Sprint Platform

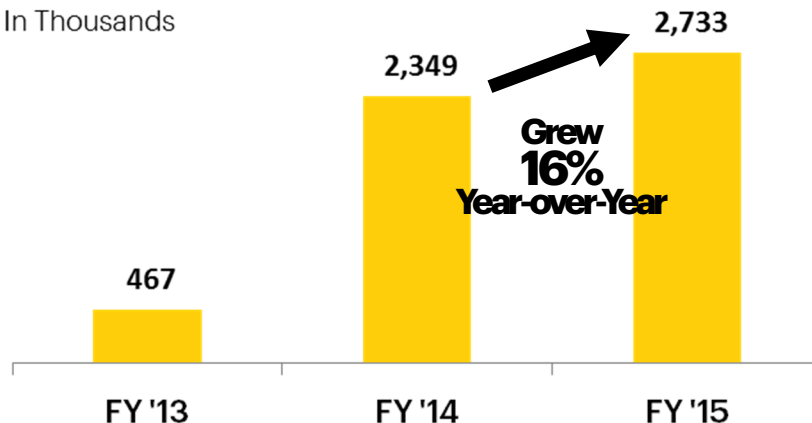
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Prepaid and Wholesale



Wholesale Net Adds^

In Thousands



- Boost growing y/y despite overall prepaid portfolio losses
- Creating partnership to merge Sprint's Assurance Wireless and i-wireless' Access Wireless into one entity
- The partnership will combine Sprint's strong position as a network provider with i-wireless' national distribution strength
- Allows Sprint to focus on our core retail brands
- Wholesale net additions grew 16% y/y in fiscal year 2015

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^ indicates results specific to Sprint Platform

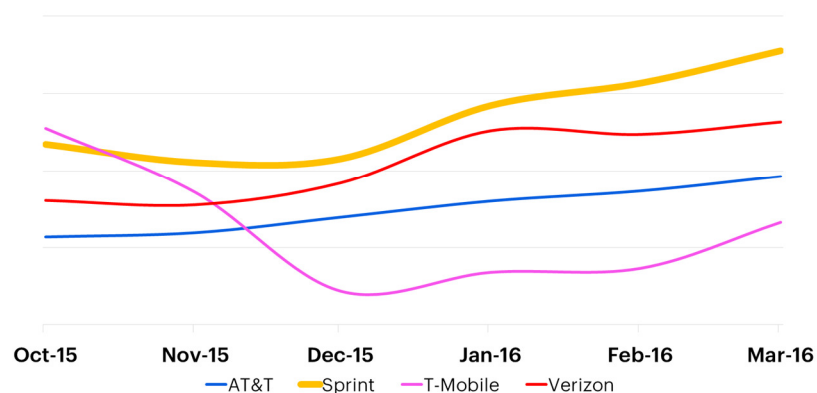
LTE Plus – More Spectrum, Better Network



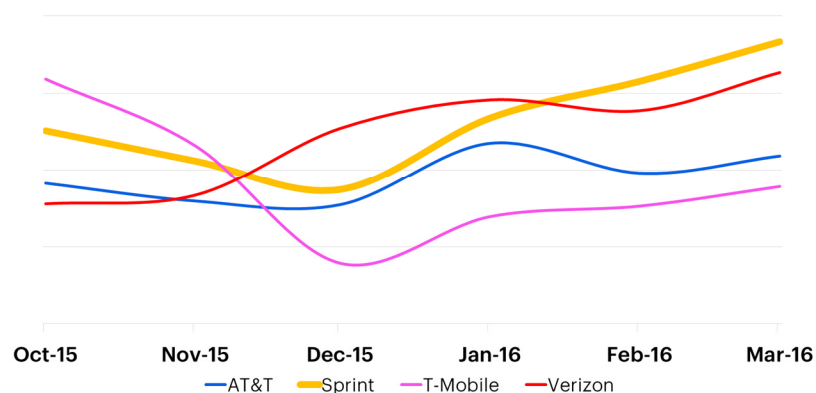
Sprint

LTE Plus available in 204 markets leveraging carrier aggregation and beamforming for better performance

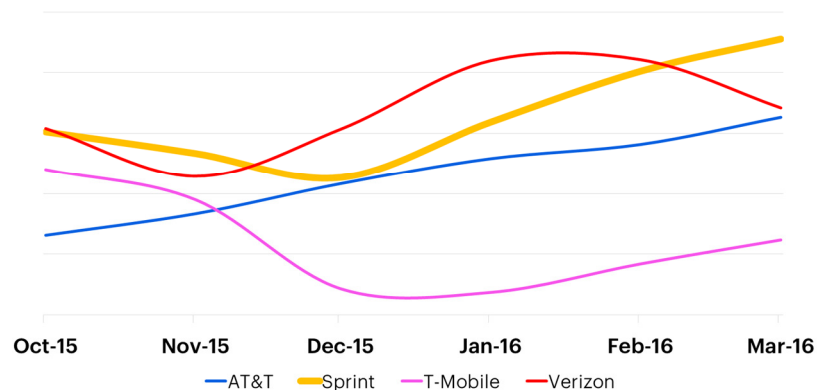
Fastest Nationwide



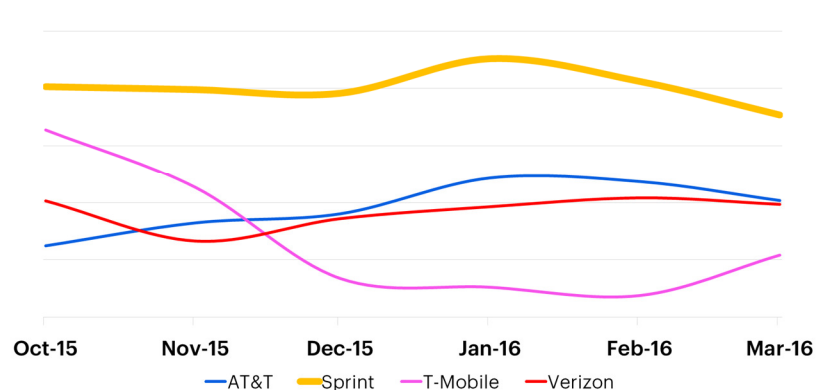
Fastest in New York



Fastest in Chicago



Fastest in Houston



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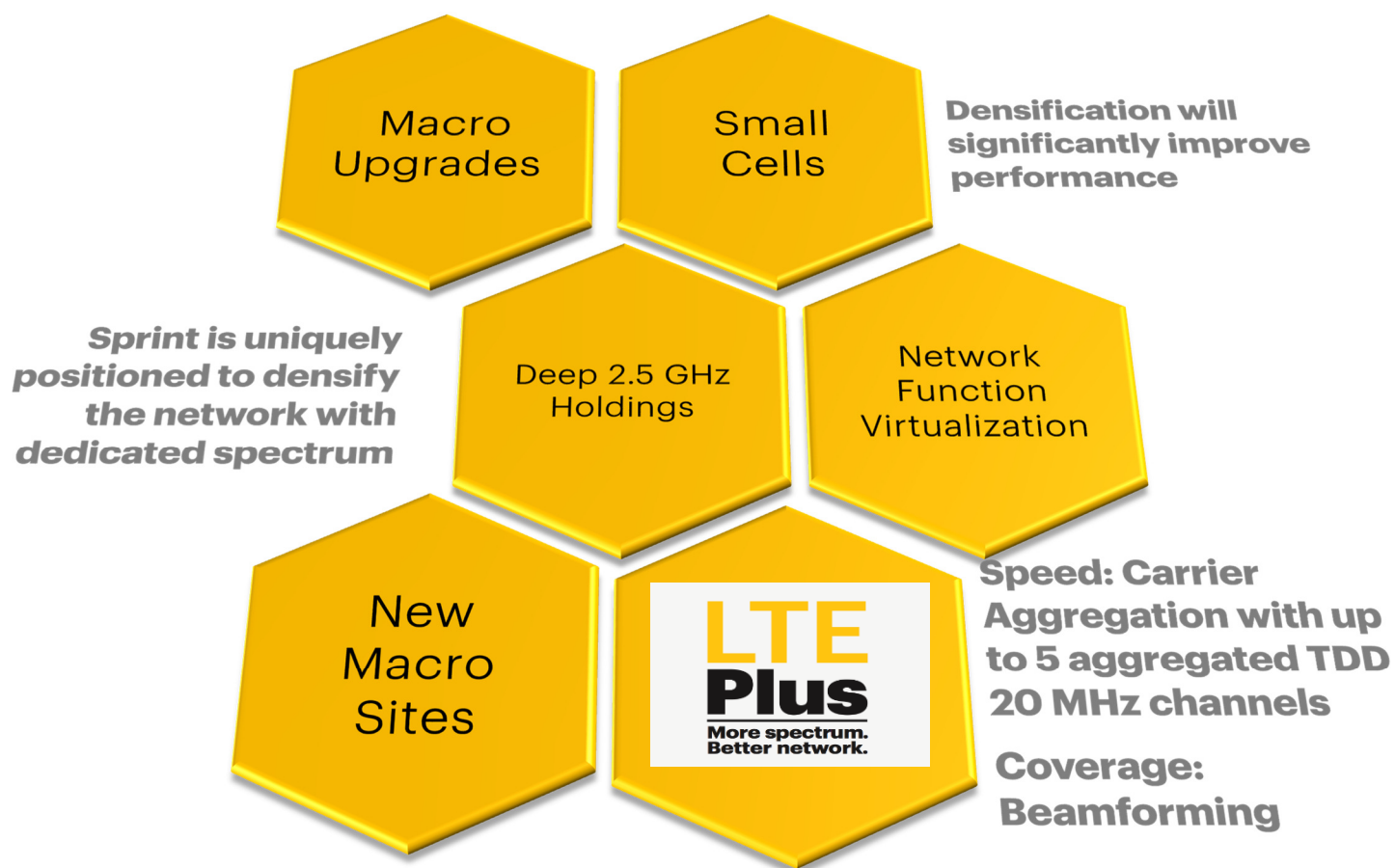
Source: Sprint's analysis of Nielsen NMP National data of delivered download speeds for total LTE downloads 150 KB+

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Densification and Optimization Strategy



No other US operator has more spectrum depth to densify the network and deliver more capacity for LTE and future 5G services



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Building the Foundation for 5G



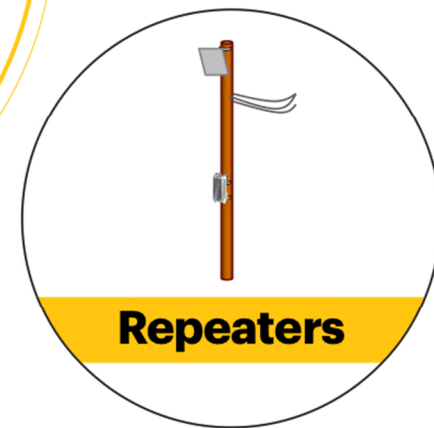
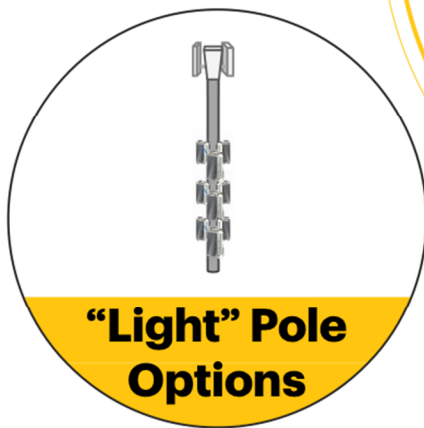
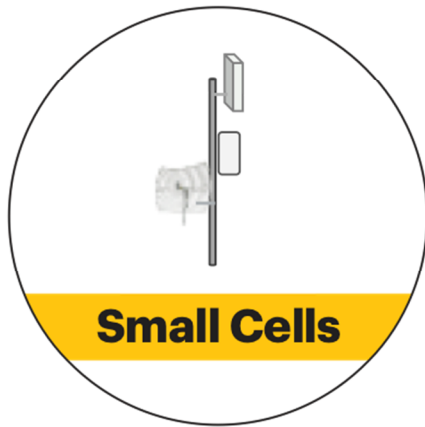
- Our Densification & Optimization Plan is building the foundation for 5G
 - ✓ Street furniture (e.g. poles) not Towers
 - ✓ Signals from both sides of walls
 - ✓ Network Function Virtualization
 - ✓ Software Defined Networking (SDN)
- 5G is all about high-band spectrum (including millimetric band spectrum), which Sprint has commercially deployed
- Our 2.5 GHz spectrum is considered the low-band spectrum for 5G

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More Tools – Lower Costs



More tools enable capital efficient execution of our Densification and Optimization Strategy



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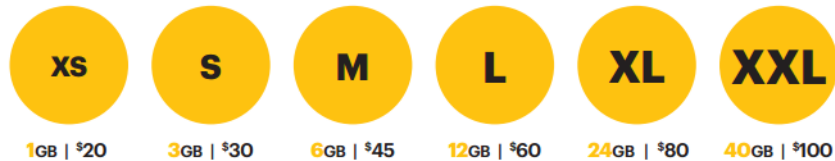
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Enhancing Our Value Proposition



Better Choice Plans.

Includes unlimited talk and text.

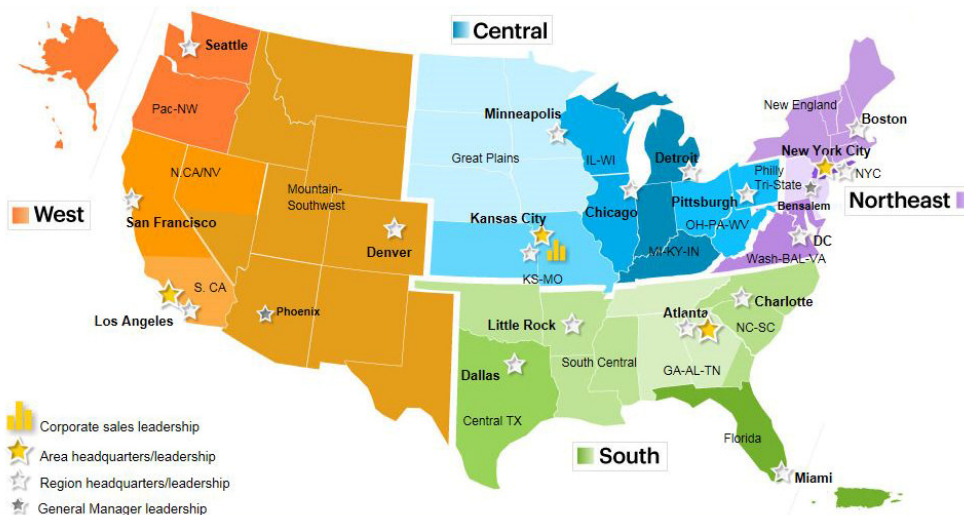


+ \$20/line access charge non-discounted handsets
+ \$10/line access charge MBB/Tablets
+ \$45/line access charge discounted handsets
Plus you can share data with Mobile Hotspot. Other monthly charges apply.**

Unlimited ∞

Sprint Unlimited Plan
• Unlimited high-speed data*
• Unlimited talk & text
• 3 GB of Mobile Hotspot access per month

1 Line \$75 | 2 Lines \$120 | 3 Lines \$150 | 4 Lines \$150-4th Line FREE!



- Launched Better Choice rate card in February to simplify shared data plans
- Raised the price of unlimited again to drive profitability
- Focused on providing a competitive price while still growing the average billings per user*
- Expect future growth to come primarily from better regional execution and accountability

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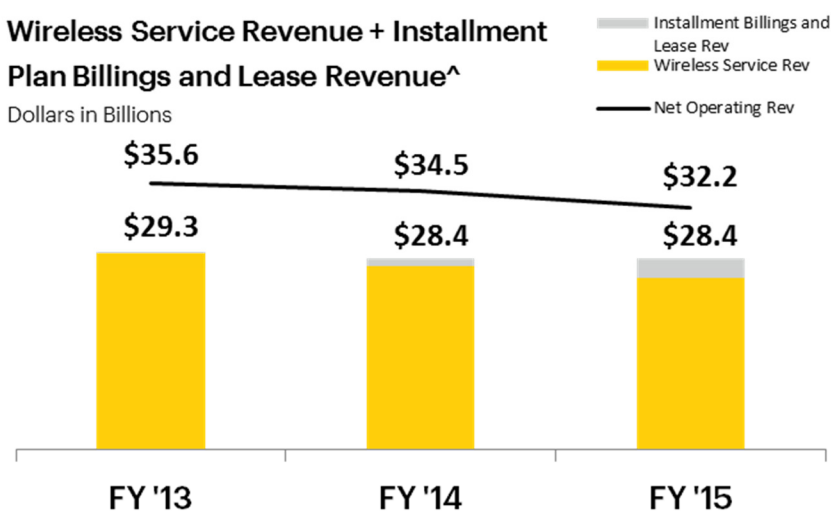
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Revenue

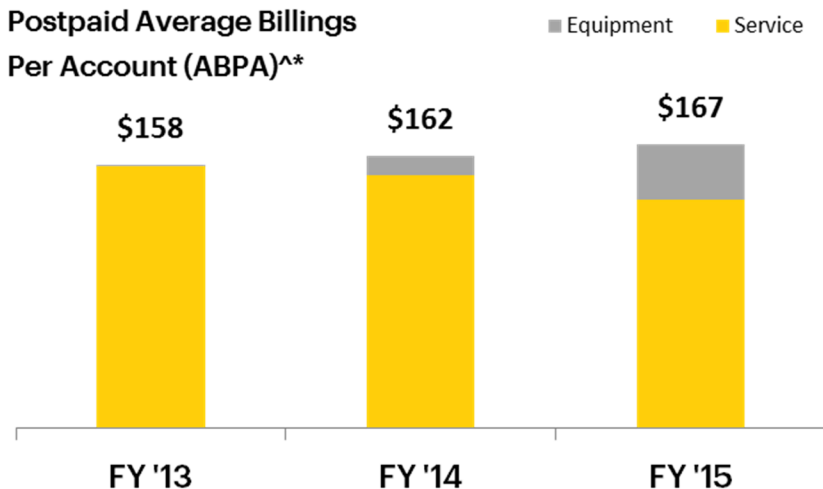


Wireless Service Revenue + Installment Plan Billings and Lease Revenue[^]

Dollars in Billions



Postpaid Average Billings Per Account (ABPA)[^]*



- Consolidated net operating revenues for fiscal 2015 were \$32.2 billion
- Wireless quarterly operating revenues and service revenues stabilizing
- Fiscal 2015 wireless service revenue plus installment plan billings and lease revenue of \$28.4 billion were up slightly from the prior year
- 64% of postpaid device sales in fiscal 2015 were financed including 51% on leasing
- Postpaid ABPA* increased 3% y/y
- Postpaid Phone ABPU* increased 2% y/y

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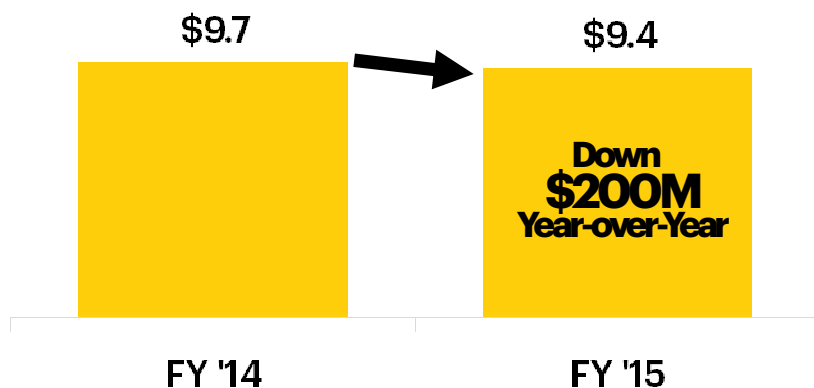
[^] indicates results specific to Sprint Platform

Reducing Operating Expenses



Cost of Services

Dollars in Billions



➤ Cost of Services down \$221 million y/y

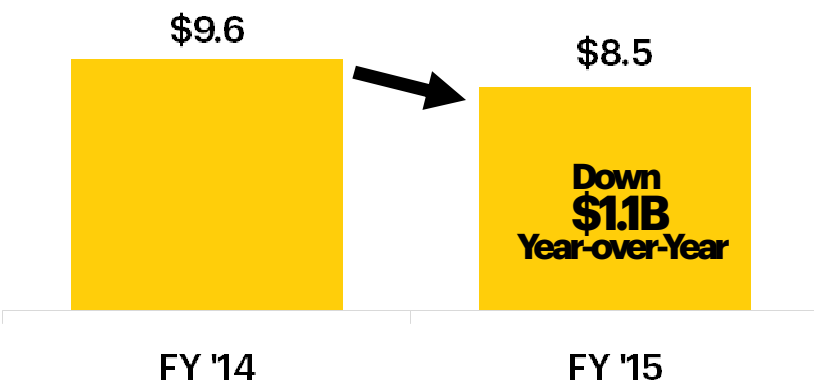
- ✓ Lower wireline network expenses
- ✓ Lower wireless backhaul and roaming

➤ SG&A expenses improved \$1.1 billion y/y

- ✓ Lower marketing spend
- ✓ Lower G&A expenses

Selling, General, and Administrative

Dollars in Billions



➤ Cost of Products down \$3.5 billion y/y

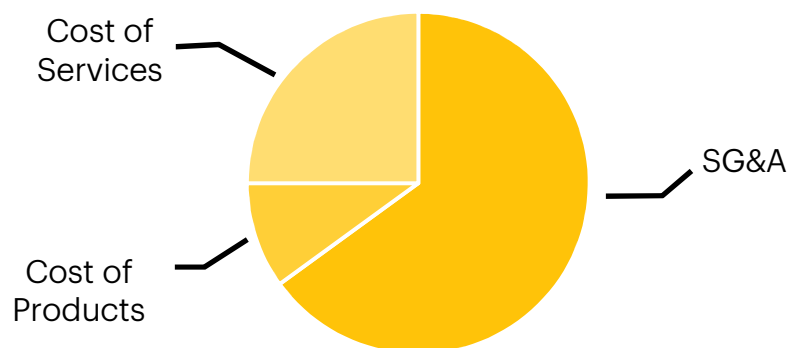
- ✓ Lower upgrade volumes
- ✓ Increased mix of sales on leasing, partially offset by leaseback payments
- ✓ Changes in sourcing of some devices in the company's indirect channels

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Cost Transformation



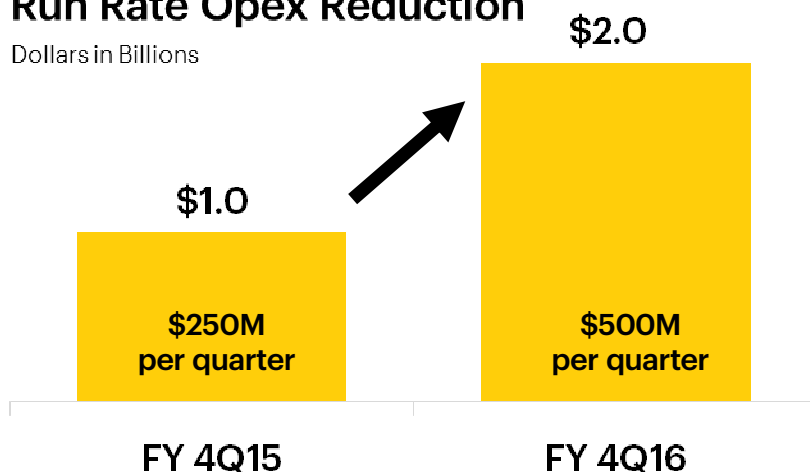
Run Rate Reduction



- Confident in our plan to achieve sustainable reduction of \$2 billion or more of run rate operating expenses exiting fiscal 2016
- Expect most will come from SG&A across Sales, Marketing, Care, and G&A
- Reductions in Cost of Services driven by migrations from TDM to IP in the wireline business as well as lower wireless site costs from the WiMAX shutdown
- Exited fiscal 2015 having already achieved 50% of the fiscal 2016 targeted exit run rate savings

Run Rate Opex Reduction

Dollars in Billions



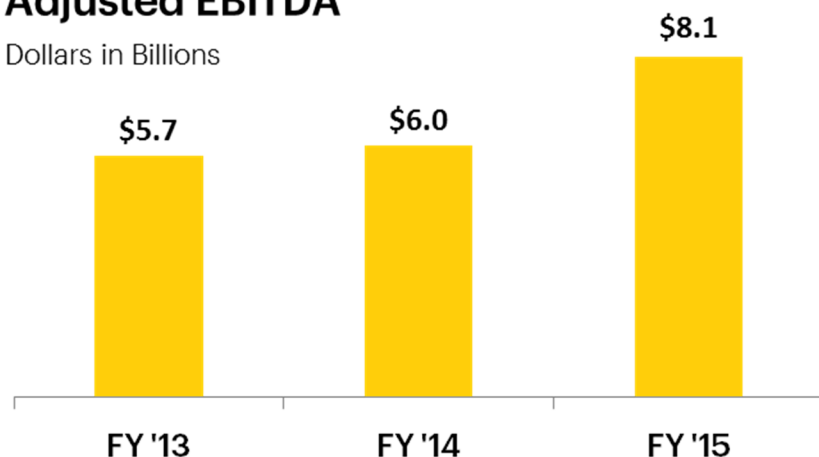
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Adjusted EBITDA* / Operating Income/(Loss)



Adjusted EBITDA*

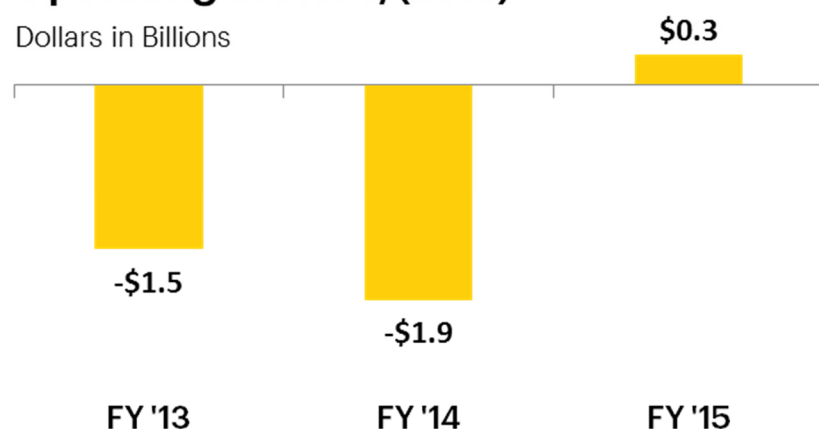
Dollars in Billions



➤ Fiscal 2015 Adjusted EBITDA* of \$8.1 billion is above the high-end of our guidance and 36% higher than fiscal 2014

Operating Income/(Loss)

Dollars in Billions



➤ Sprint generated Operating Income for the first time in nine years for fiscal 2015

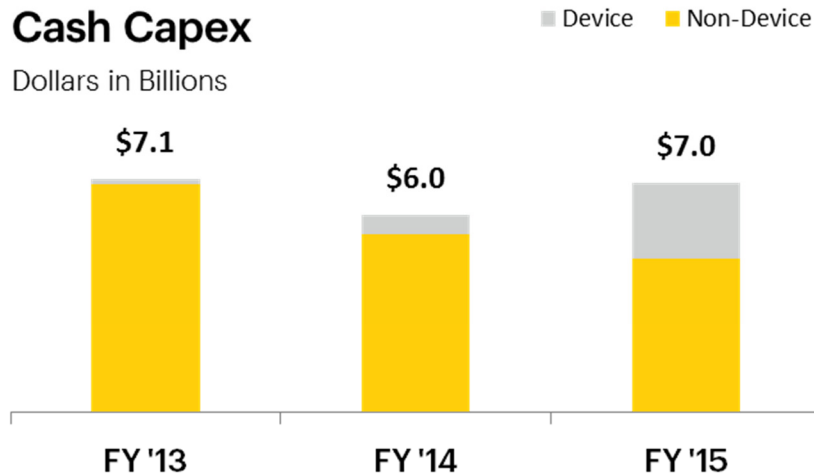
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CapEx and Adjusted Free Cash Flow*



Cash Capex

Dollars in Billions

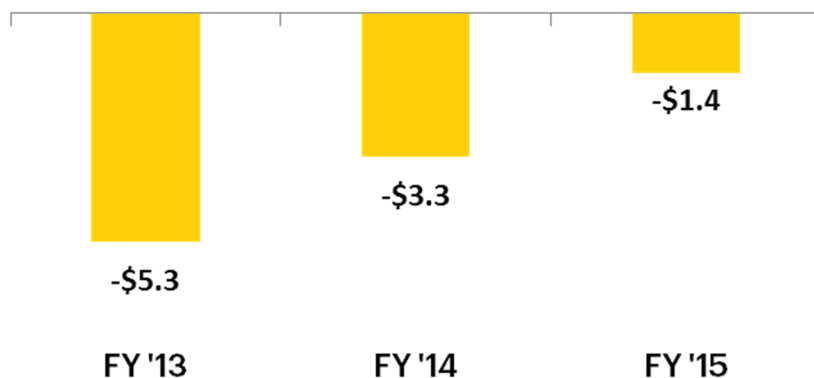


➤ Fiscal 2015 cash capex of \$7 billion includes \$2.3 billion related to leased devices

➤ \$4.7 billion related to network and corporate investments represents over 17% of service revenues for the year

Adjusted Free Cash Flow*

Dollars in Billions



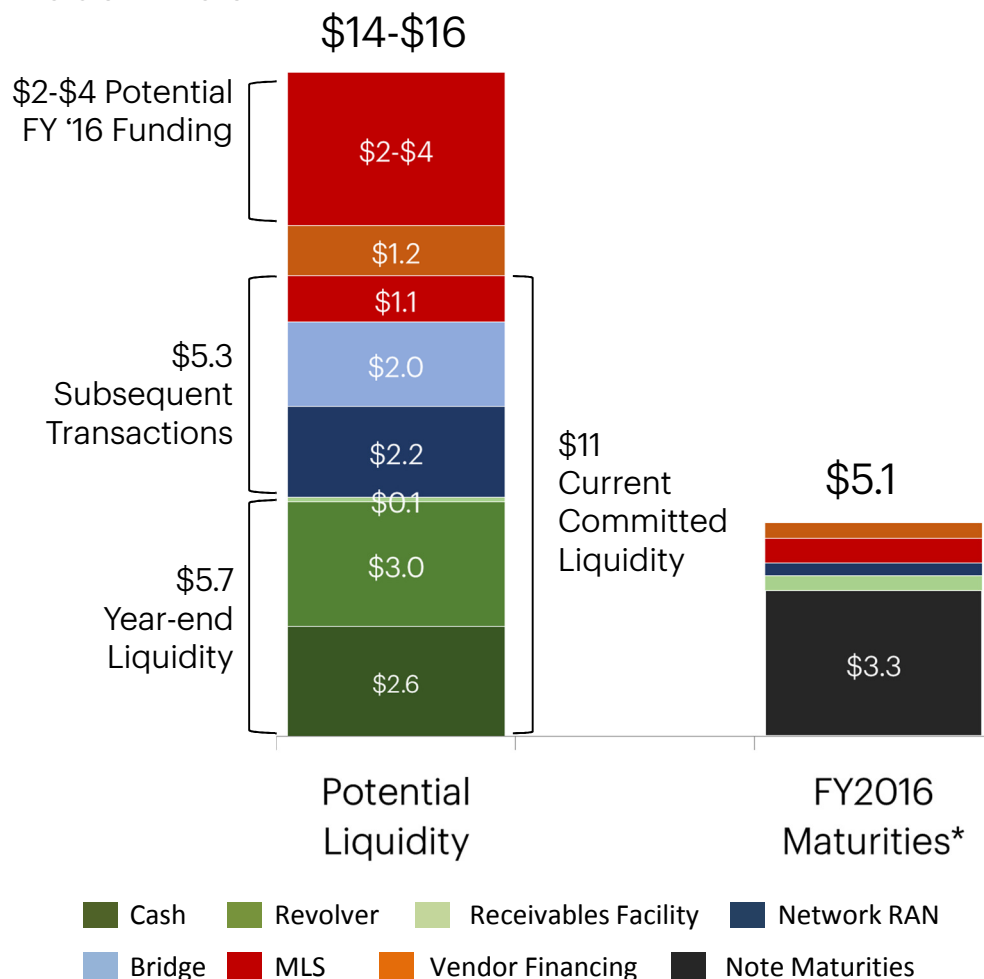
➤ Adjusted Free Cash Flow* of negative \$1.4 billion improved by nearly \$2 billion y/y

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Liquidity & Debt



Dollars in Billions



- \$5.7 billion of general purpose liquidity as of 3/31/16 including \$2.6 billion in cash
- Successfully raised additional \$5.3 billion subsequent to the end of the quarter
 - Completed existing RAN LeaseCo for \$2.2 billion in cash
 - Completed second transaction with MLS for \$1.1 billion in cash
 - Signed Bridge financing for \$2 billion
- Expect quarterly device sale-leaseback transactions providing potential \$2-\$4 billion in fiscal 2016
- Continuing to pursue financing structures that would involve a small portion of spectrum assets
- Plan to repay fiscal 2016 maturities as they come due

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*Includes repayments for closed transactions

Fiscal Year 2016 Guidance

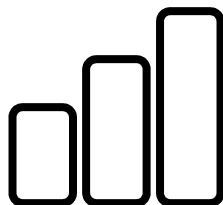


**Adjusted
EBITDA***



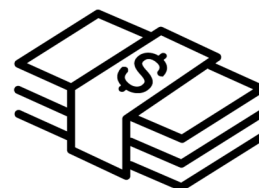
**\$9.5 billion
to \$10 billion**

**Operating
Income**



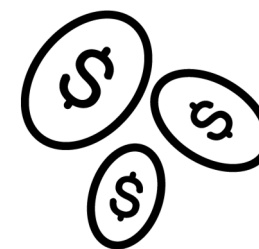
**\$1 billion to
\$1.5 billion**

**Cash
Capex**



**approximately
\$3 billion,
excluding the
capex associated
with leased
devices**

**Adjusted
Free Cash
Flow***



**around
break even**

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Questions & Answers

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