



Quarterly Investor Update

Fiscal 3Q18 | 1-31-2019

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Fiscal 3Q 2018 Highlights



Wireless Service Revenue^[1]

year-over-year growth for the second consecutive quarter



Adjusted EBITDA*

Highest for a fiscal 3Q in 12 years



Operating Income

Delivered for the 12th consecutive quarter



Postpaid Net Additions

Delivered for the 6th consecutive quarter



Digital Transformation

Increased digital sales and the implementing of artificial intelligence



Next-Gen Network

More LTE coverage and faster download speeds year-over-year

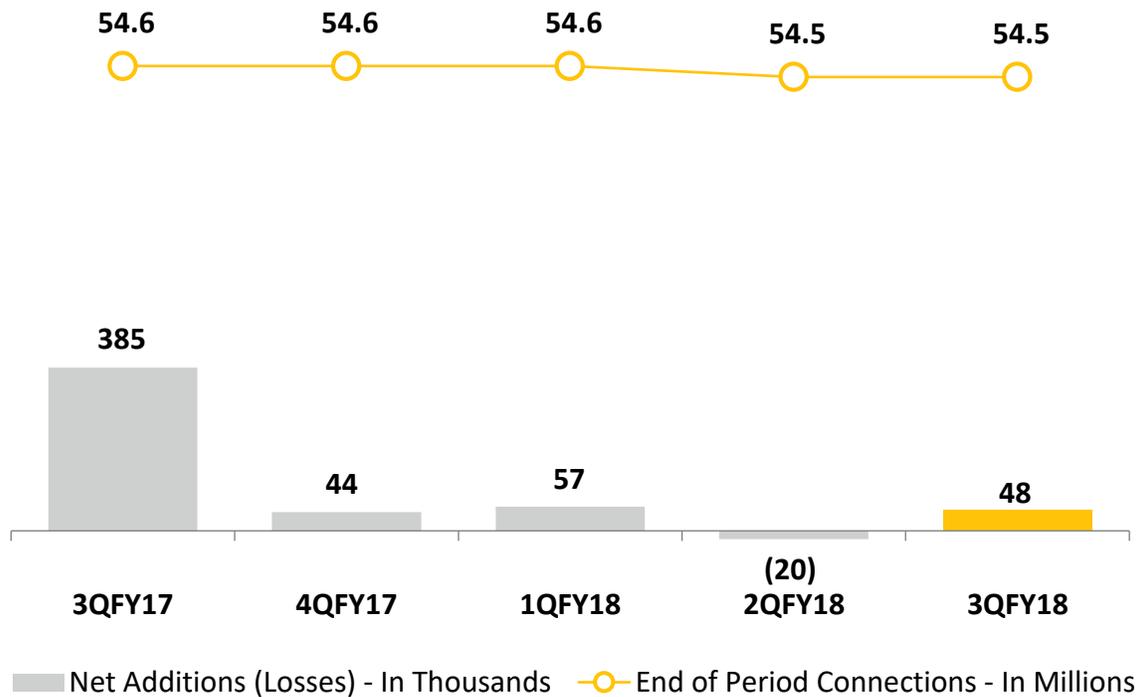
[1] excluding the impact of the new revenue standard

Message from the CEO

“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. We delivered solid financials, increased network investments as we prepare for our mobile 5G launch, and continued the digital transformation of the company.”

Michel Combes

Total Connections

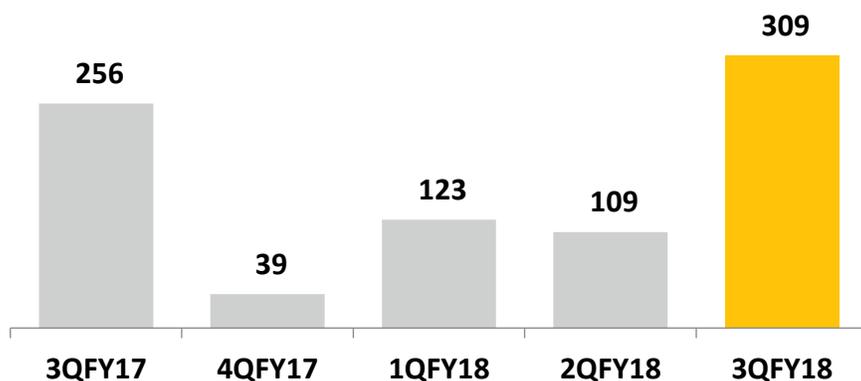


The company had **48,000 net additions** in the current quarter compared with 385,000 net additions in the year-ago period and 20,000 net losses in the prior quarter.

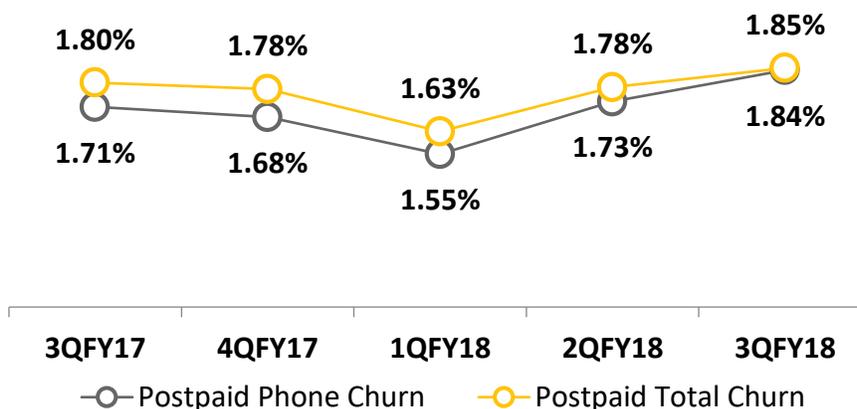
Sprint ended the quarter with **54.5 million connections**, including 32.6 million postpaid, 8.9 million prepaid, and 13.0 million wholesale and affiliate connections.

Postpaid net additions were 309,000 during the quarter compared to net additions of 256,000 in the year-ago period and net additions of 109,000 in the prior quarter. Both the year-over-year and sequential increases were primarily driven by data device net additions, while the year-over-year change was also impacted by lower phone net additions. The current quarter included 107,000 net migrations from prepaid to non-Sprint branded postpaid, compared to 81,000 in the prior quarter.

Postpaid Net Additions
In Thousands



Postpaid Total Churn and Postpaid Phone Churn



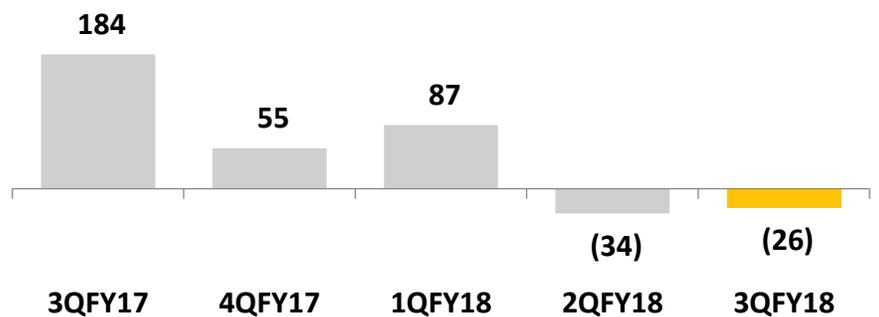
Postpaid phone churn of 1.84 percent compared to 1.71 percent in the year-ago period and 1.73 percent in the prior quarter. The year-over-increase was mostly driven by customers rolling off promotional offers, while the sequential increase was mostly due to seasonality.

Postpaid total churn of 1.85 percent for the quarter compared to 1.80 percent in the year-ago period and 1.78 percent in the prior quarter. The year-over-year and sequential increases were primarily driven by increases in phone churn, while the year-over-year increase was partially offset by lower churn within data devices.

Postpaid phone net losses of 26,000 compared to net additions of 184,000 in the year-ago period and net losses of 34,000 in the prior quarter. The year-over-year decrease was driven by lower gross additions associated with the introduction of less promotional service pricing, and higher churn. Sequentially, higher gross additions were offset by higher churn. The current quarter included 107,000 net migrations from prepaid to non-Sprint branded postpaid compared to 81,000 in the prior quarter.

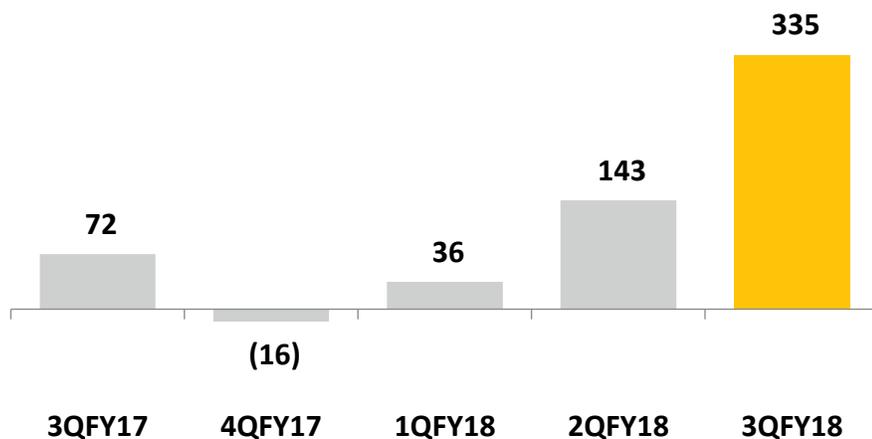
Postpaid Phone Net Additions (Losses)

In Thousands



Data Device Net Additions (Losses)

In Thousands

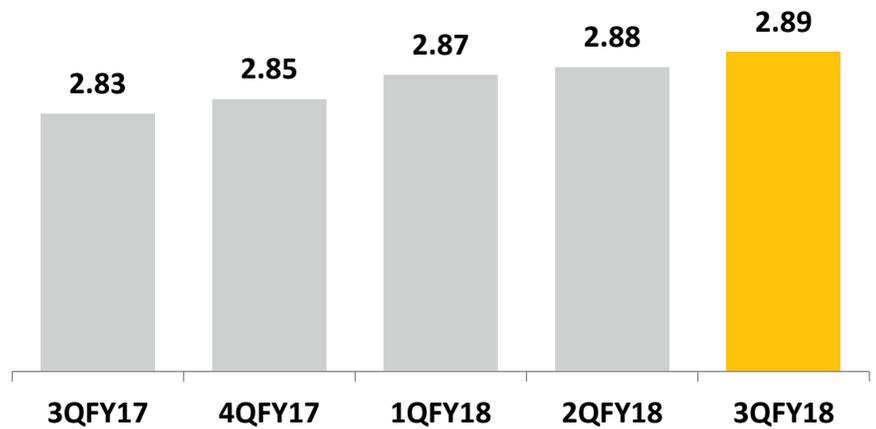


Data device net additions of 335,000 in the quarter compared to net additions of 72,000 in the year-ago period and 143,000 in the prior quarter. Both the year-over-year and sequential increases were driven by higher net additions associated with wearables, tablets, and connected car devices.

Average postpaid connections

per account of 2.89 at quarter end compared to 2.83 in the year-ago period and 2.88 in the prior quarter. The year-over-year growth has been driven by higher phones and data devices per account.

Average Postpaid Connections per Account

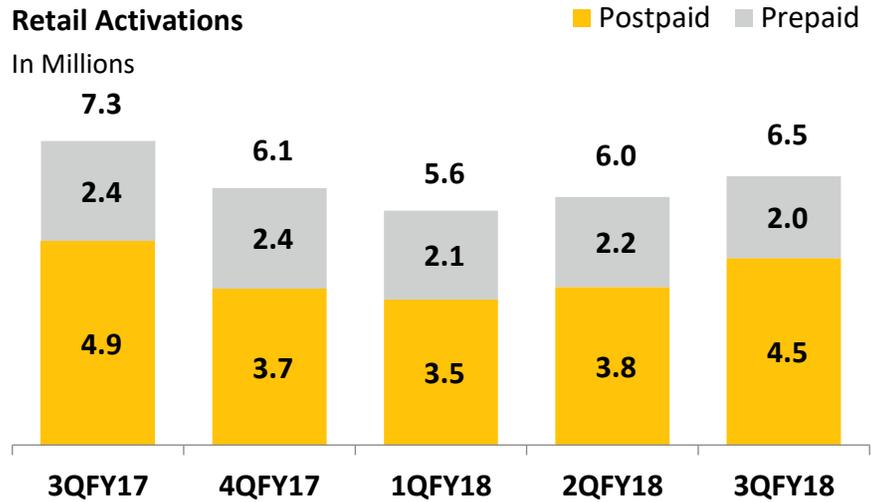


Prepaid net losses of 173,000 during the quarter compared to 63,000 net additions in the year-ago period and 14,000 net losses in the prior quarter. Both the year-over-year and sequential decreases were impacted by higher churn. In addition, the year-over-year decrease was impacted by 107,000 net migrations from prepaid to non-Sprint branded postpaid.

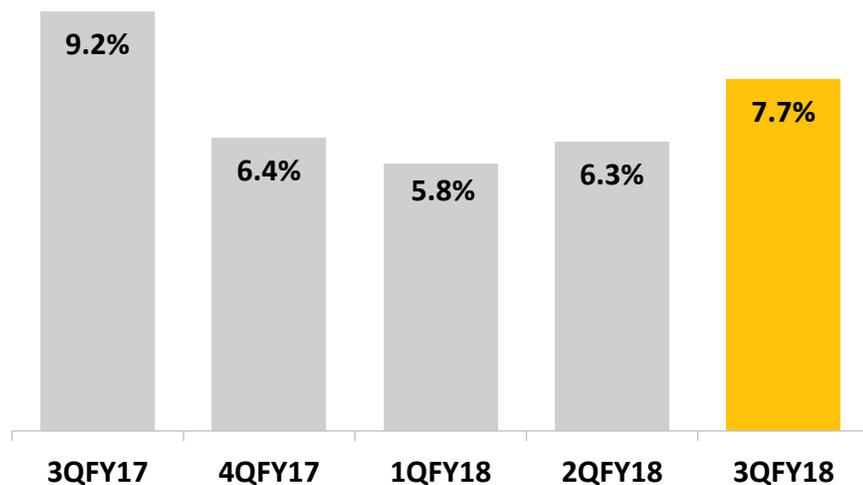
Prepaid churn was 4.83 percent compared to 4.63 percent for the year-ago period and 4.74 percent for the prior quarter. The year-over-year and sequential increases were impacted by more aggressive competitor promotions from all industry players while the sequential increase was also impacted by seasonality.

Wholesale & affiliate net losses were 88,000 in the quarter compared to net additions of 66,000 in the year-ago period and net losses of 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.

Retail activations were 6.5 million during the quarter compared to 7.3 million in the year-ago period and 6.0 million in the prior quarter. Year-over-year, the decrease was primarily driven by lower postpaid and prepaid upgrades. Sequentially, the increase was primarily driven by seasonally higher postpaid activations, partially offset by lower prepaid activations.



Postpaid Upgrades as a Percent of Total Postpaid Subscribers

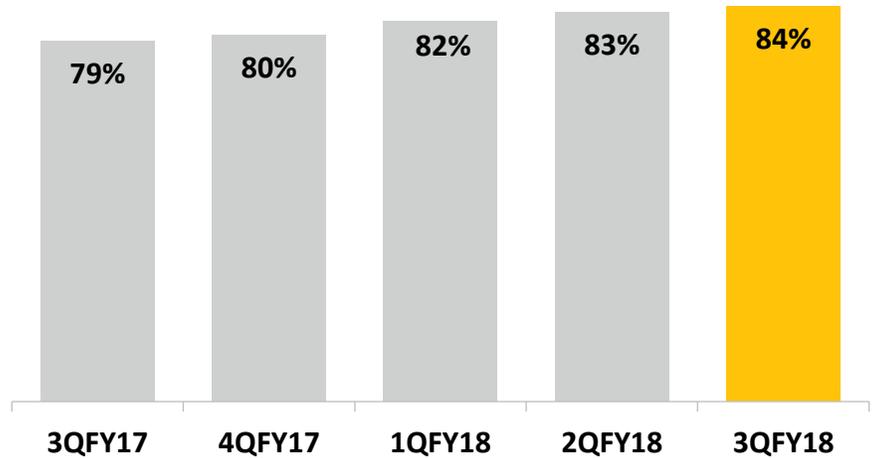


Postpaid upgrade rate was 7.7 percent during the quarter compared to 9.2 percent for the year-ago period and 6.3 percent for the prior quarter. The year-over-year decrease was impacted by overall industry trends of customers keeping devices longer, as well as fewer upgrade offer incentives. The sequential increase was impacted by seasonality.

Postpaid phone connections on unsubsidized service plans

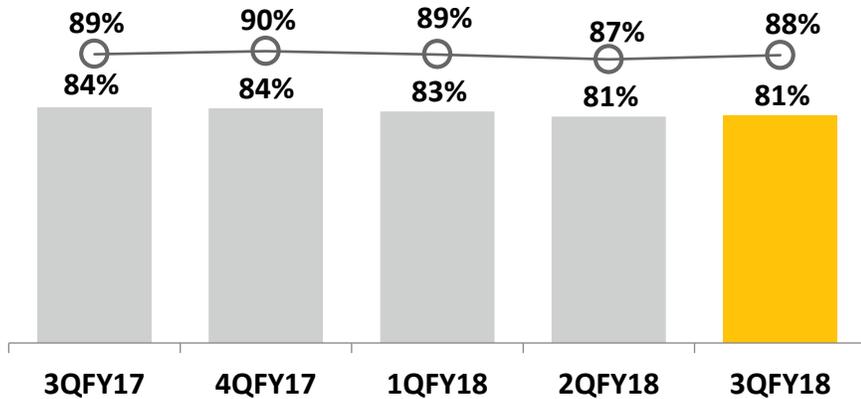
represented 84 percent of the base at the end of the quarter, compared to 79 percent in the year-ago period and 83 percent in the prior quarter.

Postpaid Phone Connections on Unsubsidized Service Plans



Postpaid Device Financing

Total Financed Percentage of Activations
 Phone Financed Percentage of Phone Activations



Postpaid device financing

represented 81 percent of postpaid activations for the quarter compared to 84 percent for the year-ago period and 81 percent in the prior quarter. At the end of the quarter, 51 percent of the postpaid connection base was active on a leasing agreement compared to 45 percent in the year-ago period and 50 percent in the prior quarter.

Postpaid phone financing

represented 88 percent of phone activations for the quarter compared to 89 percent for the year-ago period and 87 percent in the prior quarter.

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.

Revenue Recognition Changes

The company adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" as of April 1, 2018 ("new revenue standard").

A summary of the financial impact of the income statement adjustments under the new standard, as compared to the previous revenue standard, are reflected in the table for the current quarter.

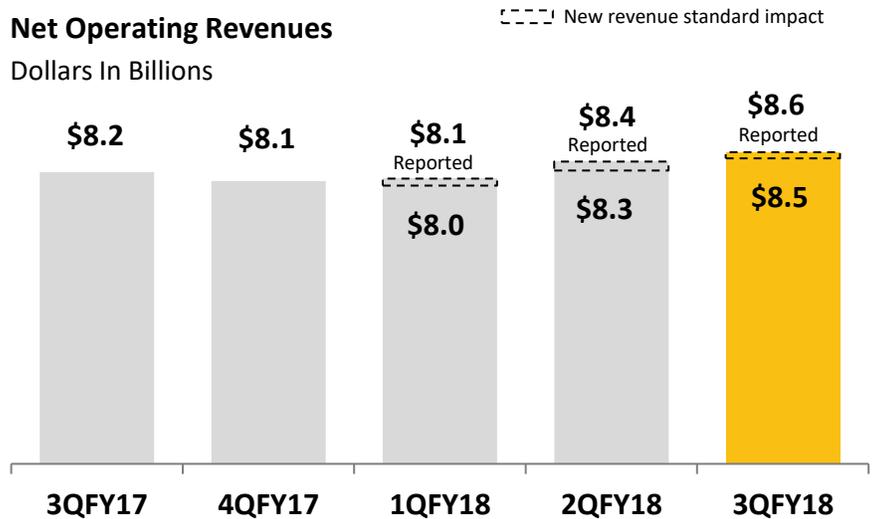
The most significant impacts to the financial statement results are as follows:

- Consideration paid to customers or on behalf of customers is included as a reduction of the total transaction price of customer contracts, resulting in a contract asset that is amortized to service revenue over the term of the contract or customer life. As a result, the income statement impact reflects an increase in equipment sales offset by a reduction in wireless service revenue. Under the previous standard, this consideration paid to customers or on behalf of customers was recognized as a reduction to equipment sales or as selling, general and administrative expense.
- Costs to acquire a customer contract or for a contract renewal are now capitalized and amortized to selling, general and administrative expenses over the expected customer relationship period or length of the service contract, respectively. Under the previous standards, such commission costs were expensed as incurred.

IMPACT FROM NEW REVENUE STANDARD			
Three months ended December 31, 2018			
	As Reported - New Revenue Standard	Previous Revenue Standard	Difference
<i>(in millions)</i>			
Net operating revenues			
Service revenue	\$ 5,699	\$ 5,898	\$ (199)
Equipment sales	1,589	1,264	325
Equipment rentals	1,313	1,329	(16)
Total net operating revenues	8,601	8,491	110
Net operating expenses			
Cost of services	1,648	1,671	(23)
Cost of equipment sales	1,734	1,715	19
Cost of equipment rentals	182	182	-
Selling, general and administrative	2,003	2,145	(142)
Depreciation - network and other	1,088	1,088	-
Depreciation - equipment rentals	1,137	1,137	-
Amortization	145	145	-
Other, net	185	185	-
Total net operating expenses	8,122	8,268	(146)
Operating income	479	223	256
Total other expense	(632)	(632)	-
Loss before taxes	(153)	(409)	256
Income tax benefit	8	62	(54)
Net loss	(145)	(347)	202
Less: Net loss attributable to noncontrolling interests	4	4	-
Net loss attributable to Sprint Corp.	\$ (141)	\$ (343)	\$ 202
Non-GAAP Financial Measures:			
Adjusted EBITDA*	\$ 3,101	\$ 2,845	\$ 256

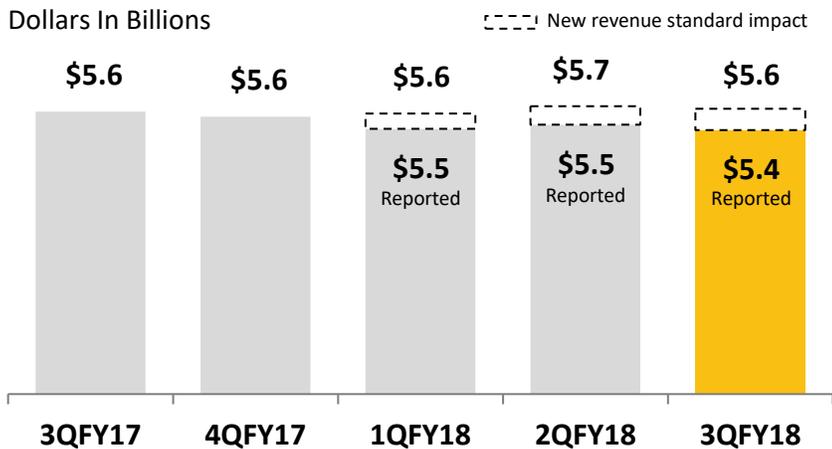
Net operating revenues of \$8.6 billion for the quarter increased \$362 million year-over-year and \$168 million sequentially. Adjusting for the \$110 million net positive impact this quarter and \$161 million net positive impact last quarter from the new revenue standard, operating revenues would have increased \$252 million year-over-year and \$219 million sequentially. Both the year-over-year and sequential increases were primarily driven by higher equipment rentals and sales.

Net Operating Revenues
Dollars In Billions



Wireless Service Revenue

Dollars In Billions



Wireless service revenue of \$5.4 billion decreased \$170 million year-over-year and \$49 million sequentially. Adjusting for the \$199 million impact this quarter and \$173 million impact last quarter from the new revenue standard, wireless service revenue would have increased \$29 million year-over-year and decreased \$23 million sequentially. The year-over-year increase was mostly due to growth in the retail customer base, partially offset by lower postpaid ARPU. Sequentially, the slight decrease was driven by lower postpaid ARPU.

Wireless Service Revenue ^[1]

GREW Year-Over-Year

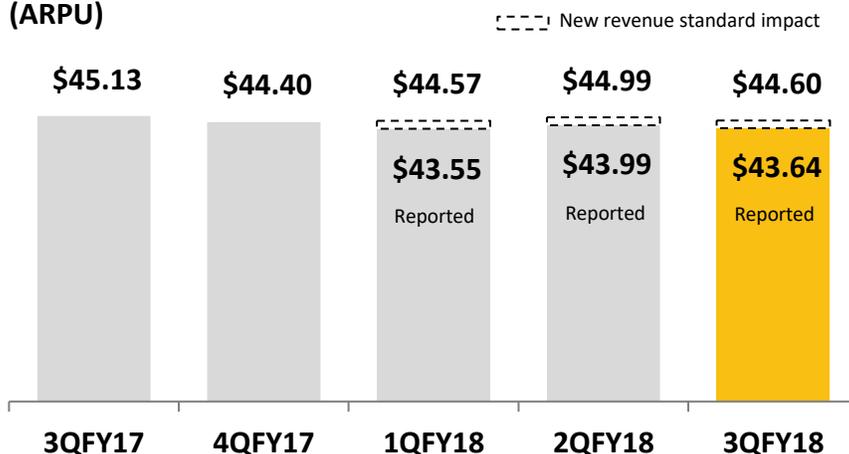
for the second consecutive quarter

[1] excluding the impact of the new revenue standard

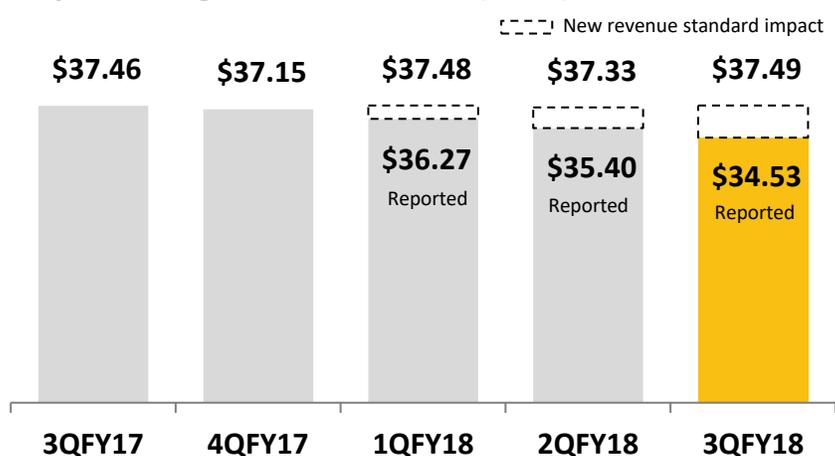
Wireline revenue of \$316 million for the quarter declined \$77 million year-over-year and \$12 million sequentially. The year-over-year decline was primarily driven by lower voice volumes, as the company has discontinued standalone voice services, and fewer customers using IP-based data services.

Postpaid Average Revenue Per User (ARPU) of \$43.64 for the quarter decreased 3 percent year-over-year and 1 percent sequentially. Adjusting for the \$0.96 impact this quarter and \$1.00 impact last quarter from the new revenue standard, ARPU would have declined only 1% both year-over-year and sequentially. The year-over-year and sequential changes were both impacted by higher data device sales, which generally have a lower monthly recurring charge than phones.

Postpaid Average Revenue Per User (ARPU)

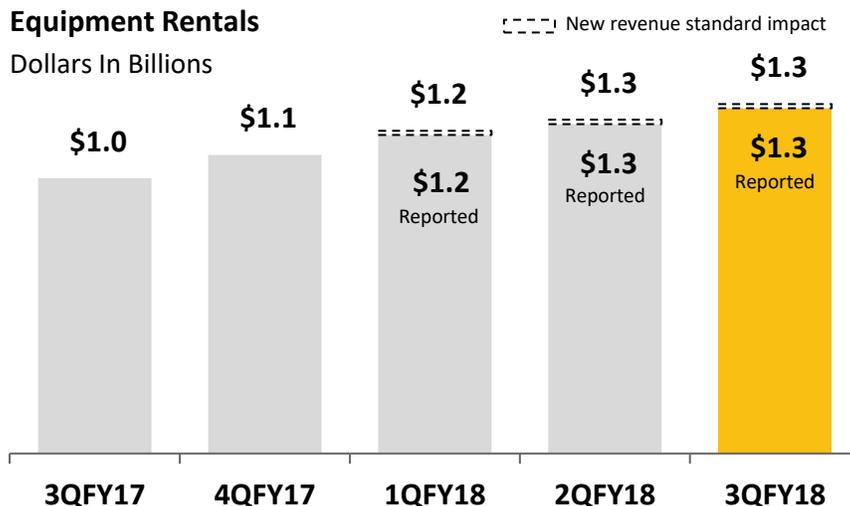


Prepaid Average Revenue Per User (ARPU)



Prepaid Average Revenue Per User (ARPU) of \$34.53 for the quarter decreased 8 percent year-over-year and 2 percent sequentially. Adjusting for the \$2.96 impact this quarter and \$1.93 impact last quarter from the new revenue standard, ARPU would have remained flat both year-over-year and sequentially.

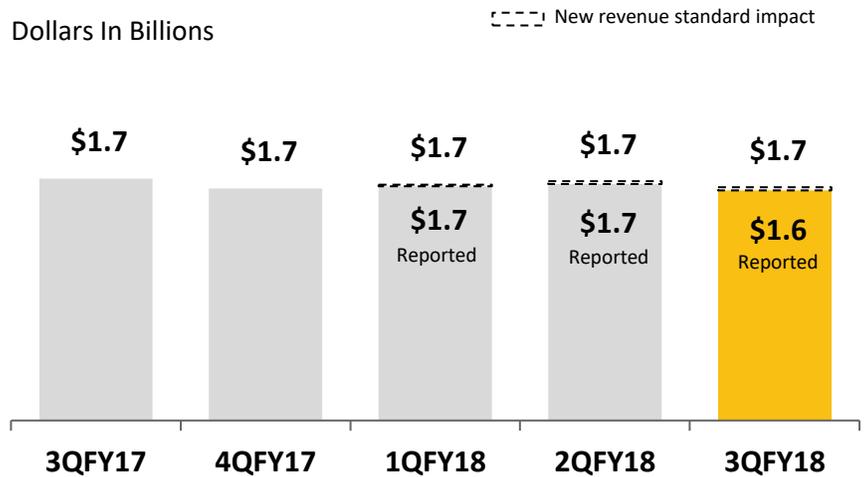
Equipment rentals, formerly referred to as lease revenue, of \$1.3 billion increased \$266 million year-over-year and \$60 million sequentially. Adjusting for the \$16 million impact this quarter and \$17 million impact last quarter from the new revenue standard, equipment rentals would have increased by \$282 million year-over-year and \$59 million sequentially. Both the year-over-year and sequential growth were driven by the growing number of leasing customers.



Equipment sales of \$1.6 billion increased \$327 million year-over-year and \$171 million sequentially. Adjusting for the \$325 million impact this quarter and \$351 million impact last quarter of the new revenue standard, equipment sales would have increased \$2 million year-over-year and \$197 million sequentially. Year-over-year, a higher average selling price per device sold was offset by a decrease in retail sales. The sequential increase was driven by seasonally higher postpaid sales volumes.

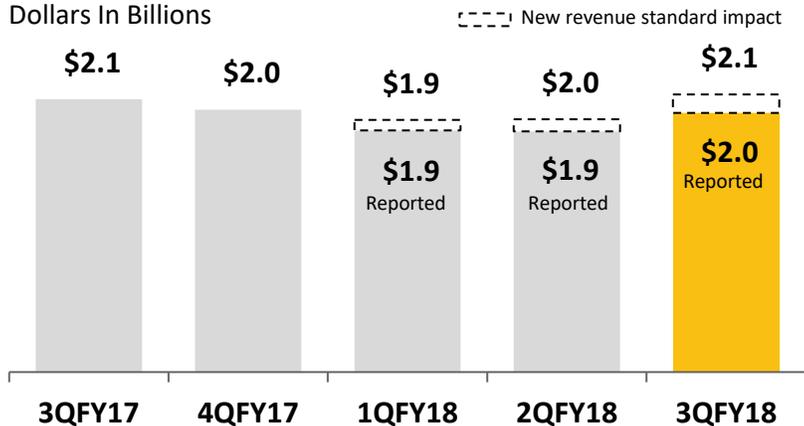
Cost of services (CoS) of \$1.6 billion for the quarter decreased \$85 million year-over-year and \$46 million sequentially. Adjusting for the \$23 million impact this quarter and \$20 million impact last quarter of the new revenue standard, cost of services would have decreased \$62 million year-over-year and \$43 million sequentially. Year-over-year, lower wireline network costs were partially offset by incremental expenses associated with increased network investments. Sequentially, the reduction was primarily driven by seasonally lower roaming costs.

Cost of Service
Dollars In Billions



Selling, General, and Administrative

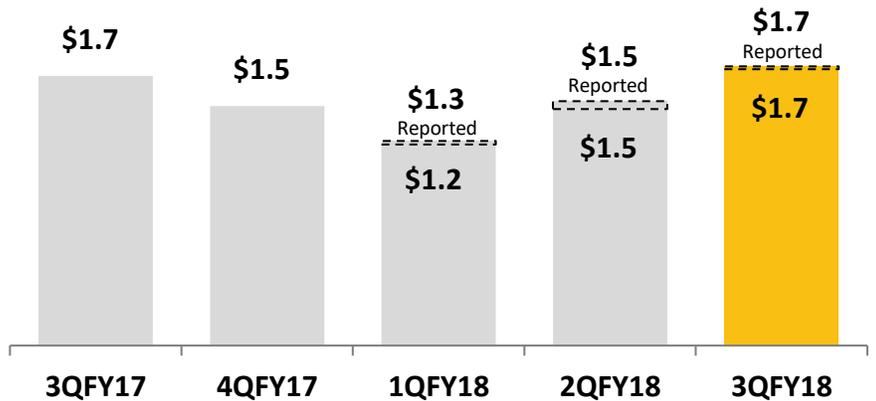
Dollars In Billions



Selling, general and administrative expenses (SG&A) of \$2.0 billion for the quarter decreased by \$105 million year-over-year and increased \$142 million sequentially. Adjusting for the \$142 million impact this quarter and the \$93 million impact last quarter of the new revenue standard, along with merger-related costs that did not impact adjusted EBITDA*, SG&A would have decreased \$30 million year-over-year and increased \$180 million sequentially. The year-over-year decline was mostly due to lower marketing expenses, while the sequential increase was primarily driven by seasonally higher selling and marketing expenses.

Cost of equipment sales of \$1.7 billion for the quarter increased \$61 million year-over-year and \$217 million sequentially. Adjusting for the \$19 million impact this quarter and \$49 million impact last quarter of the new revenue standard, cost of equipment sales would have increased \$42 million year-over-year and \$247 million sequentially. The year-over-year increase was driven by a higher average cost per device sold, partially offset by a decrease in retail sales. The sequential increase was driven by seasonally higher postpaid sales volumes.

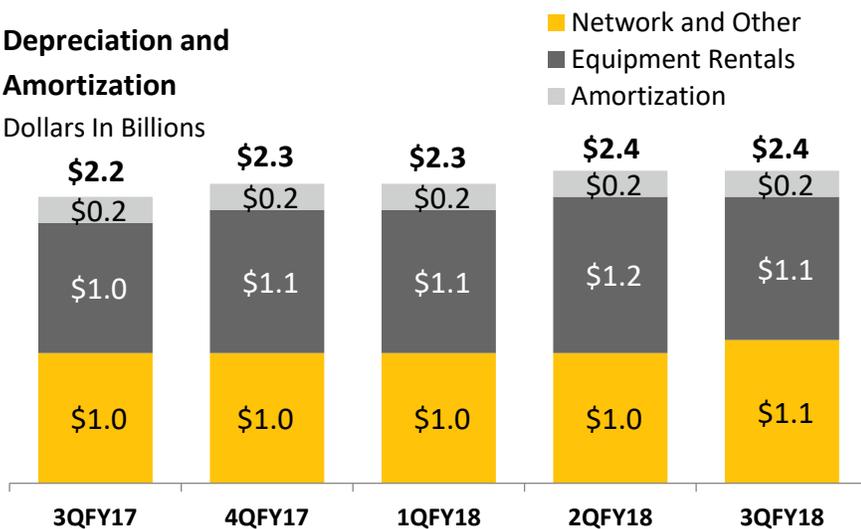
Cost of Equipment Sales
Dollars In Billions



Cost of equipment rentals, formerly referred to as loss on leased devices, of \$182 million for the quarter increased \$59 million year-over-year and \$31 million sequentially, due to growth in leasing customers.

Depreciation and Amortization

Dollars In Billions



Depreciation and amortization expense

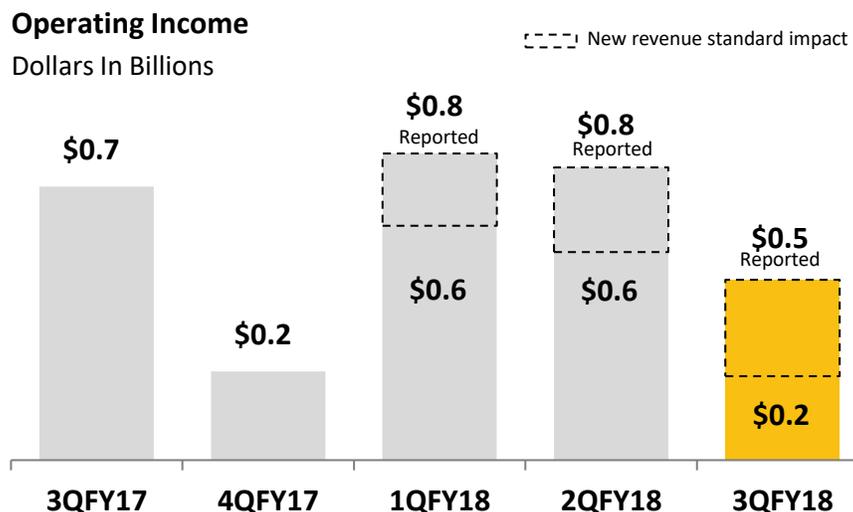
of \$2.4 billion for the quarter increased \$197 million year-over-year and \$9 million sequentially. The year-over-year increase was due to higher network and equipment rental depreciation. Sequentially, higher network depreciation was offset by a slight reduction in equipment rental depreciation, due to a re-evaluation of device residual values based on market rates.

Operating income of \$479 million for the quarter compared to \$727 million in the year-ago period and \$778 million in the prior quarter.

The current period included \$256 million net positive impact from the new revenue standard, a \$105 million loss from asset dispositions, \$67 million in merger-related costs, \$50 million in litigation and other contingencies, and \$30 million in severance and exit costs.

The year-ago period 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.

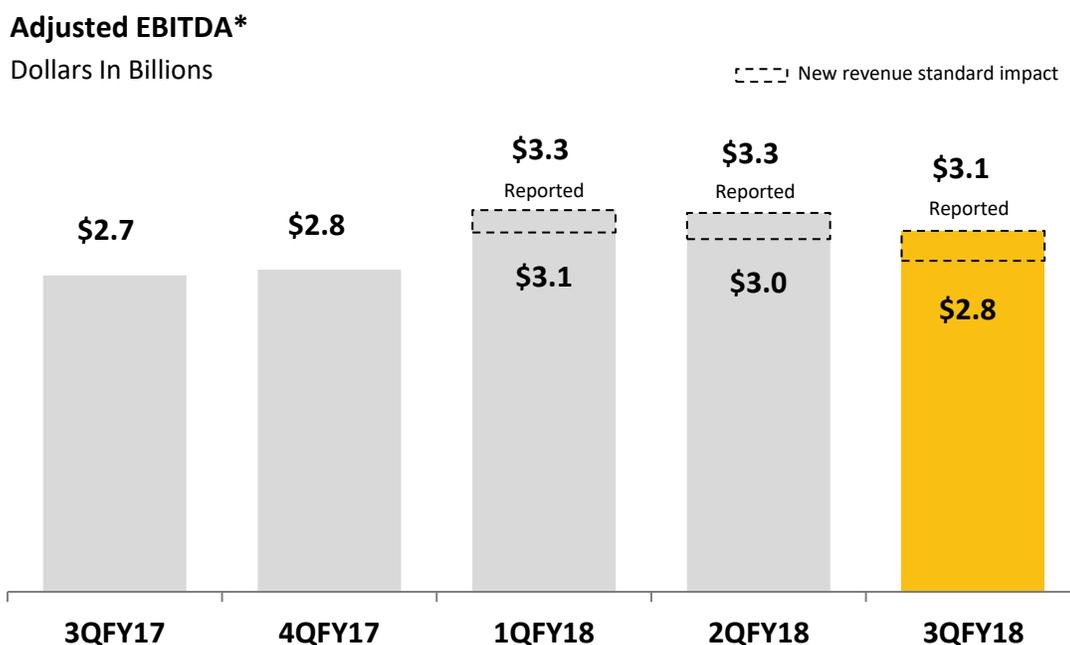
The prior period included a \$225 million net positive impact from the new revenue standard, a \$68 million loss from asset dispositions, \$56 million in merger-related costs, \$25 million in severance and exit costs, and a net benefit of \$32 million from hurricane-related reimbursements.



Net loss of \$141 million for the quarter compared to net income of \$7.2 billion in the year-ago period and net income of \$196 million in the prior quarter. The current period included \$202 million net positive impact from the new revenue standard compared to \$178 million in the prior quarter. The prior year included a \$7.1 billion non-cash benefit resulting from tax reform. Adjusting for tax reform and the tax-effected impacts of the items in the operating income section, net income would have been relatively flat year-over-year and declined approximately \$200 million sequentially.

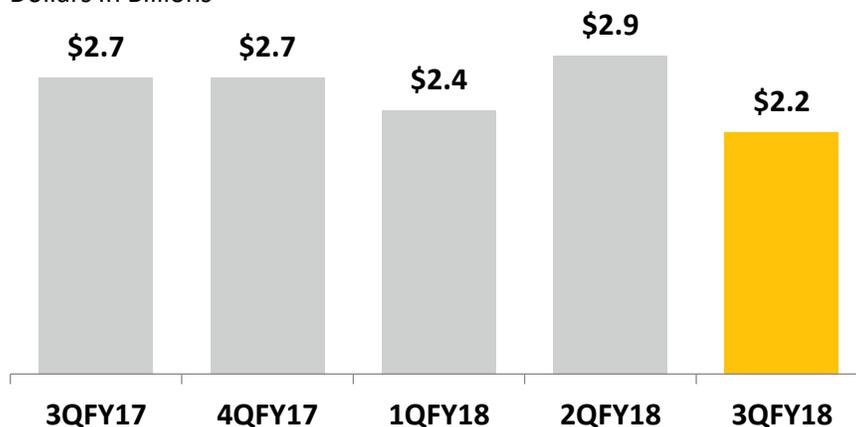
Adjusted EBITDA* was \$3.1 billion for the quarter compared to \$2.7 billion in the year-ago period and \$3.3 billion in the prior quarter. Adjusting for the \$256 million net positive impact this quarter and \$225 million impact last quarter from the new revenue standard, adjusted EBITDA* would have improved \$126 million year-over-year and declined \$186 million sequentially.

The year-over-year improvement was driven by higher equipment rentals, partially offset by higher cost of equipment rentals. Sequentially, the decrease was primarily driven by seasonally higher cost of equipment sales and selling, general and administrative expenses partially offset by higher equipment rentals and seasonally higher equipment sales.



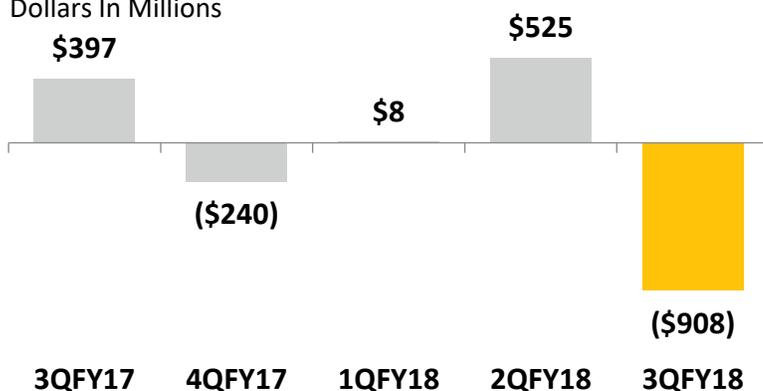
Net cash provided by operating activities^{^^} of \$2.2 billion for the quarter compared to \$2.7 billion in the year-ago period and \$2.9 billion in the prior quarter. Year-over-year, the decrease was primarily driven by unfavorable changes in working capital as well as a cash settlement related to a patent infringement lawsuit in the year-ago period that did not recur, and partially offset by higher Adjusted EBITDA*. The sequential decrease is primarily due to unfavorable changes in working capital combined with lower adjusted EBITDA*.

Net Cash Provided by Operating Activities ^{^^}
Dollars In Billions



Adjusted Free Cash Flow ^{*^^}

Dollars In Millions



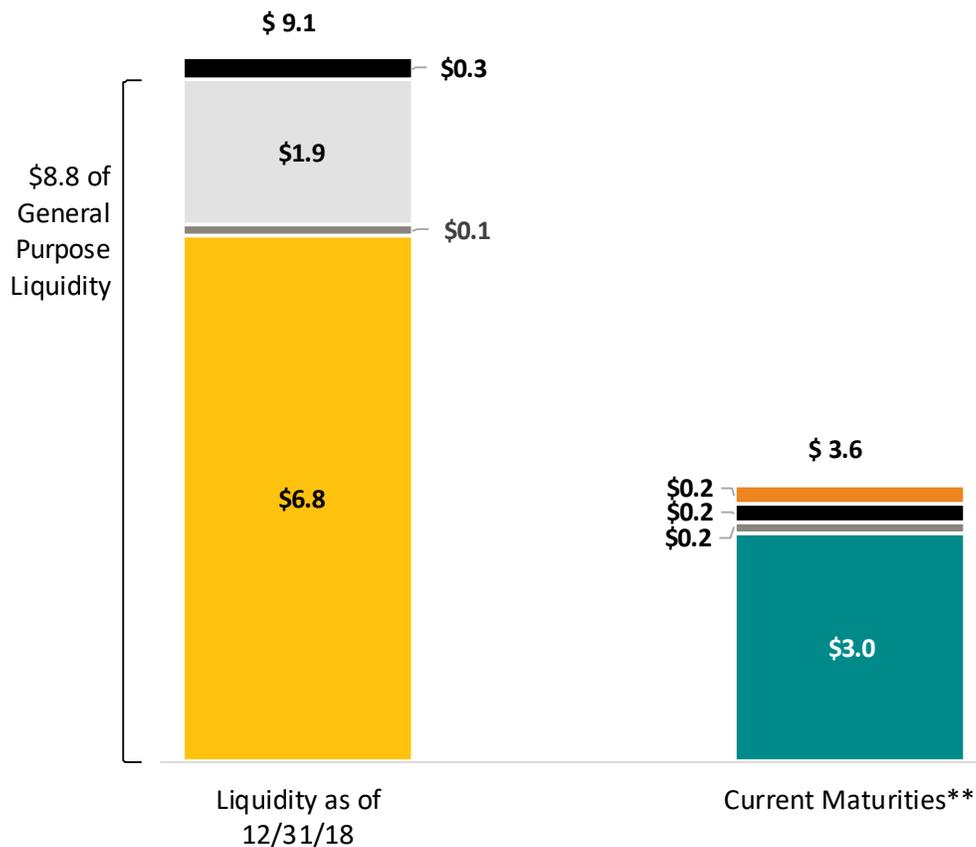
Adjusted free cash flow^{*^^} of negative \$908 million for the quarter compared to positive \$397 million in the year-ago period and positive \$525 million in the prior quarter. Year-over-year, the decrease was driven by increased network spending as well as lower cash flows from operations. Sequentially, the decrease was primarily driven by lower cash flows from operations and seasonally higher spending on leased devices.

Cash paid for network capital expenditures was \$1.4 billion in the quarter compared to \$696 million in the year-ago period and \$1.3 billion in the prior quarter. The increases were driven by higher spending on Next-Gen network initiatives.

^{^^} The Company adopted ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" as of January 1, 2018. Certain prior period amounts have been reclassified or restated in accordance with the new standard.

Liquidity and Debt

Dollars In Billions



- Cash, Cash Equivalents, Short-Term Investments
- Revolver
- Receivables/Device Financing
- Vendor Financing
- Note Maturities
- Other

** Includes maturities due through December 2019

Total general purpose liquidity was \$8.8 billion at the end of the quarter, including \$6.8 billion of cash, cash equivalents and short-term investments. Additionally, the company has approximately \$270 million of availability under a vendor financing agreement that can be used toward the purchase of 2.5GHz network equipment.

FISCAL YEAR
2018
Guidance



**Adjusted
EBITDA***

**\$12.4 billion to
\$12.7 billion**
As Reported
\$11.7B - \$12.0B excluding
the impact of the new
revenue standard



**Cash
Capex**

**\$5.0 billion to
\$5.5 billion**
excluding
leased devices

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* ⁽ⁱ⁾	\$ 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

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

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

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	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			Year To Date	
	12/31/18	9/30/18	12/31/17	12/31/18	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

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

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.

* 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 December 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.