# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File number 1-04721

# SPRINT CORPORATION

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Delaware** | **46-1170005** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |
| **6200 Sprint Parkway, Overland Park, Kansas** | **66251** |
| *(Address of principal executive offices)* | *(Zip Code)* |

**Registrant's telephone number, including area code: (855) 848-3280**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | | |
|---|---|---|---|---|
| Large accelerated filer | ☒ | | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |
| | | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

**COMMON SHARES OUTSTANDING AT JULY 31, 2017 :**

| | |
|---|---|
| Sprint Corporation Common Stock | 3,996,883,400 |

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## PART I — FINANCIAL INFORMATION

**Item 1.** ***Financial Statements (Unaudited)***

## SPRINT CORPORATION
## CONSOLIDATED BALANCE SHEETS

| | June 30, 2017 | March 31, 2017 |
|---|---|---|
| | *(in millions, except share and per share data)* | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,478 | $ 2,870 |
| Short-term investments | 4,349 | 5,444 |
| Accounts and notes receivable, net of allowance for doubtful accounts and deferred interest of $358 and $354, respectively | 4,089 | 4,138 |
| Device and accessory inventory | 979 | 1,064 |
| Prepaid expenses and other current assets | 601 | 601 |
| Total current assets | 12,496 | 14,117 |
| Property, plant and equipment, net | 18,866 | 19,209 |
| Intangible assets | | |
| Goodwill | 6,578 | 6,579 |
| FCC licenses and other | 41,074 | 40,585 |
| Definite-lived intangible assets, net | 3,075 | 3,320 |
| Other assets | 1,235 | 1,313 |
| Total assets | $ 83,324 | $ 85,123 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,616 | $ 3,281 |
| Accrued expenses and other current liabilities | 3,830 | 4,141 |
| Current portion of long-term debt, financing and capital lease obligations | 5,125 | 5,036 |
| Total current liabilities | 11,571 | 12,458 |
| Long-term debt, financing and capital lease obligations | 34,459 | 35,878 |
| Deferred tax liabilities | 14,701 | 14,416 |
| Other liabilities | 3,578 | 3,563 |
| Total liabilities | 64,309 | 66,315 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, voting, par value $0.01 per share, 9.0 billion authorized, 3.996 billion and 3.989 billion issued, respectively | 40 | 40 |
| Paid-in capital | 27,761 | 27,756 |
| Accumulated deficit | (8,378) | (8,584) |
| Accumulated other comprehensive loss | (408) | (404) |
| Total stockholders' equity | 19,015 | 18,808 |
| Total liabilities and stockholders' equity | $ 83,324 | $ 85,123 |

*See Notes to the Consolidated Financial Statements*

## SPRINT CORPORATION
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | *(in millions, except per share amounts)* | |
| Net operating revenues: | | |
| Service | $ 6,071 | $ 6,516 |
| Equipment | 2,086 | 1,496 |
| | 8,157 | 8,012 |
| Net operating expenses: | | |
| Cost of services (exclusive of depreciation and amortization included below) | 1,709 | 2,099 |
| Cost of products (exclusive of depreciation and amortization included below) | 1,545 | 1,419 |
| Selling, general and administrative | 1,938 | 1,917 |
| Severance and exit costs | — | 16 |
| Depreciation | 1,831 | 1,680 |
| Amortization | 223 | 287 |
| Other, net | (252) | 233 |
| | 6,994 | 7,651 |
| Operating income | 1,163 | 361 |
| Other (expense) income: | | |
| Interest expense | (613) | (615) |
| Other (expense) income, net | (52) | 8 |
| | (665) | (607) |
| Income (loss) before income taxes | 498 | (246) |
| Income tax expense | (292) | (56) |
| Net income (loss) | $ 206 | $ (302) |
| | | |
| Basic net income (loss) per common share | $ 0.05 | $ (0.08) |
| Diluted net income (loss) per common share | $ 0.05 | $ (0.08) |
| Basic weighted average common shares outstanding | 3,993 | 3,975 |
| Diluted weighted average common shares outstanding | 4,076 | 3,975 |
| | | |
| Other comprehensive income (loss), net of tax: | | |
| Net unrealized holding gains (losses) on securities and other | $ 5 | $ (2) |
| Net unrealized holding losses on derivatives | (9) | — |
| Net unrecognized net periodic pension and other postretirement benefits | — | 1 |
| Other comprehensive loss | (4) | (1) |
| Comprehensive income (loss) | $ 202 | $ (303) |

*See Notes to the Consolidated Financial Statements*

# SPRINT CORPORATION
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 206 | $ (302) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,054 | 1,967 |
| Provision for losses on accounts receivable | 102 | 93 |
| Share-based and long-term incentive compensation expense | 41 | 15 |
| Deferred income tax expense | 282 | 46 |
| Gains from asset dispositions and exchanges | (479) | — |
| Call premiums paid on debt redemptions | (129) | — |
| Loss on early extinguishment of debt | 66 | — |
| Amortization of long-term debt premiums, net | (51) | (80) |
| Loss on disposal of property, plant and equipment | 293 | 120 |
| Contract terminations | (5) | 96 |
| Other changes in assets and liabilities: | | |
| Accounts and notes receivable | (53) | (106) |
| Deferred purchase price from sale of receivables | — | (117) |
| Inventories and other current assets | (711) | (98) |
| Accounts payable and other current liabilities | (474) | (1,016) |
| Non-current assets and liabilities, net | 73 | (159) |
| Other, net | 65 | 83 |
| Net cash provided by operating activities | 1,280 | 542 |
| Cash flows from investing activities: | | |
| Capital expenditures - network and other | (1,121) | (473) |
| Capital expenditures - leased devices | (497) | (405) |
| Expenditures relating to FCC licenses | (13) | (15) |
| Proceeds from sales and maturities of short-term investments | 2,594 | — |
| Purchases of short-term investments | (1,499) | (1,304) |
| Proceeds from sales of assets and FCC licenses | 101 | 27 |
| Other, net | (3) | (25) |
| Net cash used in investing activities | (438) | (2,195) |
| Cash flows from financing activities: | | |
| Proceeds from debt and financings | 902 | 3,255 |
| Repayments of debt, financing and capital lease obligations | (2,121) | (294) |
| Debt financing costs | — | (175) |
| Other, net | (15) | 6 |
| Net cash (used in) provided by financing activities | (1,234) | 2,792 |
| Net (decrease) increase in cash and cash equivalents | (392) | 1,139 |
| Cash and cash equivalents, beginning of period | 2,870 | 2,641 |
| Cash and cash equivalents, end of period | $ 2,478 | $ 3,780 |

*See Notes to the Consolidated Financial Statements*

**SPRINT CORPORATION**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

***(in millions)***

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total |
| Balance, March 31, 2017 | 3,989 | $ 40 | $ 27,756 | $ (8,584) | $ (404) | $ 18,808 |
| Net income | | | | 206 | | 206 |
| Other comprehensive loss, net of tax | | | | | (4) | (4) |
| Issuance of common stock, net | 7 | | 9 | | | 9 |
| Share-based compensation expense | | | 40 | | | 40 |
| Capital contribution by SoftBank | | | 2 | | | 2 |
| Other, net | | | (46) | | | (46) |
| Balance, June 30, 2017 | 3,996 | $ 40 | $ 27,761 | $ (8,378) | $ (408) | $ 19,015 |

*See Notes to the Consolidated Financial Statements*

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**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. All normal recurring adjustments considered necessary for a fair presentation have been included. Certain disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been omitted. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes contained in our annual report on Form 10-K for the year ended March 31, 2017 . Unless the context otherwise requires, references to "Sprint," "we," "us," "our" and the "Company" mean Sprint Corporation and its consolidated subsidiaries for all periods presented, and references to "Sprint Communications" are to Sprint Communications, Inc. and its consolidated subsidiaries.

The preparation of the unaudited interim consolidated financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements. These estimates are inherently subject to judgment and actual results could differ.

Certain prior period amounts have been reclassified to conform to the current period presentation.

**Note 2. New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued new authoritative literature, *Revenue from Contracts with Customers,* and has subsequently modified several areas of the standard in order to provide additional clarity and improvements . The issuance is part of a joint effort by the FASB and the International Accounting Standards Board (IASB) to enhance financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards and, thereby, improving the consistency of requirements, comparability of practices and usefulness of disclosures. The new standard will supersede much of the existing authoritative literature for revenue recognition. Early application is permitted, but not before the original effective date of April 1, 2017. The standard and related amendments will be effective for the Company for its fiscal year beginning April 1, 2018, including interim periods within that fiscal year.

Two adoption methods are available for implementation of the standard update related to the recognition of revenue from contracts with customers. Under the full retrospective method, the guidance is applied retrospectively to contracts for each reporting period presented, subject to allowable practical expedients. Under the modified retrospective method, the guidance is applied only to the most current period presented, recognizing the cumulative effect of the change as an adjustment to the beginning balance of retained earnings, and also requires additional disclosures comparing the results to the previous guidance. We currently anticipate adopting the standard using the modified retrospective method.

The ultimate impact on revenue resulting from the application of the new standard will be subject to assessments that are dependent on many variables, including, but not limited to, the terms and mix of the contractual arrangements we have with customers. Upon adoption, we expect that the allocation of revenue between equipment and service for our wireless fixed-term service plans will result in more revenue allocated to equipment and recognized earlier as compared with current GAAP. We expect the timing of recognition of our sales commission expenses will also be impacted, as a substantial portion of these costs (which are currently expensed) will be capitalized and amortized consistent with the transfer of the related good or service. Consequently, we expect this guidance to have a material impact on our consolidated financial statements.

In July 2015, the FASB issued authoritative guidance regarding *Inventory* , which simplifies the subsequent measurement of certain inventories by replacing today’s lower of cost or market test with a lower of cost and net realizable value test. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standard is effective for the Company’s fiscal year beginning April 1, 2017, including interim periods within this fiscal year and the adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued authoritative guidance regarding *Financial Instruments* , which amended guidance on the classification and measurement of financial instruments. Under the new guidance, entities will be required to measure equity investments that are not consolidated or accounted for under the equity method at fair value with any changes in fair value recorded in net income, unless the entity has elected the new practicability exception. For financial liabilities measured using the fair value option, entities will be required to separately present in other comprehensive income the portion of the changes in fair value attributable to instrument-specific credit risk. Additionally, the guidance amends certain disclosure requirements associated with the fair value of financial instruments. The standard will be effective for the Company's fiscal year beginning April 1, 2018, including interim reporting periods within that fiscal year. The Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued authoritative guidance regarding *Leases.* The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for the Company for its fiscal year beginning April 1, 2019, including interim periods within that fiscal year, with early application permitted. Entities are required to use modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements with the option to elect certain transition reliefs. The Company is currently evaluating the guidance and assessing its overall impact. However, we expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In June 2016, the FASB issued authoritative guidance regarding *Financial Instruments - Credit Losses* , which requires entities to use a Current Expected Credit Loss impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate would consider relevant information about past events, current conditions and reasonable and supportable forecasts, which will result in recognition of lifetime expected credit losses. The standard will be effective for the Company's fiscal year beginning April 1, 2020, including interim reporting periods within that fiscal year, although early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In August 2016, the FASB issued authoritative guidance regarding *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments,* to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. It provides guidance on eight specific cash flow issues. The standard will be effective for the Company for its fiscal years beginning after April 1, 2018, including interim periods within that fiscal year with early adoption permitted. The Company is currently evaluating the guidance and assessing the impact it will have on our consolidated financial statements.

In October 2016, the FASB issued authoritative guidance regarding *Income Taxes* , which amended guidance for the income tax consequences of intra-entity transfers of assets other than inventory. Under the new guidance, entities will be required to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, thereby eliminating the recognition exception within current guidance. The standard will be effective for the Company's fiscal year beginning April 1, 2018, including interim reporting periods within that fiscal year. The Company is currently evaluating the guidance and assessing the impact it will have on our consolidated financial statements.

In November 2016, the FASB issued authoritative guidance regarding *Statement of Cash Flows: Restricted Cash,* requiring that amounts generally described as restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The standard will be effective for the Company's fiscal year beginning April 1, 2018, including interim reporting periods within that fiscal year, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued authoritative guidance amending *Business Combinations: Clarifying the Definition of a Business* , to clarify the definition of a business with the objective of providing a more robust framework to assist management when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for the Company for its fiscal year beginning April 1, 2018, including interim periods within that fiscal year, with early application permitted. The amendments are to be applied prospectively to business combinations that occur after the effective date.

In January 2017, the FASB issued authoritative guidance regarding *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment* , which simplifies the goodwill impairment test by eliminating the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge (Step 2 of the test), but rather to record an

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

impairment charge based on the excess of the carrying value over its fair value. The standard will be effective for the Company's annual goodwill impairment test in the fiscal year beginning April 1, 2020, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

**Note 3. Installment Receivables**

Certain subscribers have the option to pay for their devices in installments generally up to a 24 -month period. Short-term installment receivables are recorded in "Accounts and notes receivable, net" and long-term installment receivables are recorded in "Other assets" in the consolidated balance sheets. From October 2015 to February 2017, installment receivables sold to unaffiliated third parties (the Purchasers) were treated as a sale of financial assets and we derecognized these receivables, as well as the related allowances. As a result of our Accounts Receivable Facility (Receivables Facility) being amended in February 2017, all proceeds received from the Purchasers in exchange for our installment receivables are now recorded as borrowings *(see Note 8. Long-Term Debt, Financing and Capital Lease Obligations)* .

The following table summarizes the installment receivables:

| | June 30, 2017 | March 31, 2017 |
|---|---|---|
| | *(in millions)* | |
| Installment receivables, gross | $ 2,302 | $ 2,270 |
| Deferred interest | (199) | (207) |
| Installment receivables, net of deferred interest | 2,103 | 2,063 |
| Allowance for credit losses | (311) | (299) |
| Installment receivables, net | $ 1,792 | $ 1,764 |
| **Classified on the consolidated balance sheets as:** | | |
| Accounts and notes receivable, net | $ 1,303 | $ 1,195 |
| Other assets | 489 | 569 |
| Installment receivables, net | $ 1,792 | $ 1,764 |

The balance and aging of installment receivables on a gross basis by credit category were as follows:

| | June 30, 2017 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Prime | Subprime | Total | Prime | Subprime | Total |
| | | *(in millions)* | | | *(in millions)* | |
| Unbilled | $ 1,536 | $ 600 | $ 2,136 | $ 1,501 | $ 619 | $ 2,120 |
| Billed - current | 83 | 38 | 121 | 74 | 36 | 110 |
| Billed - past due | 22 | 23 | 45 | 20 | 20 | 40 |
| Installment receivables, gross | $ 1,641 | $ 661 | $ 2,302 | $ 1,595 | $ 675 | $ 2,270 |

Activity in the deferred interest and allowance for credit losses for the installment receivables was as follows:

| | Three Months Ended June 30, 2017 | Twelve Months Ended March 31, 2017 |
|---|---|---|
| | *(in millions)* | |
| Deferred interest and allowance for credit losses, beginning of period | $ 506 | $ — |
| Bad debt expense | 67 | 61 |
| Write-offs, net of recoveries | (55) | (28) |
| Change in deferred interest on short-term and long-term installment receivables | (8) | 8 |
| Recognition of deferred interest and allowance for credit losses | — | 465 |
| Deferred interest and allowance for credit losses, end of period | $ 510 | $ 506 |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Financial Instruments**

The Company carries certain assets and liabilities at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs based on the observability as of the measurement date, is as follows: quoted prices in active markets for identical assets or liabilities; observable inputs other than the quoted prices in active markets for identical assets and liabilities; and unobservable inputs for which there is little or no market data, which require the Company to develop assumptions of what market participants would use in pricing the asset or liability.

The carrying amount of cash equivalents, accounts and notes receivable, and accounts payable approximates fair value. Short-term investments are recorded at amortized cost and the respective carrying amounts approximate fair value primarily using quoted prices in active markets. Short-term investments totaled $4.3 billion and $5.4 billion and consisted of approximately $2.8 billion and $3.0 billion of time deposits and $1.5 billion and $2.4 billion of commercial paper as of June 30, 2017 and March 31, 2017, respectively. The fair value of marketable equity securities totaling $47 million and $46 million as of June 30, 2017 and March 31, 2017 , respectively, are measured on a recurring basis using quoted prices in active markets.

Except for our financing transaction for the Handset Sale-Leaseback (Tranche 2) with Mobile Leasing Solutions, LLC (MLS) *(see Note 8. Long-Term Debt, Financing and Capital Lease Obligations)* , current and long-term debt and our other financings are carried at amortized cost. The Company elected to measure the financing obligation with MLS at fair value as a means to better reflect the economic substance of the arrangement. The Tranche 2 financing obligation, which amounted to $227 million as of June 30, 2017 and is reported in "Current portion of long-term debt, financing and capital lease obligations" in our consolidated balance sheets, is the only eligible financial instrument for which we have elected the fair value option.

The fair value of the financing obligation, which was determined at the outset of the arrangement using a discounted cash flow model, was derived by unobservable inputs such as customer churn rates, customer upgrade probabilities, and the likelihood that Sprint will elect the exchange option versus the termination option upon a customer upgrade. Any gains or losses resulting from changes in the fair value of the financing obligation are included in “Other (expense) income, net” in the consolidated statements of comprehensive income (loss). During the three-month period ended June 30, 2017 , there was no material change in the fair value of the financing obligation. During the three-month period ended June 30, 2017 , we made principal repayments totaling $158 million to MLS. In addition to the financing obligation with MLS, the remaining debt for which estimated fair value is determined based on unobservable inputs primarily represents borrowings under our network equipment sale-leaseback and sales of receivables under our Receivables Facility *(see Note 8. Long-Term Debt, Financing and Capital Lease Obligations)* . The carrying amounts associated with these borrowings approximate fair value.

The estimated fair value of the majority of our current and long-term debt, excluding our credit facilities, sold wireless service, installment billing and future receivables, and borrowings under our network equipment sale-leaseback and Tranche 2 transactions, is determined based on quoted prices in active markets or by using other observable inputs that are derived principally from, or corroborated by, observable market data.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The following table presents carrying amounts and estimated fair values of current and long-term debt and financing obligations:

| | Carrying amount at June 30, 2017 | Estimated Fair Value Using Input Type: Quoted prices in active markets | Observable | Unobservable | Total estimated fair value |
|---|---|---|---|---|---|
| | *(in millions)* | | | | |
| Current and long-term debt and financing obligations | $ 39,356 | $ 33,700 | $ 3,056 | $ 5,842 | $ 42,598 |

| | Carrying amount at March 31, 2017 | Estimated Fair Value Using Input Type: Quoted prices in active markets | Observable | Unobservable | Total estimated fair value |
|---|---|---|---|---|---|
| | *(in millions)* | | | | |
| Current and long-term debt and financing obligations | $ 40,581 | $ 33,196 | $ 4,352 | $ 5,468 | $ 43,016 |

**Note 5. Property, Plant and Equipment**

Property, plant and equipment consists primarily of network equipment and other long-lived assets used to provide service to our subscribers. Non-cash accruals included in property, plant and equipment (excluding leased devices) totaled $387 million and $309 million as of June 30, 2017 and 2016 , respectively.

The following table presents the components of property, plant and equipment and the related accumulated depreciation:

| | June 30, 2017 | March 31, 2017 |
|---|---|---|
| | *(in millions)* | |
| Land | $ 259 | $ 260 |
| Network equipment, site costs and related software | 21,689 | 21,693 |
| Buildings and improvements | 819 | 818 |
| Non-network internal use software, office equipment, leased devices and other | 9,146 | 8,625 |
| Construction in progress | 2,286 | 2,316 |
| Less: accumulated depreciation | (15,333) | (14,503) |
| Property, plant and equipment, net | $ 18,866 | $ 19,209 |

In September 2014, Sprint introduced a leasing program, whereby qualified subscribers can lease a device for a contractual period of time. At the end of the lease term, the subscriber has the option to turn in the device, continue leasing the device, or purchase the device. As of June 30, 2017 , substantially all of our device leases were classified as operating leases. At lease inception, the devices leased through Sprint's direct channels are reclassified from inventory to property, plant and equipment. For those devices leased through indirect channels, Sprint purchases the device to be leased from the retailer at lease inception and reports these purchases as cash outflows for "Capital expenditures - leased devices" in the consolidated statements of cash flows. The devices are then depreciated using the straight-line method to their estimated residual value generally over the term of the lease.

The following table presents leased devices and the related accumulated depreciation:

| | June 30, 2017 | March 31, 2017 |
|---|---|---|
| | *(in millions)* | |
| Leased devices | $ 7,699 | $ 7,276 |
| Less: accumulated depreciation | (3,363) | (3,114) |
| Leased devices, net | $ 4,336 | $ 4,162 |

During the three-month periods ended June 30, 2017 and 2016 , there were non-cash transfers to leased devices of approximately $849 million and $541 million , respectively, along with a corresponding decrease in "Device and accessory inventory" for devices leased through our direct channel. Non-cash accruals included in leased devices totaled $210 million and $142 million as of June 30, 2017 and 2016 , respectively, for devices purchased from indirect dealers that were leased to our subscribers. Depreciation expense incurred on all leased devices for the three-month periods ended June 30, 2017 and 2016 was $854 million and $644 million , respectively.

During the three-month period ended June 30, 2017 , we recorded $287 million of loss on disposal of property, plant and equipment, net of recoveries, which is included in "Other, net" in our consolidated statements of comprehensive income (loss). Net losses totaling $175 million were primarily related to $181 million of cell site construction costs that are no longer recoverable as a result of changes in our network plans during the quarter ended June 30, 2017, slightly offset by a $6 million gain. In addition, during the three-month periods ended June 30, 2017 and 2016 , we recorded $112 million and $120 million , respectively, of losses that resulted from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to us. If customers continue to not return devices, we will have such losses in future periods.

## Note 6. Intangible Assets

### Indefinite-Lived Intangible Assets

Our indefinite-lived intangible assets consist of FCC licenses, which were acquired primarily through FCC auctions and business combinations, certain of our trademarks, and goodwill. At June 30, 2017 , we held 800 MHz, 1.9 GHz and 2.5 GHz FCC licenses authorizing the use of radio frequency spectrum to deploy our wireless services. As long as the Company acts within the requirements and constraints of the regulatory authorities, the renewal and extension of these licenses is reasonably certain at minimal cost. Accordingly, we have concluded that FCC licenses are indefinite-lived intangible assets. Our Sprint and Boost Mobile trademarks have also been identified as indefinite-lived intangible assets. Goodwill represents the excess of consideration paid over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations.

The following provides the activity of indefinite-lived intangible assets within the consolidated balance sheets:

| | March 31, 2017 | Net Additions (Reductions) | June 30, 2017 |
|---|---|---|---|
| | | *(in millions)* | |
| FCC licenses | $ 36,550 | $ 489 (1) | $ 37,039 |
| Trademarks | 4,035 | — | 4,035 |
| Goodwill | 6,579 | (1) | 6,578 |
| | $ 47,164 | $ 488 | $ 47,652 |

*(1) Net additions within FCC licenses include a $479 million increase from spectrum license exchanges described below during the three-month period ended June 30, 2017 .*

### Spectrum License Exchanges

In the first quarter of fiscal year 2017, we exchanged certain spectrum licenses with other carriers in non-cash transactions. As a result, we recorded a non-cash gain of $479 million , which represented the difference between the fair value and the net book value of the spectrum transferred to the other carriers. The gain was recorded in "Other, net" in the consolidated statements of comprehensive income (loss) for the three-month period ended June 30, 2017 .

### Assessment of Impairment

Our annual impairment testing date for goodwill and indefinite-lived intangible assets is January 1 of each year; however, we test for impairment between our annual tests if an event occurs or circumstances change that indicate that the asset may be impaired, or in the case of goodwill, that the fair value of the reporting unit is below its carrying amount.

The determination of fair value requires considerable judgment and is highly sensitive to changes in underlying assumptions. Consequently, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill, spectrum licenses, and Sprint and Boost Mobile trade names impairment tests will prove to be an accurate prediction of the future. Sustained declines in the Company’s operating results, number of wireless subscribers, future forecasted cash flows, growth rates and other assumptions, as well as significant, sustained declines in the Company's stock price and related market capitalization could impact the underlying key assumptions and our estimated fair values, potentially leading to a future material impairment of goodwill or other indefinite-lived intangible assets.

**Intangible Assets Subject to Amortization**

Customer relationships are amortized using the sum-of-the-months' digits method, while all other definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the respective assets. We reduce the gross carrying value and associated accumulated amortization when specified intangible assets become fully amortized. Amortization expense related to favorable spectrum and tower leases is recognized in "Cost of services" in our consolidated statements of comprehensive income (loss).

| | | June 30, 2017 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|---|
| | Useful Lives | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| | | | | *(in millions)* | | | |
| Customer relationships | 4 to 8 years | $ 6,923 | $ (5,266) | $ 1,657 | $ 6,923 | $ (5,053) | $ 1,870 |
| Other intangible assets: | | | | | | | |
| Favorable spectrum leases | 23 years | 868 | (147) | 721 | 869 | (138) | 731 |
| Favorable tower leases | 7 years | 589 | (405) | 184 | 589 | (386) | 203 |
| Trademarks | 34 years | 520 | (62) | 458 | 520 | (58) | 462 |
| Other | 10 years | 94 | (39) | 55 | 91 | (37) | 54 |
| Total other intangible assets | | 2,071 | (653) | 1,418 | 2,069 | (619) | 1,450 |
| Total definite-lived intangible assets | | $ 8,994 | $ (5,919) | $ 3,075 | $ 8,992 | $ (5,672) | $ 3,320 |

## Note 7. Accounts Payable

Accounts payable at June 30, 2017 and March 31, 2017 include liabilities in the amounts of $63 million and $69 million , respectively, for payments issued in excess of associated bank balances but not yet presented for collection.

**SPRINT CORPORATION**
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## Note 8. Long-Term Debt, Financing and Capital Lease Obligations

| | Interest Rates | Maturities | June 30, 2017 | March 31, 2017 |
|---|---|---|---|---|
| | | | (in millions) | |
| **Notes** | | | | |
| **Senior notes** | | | | |
| Sprint Corporation | 7.13 - 7.88% | 2021 - 2025 | $ 10,500 | $ 10,500 |
| Sprint Communications, Inc. | 6.00 - 11.50% | 2017 - 2022 | 5,692 | 6,080 |
| Sprint Capital Corporation | 6.88 - 8.75% | 2019 - 2032 | 6,204 | 6,204 |
| **Senior secured notes** | | | | |
| Sprint Spectrum Co LLC, Sprint Spectrum Co II LLC, Sprint Spectrum Co III LLC | 3.36% | 2021 | 3,500 | 3,500 |
| Sprint Communications, Inc. | 9.25% | 2022 | 200 | 200 |
| **Guaranteed notes** | | | | |
| Sprint Communications, Inc. | 7.00 - 9.00% | 2018 - 2020 | 2,800 | 4,000 |
| **Exchangeable notes** | | | | |
| Clearwire Communications LLC [(1)] | 8.25% | 2017 | 629 | 629 |
| **Credit facilities** | | | | |
| Secured revolving bank credit facility | 3.75% | 2021 | — | — |
| Secured term loan | 3.75% | 2024 | 3,990 | 4,000 |
| Export Development Canada (EDC) | 3.73% | 2019 | 300 | 300 |
| Secured equipment credit facilities | 2.68 - 3.38% | 2020 - 2021 | 430 | 431 |
| **Accounts receivable facility** | 2.12 - 2.62% | 2018 | 2,604 | 1,964 |
| **Financing obligations, capital lease and other obligations** | 2.35 - 10.63% | 2017 - 2024 | 2,731 | 3,016 |
| **Net premiums and debt financing costs** | | | 4 | 90 |
| | | | 39,584 | 40,914 |
| **Less current portion** | | | (5,125) | (5,036) |
| **Long-term debt, financing and capital lease obligations** | | | $ 34,459 | $ 35,878 |

*(1) Notes of Clearwire Communications LLC are guaranteed by certain Clearwire subsidiaries. They have both a par call and put on December 1, 2017 resulting in the balance being classified as a current debt obligation.*

As of June 30, 2017 , Sprint Corporation, the parent corporation, had $10.5 billion in aggregate principal amount of senior notes outstanding. In addition, as of June 30, 2017 , the outstanding principal amount of the senior notes issued by Sprint Communications and Sprint Capital Corporation, the senior secured notes issued by Sprint Communications, the guaranteed notes issued by Sprint Communications, the exchangeable notes issued by Clearwire Communications LLC, Sprint Communications' secured term loan and secured revolving bank credit facility, the EDC agreement, the secured equipment credit facilities, the Receivables Facility, the Handset Sale-Leaseback Tranche 2 (subject to a cap of 20% of the aggregate cash purchase price), and certain other obligations collectively totaled $23.3 billion in principal amount of our long-term debt. Sprint Corporation fully and unconditionally guaranteed such indebtedness, which was issued by 100% owned subsidiaries. Although certain financing agreements restrict the ability of Sprint Communications and its subsidiaries to distribute cash to Sprint Corporation, the ability of the subsidiaries to distribute cash to their respective parents, including to Sprint Communications, is generally not restricted.

Cash interest payments, net of amounts capitalized of $15 million and $10 million , totaled $660 million and $626 million during the three-month periods ended June 30, 2017 and 2016 , respectively.

### Notes

As of June 30, 2017 , our outstanding notes consisted of senior notes, guaranteed notes, and exchangeable notes, all of which are unsecured, as well as senior secured notes associated with our spectrum financing transaction and secured senior notes issued by Sprint Communications. Cash interest on all of the notes is generally payable semi-annually in arrears with the exception of the spectrum financing senior secured notes, which is payable quarterly. As of June 30, 2017 , $28.7 billion aggregate principal amount of the notes was redeemable at the Company's discretion at the then-applicable redemption prices plus accrued interest.

As of June 30, 2017 , $22.5 billion aggregate principal amount of our senior notes and guaranteed notes provided holders with the right to require us to repurchase the notes if a change of control triggering event (as defined in the applicable indentures and supplemental indentures) occurs.

On December 1, 2017, the Exchangeable Notes can be tendered at the holder's option and called at our option, in each case for 100% of the par value plus accrued interest resulting in the entire balance being classified as a current debt obligation.

During the three-month period ended June 30, 2017 , pursuant to a cash tender offer, Sprint Communications retired $388 million principal amount of its outstanding 8.375% Notes due 2017 and $1.2 billion principal amount of its outstanding 9.000% Guaranteed Notes due 2018. We incurred costs of $130 million , which consisted of call redemption premiums and tender expenses, and removed unamortized premiums of $64 million associated with these retirements resulting in a loss on early extinguishment of debt of $66 million , which is included in "Other (expense) income, net" in our consolidated statements of comprehensive income (loss).

***Spectrum Financing***

In October 2016, Sprint transferred certain directly held and third-party leased spectrum licenses (collectively, "Spectrum Portfolio") to wholly-owned bankruptcy-remote special purpose entities (collectively, "Spectrum Financing SPEs"). The Spectrum Portfolio, which represented approximately 14% of Sprint's total spectrum holdings on a MHz-pops basis, was used as collateral to raise an initial $3.5 billion in senior secured notes bearing interest at 3.36% per annum under a $7.0 billion program that permits Sprint to raise up to an additional $3.5 billion in senior secured notes, subject to certain conditions. The senior secured notes are repayable over a five -year term, with interest-only payments over the first four quarters and amortizing quarterly principal payments thereafter commencing December 2017 through September 2021. As of June 30, 2017 , approximately $656 million of the total principal outstanding was classified as "Current portion of long-term debt, financing and capital lease obligations" in the consolidated balance sheets.

Sprint Communications simultaneously entered into a long-term lease with the Spectrum Financing SPEs for the ongoing use of the Spectrum Portfolio. Sprint Communications is required to make monthly lease payments to the Spectrum Financing SPEs at a market rate. The lease payments, which are guaranteed by certain subsidiaries of Sprint Communications, are sufficient to service the senior secured notes and the lease also constitutes collateral for the senior secured notes. As the Spectrum Financing SPEs are wholly-owned Sprint subsidiaries, these entities are consolidated and all intercompany activity has been eliminated.

Each Spectrum Financing SPE is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the Spectrum Financing SPE, to be satisfied out of the Spectrum Financing SPE's assets prior to any assets of the Spectrum Financing SPE becoming available to Sprint. Accordingly, the assets of the Spectrum Financing SPE are not available to satisfy the debts and other obligations owed to other creditors of Sprint until the obligations of the Spectrum Financing SPEs under the spectrum-backed senior secured notes are paid in full.

**Credit Facilities**

***Secured Term Loan and Revolving Bank Credit Facility***

On February 3, 2017, we entered into a new credit agreement for $6.0 billion , consisting of a $4.0 billion , seven -year secured term loan that matures in February 2024 and a $2.0 billion secured revolving bank credit facility that expires in February 2021. As of June 30, 2017 , approximately $192 million in letters of credit were outstanding under the secured revolving bank credit facility, including the letter of credit required by the Report and Order *(see Note 11. Commitments and Contingencies)* . As a result of the outstanding letters of credit, which directly reduce the availability of borrowings, the Company had approximately $1.8 billion of borrowing capacity available under the secured revolving bank credit facility as of June 30, 2017 . The bank credit facility requires a ratio (Leverage Ratio) of total indebtedness to trailing four quarters earnings before interest, taxes, depreciation and amortization and other non-recurring items, as defined by the bank credit facility (adjusted EBITDA), not to exceed 6.0 to 1.0 through the quarter ending December 31, 2017. After December 31, 2017, the Leverage Ratio declines on a scheduled basis until the ratio becomes fixed at 3.5 to 1.0 for the fiscal quarter ended

March 31, 2020 and each fiscal quarter ending thereafter through expiration of the facility. The term loan has an interest rate equal to LIBOR plus 250 basis points and the secured revolving bank credit facility has an interest rate equal to LIBOR plus a spread that varies depending on the Leverage Ratio.

In consideration of the seven -year secured term loan, we entered into a five -year fixed-for-floating interest rate swap on a $2.0 billion notional amount that has been designated as a cash flow hedge. The effective portion of changes in fair value are recorded in "Other comprehensive income (loss)" in the consolidated statements of comprehensive income (loss) and the ineffective portion, if any, is recorded in current period earnings in the consolidated statements of comprehensive income (loss) as interest expense. The fair value of the interest rate swap was approximately $10 million as of June 30, 2017 , which was recorded as a liability in the consolidated balance sheets.

***EDC Agreement***

As of June 30, 2017 , the EDC agreement provided for security and covenant terms similar to our secured term loan and revolving bank credit facility. However, under the terms of the EDC agreement, repayments of outstanding amounts cannot be redrawn. As of June 30, 2017 , the total principal amount of our borrowings under the EDC facility was $300 million .

***Secured Equipment Credit Facilities***

*Finnvera plc (Finnvera)*

The Finnvera secured equipment credit facility provides for the ability to borrow up to $800 million to finance network equipment-related purchases from Nokia Solutions and Networks US LLC, USA. The facility has one tranche remaining and available for borrowing through October 2017. Such borrowings are contingent upon the amount and timing of network-related purchases made by Sprint. During the three-month period ended June 30, 2017 , we drew $92 million and made principal repayments totaling $57 million on the facility, resulting in a total principal amount of $175 million outstanding as of June 30, 2017 .

*K-sure*

The K-sure secured equipment credit facility provides for the ability to borrow up to $750 million to finance network equipment-related purchases from Samsung Telecommunications America, LLC. The facility can be divided in up to three consecutive tranches of varying size with borrowings available until May 2018, contingent upon the amount of network-related purchases made by Sprint. During the three-month period ended June 30, 2017 , we made principal repayments totaling $33 million on the facility, resulting in a total principal amount of $226 million outstanding as of June 30, 2017 .

*Delcredere | Ducroire (D/D)*

The D/D secured equipment credit facility provided for the ability to borrow up to $250 million to finance network equipment-related purchases from Alcatel-Lucent USA Inc. During the three-month period ended June 30, 2017 , we made principal repayments totaling $3 million on the facility, resulting in a total principal amount of $29 million outstanding as of June 30, 2017 . At the end of the quarter, our ability to borrow the remaining, undrawn portion of the facility had expired.

Borrowings under the Finnvera, K-sure and D/D secured equipment credit facilities are each secured by liens on the respective network equipment purchased pursuant to each facility's credit agreement. In addition, repayments of outstanding amounts borrowed under the secured equipment credit facilities cannot be redrawn. Each of these facilities is fully and unconditionally guaranteed by both Sprint Communications and Sprint Corporation. The secured equipment credit facilities have certain key covenants similar to those in our secured term loan and revolving bank credit facility.

**Accounts Receivable Facility**

*Transaction Overview*

Our Receivables Facility provides us the opportunity to sell certain wireless service receivables, installment receivables, and future amounts due from customers who lease certain devices from us to the Purchasers. The maximum funding limit under the Receivables Facility is $4.3 billion . While we have the right to decide how much cash to receive from each sale, the maximum amount of cash available to us varies based on a number of factors and currently represents approximately 50% of the total amount of the eligible receivables sold to the Purchasers. As of June 30, 2017 , the total amount of borrowings under our Receivables Facility was $2.6 billion and the total amount available to be drawn was $110 million . T he Receivables Facility was amended in November 2016 to, among other things, reallocate the Purchasers' commitments between wireless service, installment and future lease receivables to 33% , 39% and 28% , respectively. The amendment was in response to changing trends in the financing methods selected by customers. In February 2017, the Receivables Facility was amended to extend the maturity date to November 2018. Additionally, Sprint gained effective control over the receivables transferred to the Purchasers by obtaining the right, under certain circumstances, to repurchase them. Subsequent to the February 2017 amendment, all proceeds received from the Purchasers in exchange for the transfer of our wireless service and installment receivables are recorded as borrowings and all cash inflows and outflows under the Receivables Facility are reported as financing activities in the consolidated statements of cash flows. During the three-month period ended June 30, 2017 , we drew $765 million and repaid $125 million to the Purchasers.

Prior to the February 2017 amendment, wireless service and installment receivables sold to the Purchasers were treated as a sale of financial assets and we derecognized these receivables, as well as the related allowances, and recognized the net proceeds received in cash provided by operating activities in the consolidated statements of cash flows. The total proceeds from the sale of these receivables were comprised of a combination of cash and a deferred purchase price (DPP). The DPP was realized by us upon either the ultimate collection of the underlying receivables sold to the Purchasers or upon Sprint's election to receive additional advances in cash from the Purchasers subject to the total availability under the Receivables Facility. The fees associated with these sales were recognized in "Selling, general and administrative" in the consolidated statements of comprehensive income (loss) through the date of the February 2017 amendment. Subsequent to the February 2017 amendment, the sale of wireless service and installment receivables are reported as financings, which is consistent with our historical treatment for the sale of future lease receivables, and the associated fees are recognized as "Interest expense" in the consolidated statements of comprehensive income (loss).

During the three-month period ended June 30, 2016 , we remitted $185 million of funds to the Purchasers because the amount of cash proceeds received by us under the facility exceeded the maximum funding limit, which increased the total amount of the DPP due to Sprint. We also elected to receive $40 million of cash, which decreased the total amount of the DPP due to Sprint. In addition, during the three-month period ended June 30, 2016 , cash collections on previously sold receivables exceeded sales of new receivables such that the DPP decreased by $28 million .

*Transaction Structure*

Sprint contributes certain wireless service, installment and future lease receivables, as well as the associated leased devices to Sprint's wholly-owned consolidated bankruptcy-remote SPEs. At Sprint's direction, the SPEs have sold, and will continue to sell, wireless service, installment and future lease receivables to Purchasers or to a bank agent on behalf of the Purchasers. Leased devices will remain with the SPEs, once sales are initiated, and continue to be depreciated over their estimated useful life. As of June 30, 2017 , wireless service and installment receivables contributed to the SPEs and included in "Accounts and notes receivable, net" in the consolidated balance sheets were $3.0 billion and the long-term portion of installment receivables included in "Other assets" in the consolidated balance sheets was $489 million . As of June 30, 2017 , the net book value of devices contributed to the SPEs was approximately $3.2 billion .

Each SPE is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the SPE, to be satisfied out of the SPE’s assets prior to any assets in the SPE becoming available to Sprint. Accordingly, the assets of the SPE are not available to pay creditors of Sprint or any of its affiliates (other than any other SPE), although collections from these receivables in excess of amounts required to repay the advances, yield and fees of the Purchasers and other creditors of the SPEs may be remitted to Sprint during and after the term of the Receivables Facility.

Sales of eligible receivables by the SPEs generally occur daily and are settled on a monthly basis. Sprint pays a fee for the drawn and undrawn portions of the Receivables Facility. A subsidiary of Sprint services the receivables in exchange for a monthly servicing fee, and Sprint guarantees the performance of the servicing obligations under the Receivables Facility.

*Variable Interest Entity*

Sprint determined that certain of the Purchasers, which are multi-seller asset-backed commercial paper conduits (Conduits) are considered variable interest entities because they lack sufficient equity to finance their activities. Sprint's interest in the receivables purchased by the Conduits is not considered a variable interest because Sprint's interest is in assets that represent less than 50% of the total activity of the Conduits.

**Financing Obligations**

***Network Equipment Sale-Leaseback***

In April 2016, Sprint sold and leased back certain network equipment to unrelated bankruptcy-remote special purpose entities (collectively, "Network LeaseCo"). The network equipment acquired by Network LeaseCo, which we consolidate, was used as collateral to raise approximately $2.2 billion in borrowings from external investors, including SoftBank Group Corp. (SoftBank). Principal and interest payments on the borrowings from the external investors will be repaid in staggered, unequal payments through January 2018. During the three-month period ended June 30, 2017 , we made principal repayments totaling $117 million , resulting in a total principal amount of $1.8 billion outstanding as of June 30, 2017 .

Network LeaseCo is a variable interest entity for which Sprint is the primary beneficiary. As a result, Sprint is required to consolidate Network LeaseCo and our consolidated financial statements include Network LeaseCo's debt and the related financing cash inflows. The network assets included in the transaction, which had a net book value of approximately $3.0 billion and consisted primarily of equipment located at cell towers, remain on Sprint's consolidated financial statements and continue to be depreciated over their respective estimated useful lives. As of June 30, 2017 , these network assets had a net book value of approximately $2.2 billion .

The proceeds received were reflected as cash provided by financing activities in the consolidated statements of cash flows and payments made to Network LeaseCo are reflected as principal repayments and interest expense over the respective terms. Sprint has the option to purchase the equipment at the end of the leaseback term for a nominal amount. All intercompany transactions between Network LeaseCo and Sprint are eliminated in our consolidated financial statements.

***Handset Sale-Leasebacks***

*Transaction Structure*

Sprint sold certain iPhone ® devices being leased by our customers to MLS, a company formed by a group of equity investors, including SoftBank, and then subsequently leased the devices back. Under the agreements, Sprint generally maintains the customer leases, continues to collect and record lease revenue from the customer and remits monthly rental payments to MLS during the leaseback periods.

Under the agreements, Sprint contributed the devices and the associated customer leases to wholly-owned consolidated bankruptcy-remote special purpose entities of Sprint (SPE Lessees). The SPE Lessees then sold the devices and transferred certain specified customer lease-end rights and obligations, such as the right to receive the proceeds from customers who elect to purchase the device at the end of the customer lease term, to MLS in exchange for a combination of cash and DPP. Settlement for the DPP occurs after repayment of MLS's senior loan obligations, senior subordinated loan obligations, and a return to MLS's equity holders and can be reduced to the extent that MLS experiences a loss on the device (either not returned or sold at an amount less than the expected residual value of the device), but only to the extent of the device's DPP balance. In the event that MLS sells the devices returned from our customers at a price greater than the expected device residual value, Sprint has the potential to share some of the excess proceeds.

The SPE Lessees retain all rights to the underlying customer leases, such as the right to receive the rental payments during the device leaseback period, other than the aforementioned certain specified customer lease-end rights. Each SPE Lessee is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the SPE Lessee, to be satisfied out of the SPE Lessee's assets prior to any assets in the SPE Lessee becoming available to Sprint. Accordingly, the assets of the SPE Lessee are not available to pay creditors of Sprint or any of its affiliates. The SPE Lessees are obligated to pay the full monthly rental payments under each device lease to MLS regardless of whether our customers make lease payments on the devices leased to them or whether the customer lease is canceled. Sprint has guaranteed to MLS (subject to a cap of 20% of the aggregate cash purchase price) the performance of the agreements and undertakings of the SPE Lessees under the transaction documents.

*Handset Sale-Leasebacks Tranche 2 (Tranche 2)*

In May 2016, Sprint entered into Tranche 2. We transferred devices with a net book value of approximately $1.3 billion to MLS in exchange for cash proceeds totaling $1.1 billion and a DPP of $186 million . The proceeds were accounted for as a financing. Accordingly, the devices remain in "Property, plant and equipment, net" in the consolidated balance sheets and we continue to depreciate the assets to their estimated residual values over the respective customer lease terms. At June 30, 2017 , the net book value of devices transferred to MLS was approximately $470 million .

During the three-month period ended June 30, 2017 , we made principal repayments totaling $158 million to MLS, resulting in a total principal amount of $227 million outstanding as of June 30, 2017 .

The proceeds received are reflected as cash provided by financing activities in the consolidated statements of cash flows and payments made to MLS will be reflected as principal repayments and interest expense. We have elected to account for the financing obligation at fair value. Accordingly, changes in the fair value of the financing obligation are recognized in "Other (expense) income, net" in the consolidated statements of comprehensive income (loss) over the course of the arrangement.

Tranche 2 primarily includes devices from our iPhone Forever Program. The iPhone Forever Program provides our leasing customers the ability to upgrade their devices and to enter into a new lease agreement, subject to certain conditions, upon Apple's release of a next generation device. Upon a customer exercising their iPhone Forever upgrade right, Sprint has the option to terminate the existing leaseback by immediately remitting all unpaid device leaseback payments and returning the device to MLS. Alternatively, Sprint has the option to transfer the title in the new device to MLS in exchange for the title in the original device (Exchange Option). If Sprint elects the Exchange Option, we are required to continue to pay existing device leaseback rental payments related to the original device, among other requirements.

*Handset Sale-Leasebacks Tranche 1 (Tranche 1)*

In December 2015, Sprint entered into Tranche 1. We recorded the sale, removed the devices from our balance sheet, and classified the leasebacks as operating leases. The cash proceeds received in the transaction were reflected as cash provided by investing activities in the consolidated statements of cash flows and payments made to MLS under the leaseback were reflected as "Cost of products" in the consolidated statements of comprehensive income (loss). Rent expense related to MLS totaled $197 million during the three-month period ended June 30, 2016 and is reflected in cash flows from operations. In December 2016, Sprint terminated Tranche 1 by repurchasing the devices and related customer lease-end rights and obligations from MLS. Additionally, the leaseback was canceled and there are no further rental payments owed to MLS related to Tranche 1.

***Tower Financing***

We have approximately 3,000 cell sites that we sold and subsequently leased back during 2008. Terms extend through 2021, with renewal options for an additional 20 years. These cell sites continue to be reported as part of our "Property, plant and equipment, net" in our consolidated balance sheets due to our continued involvement with the property sold and the transaction is accounted for as a financing. The financing obligation as of June 30, 2017 is $181 million .

**Capital Lease and Other Obligations**

In May 2016, Sprint closed on a transaction with Shentel to acquire one of our wholesale partners, NTELOS Holdings Corporation (nTelos). The total consideration for this transaction included $181 million , on a net present value basis, of notes payable to Shentel. Sprint will satisfy its obligations under the notes payable over an expected term of five to six years, of which the remaining obligation is $158 million as of June 30, 2017 . The remainder of our capital lease and other obligations of $324 million as of June 30, 2017 are primarily for the use of wireless network equipment.

**Covenants**

Certain indentures and other agreements require compliance with various covenants, including covenants that limit the ability of the Company and its subsidiaries to sell all or substantially all of its assets, limit the ability of the Company and its subsidiaries to incur indebtedness and liens, and require that we maintain certain financial ratios, each as defined by the terms of the indentures, supplemental indentures and financing arrangements.

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As of June 30, 2017 , the Company was in compliance with all restrictive and financial covenants associated with its borrowings. A default under any of our borrowings could trigger defaults under certain of our other debt obligations, which in turn could result in the maturities being accelerated.

Under our secured revolving bank credit facility, we are currently restricted from paying cash dividends because our ratio of total indebtedness to adjusted EBITDA (each as defined in the applicable agreements) exceeds 2.5 to 1.0 .

## Note 9. Severance and Exit Costs

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 our backhaul access contracts for which we will no longer be receiving any economic benefit, and severance costs associated with reductions in our work force.

The following provides the activity in the severance and exit costs liability included in "Accounts payable," "Accrued expenses and other current liabilities" and "Other liabilities" within the consolidated balance sheets:

| | March 31, 2017 | Net (Benefit) Expense | Cash Payments and Other | June 30, 2017 |
|---|---|---|---|---|
| | | (in millions) | | |
| Lease exit costs | $ 249 | $ (9) (1) | $ (29) | $ 211 |
| Severance costs | 12 | 5 (2) | (7) | 10 |
| Access exit costs | 40 | 4 (3) | (7) | 37 |
| | $ 301 | $ — | $ (43) | $ 258 |

_______________

*(1) For the three-month period ended June 30, 2017 , we recognized a benefit of $9 million (Wireless only).*
*(2) For the three-month period ended June 30, 2017 , we recognized costs of $5 million ( $3 million Wireless, $2 million Wireline).*
*(3) For the three-month period ended June 30, 2017 , we recognized costs of $4 million ( $1 million Wireless , $3 million Wireline).*

We continually refine our network strategy and evaluate other potential network initiatives to improve the overall performance of our network. Additionally, major cost cutting initiatives are expected to continue to reduce operating expenses and improve our operating cash flows. As a result of these ongoing activities, we may incur future material charges associated with lease and access exit costs, severance, asset impairments, and accelerated depreciation, among others.

## Note 10. Income Taxes

The differences that caused our effective income tax rates to differ from the 35% U.S. federal statutory rate for income taxes were as follows:

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 |
|---|---|---|
| | (in millions) | |
| Income tax (expense) benefit at the federal statutory rate | $ (174) | $ 86 |
| Effect of: | | |
| State income taxes, net of federal income tax effect | (22) | 3 |
| State law changes, net of federal income tax effect | 3 | — |
| Increase deferred tax liability for business activity changes | (65) | — |
| Credit for increasing research activities | 4 | — |
| Change in federal and state valuation allowance | (33) | (142) |
| Other, net | (5) | (3) |
| Income tax expense | $ (292) | $ (56) |
| Effective income tax rate | 58.6% | (22.8)% |

The realization of deferred tax assets, including net operating loss carryforwards, is dependent on the generation of future taxable income sufficient to realize the tax deductions, carryforwards and credits. However, our history of annual losses reduces our ability to rely on expectations of future income in evaluating the ability to realize our deferred tax assets.

Valuation allowances on deferred tax assets are recognized if it is determined that it is more likely than not that the asset will not be realized. As a result, the Company recognized income tax expense to increase the valuation allowance by $33 million and $142 million during the three-month periods ended June 30, 2017 and 2016 , respectively. We do not expect to record significant tax benefits on future net operating losses until our circumstances justify the recognition of such benefits.

We believe it is more likely than not that our remaining deferred income tax assets, net of the valuation allowance, will be realized based on current income tax laws and expectations of future taxable income stemming from the reversal of existing deferred tax liabilities. Uncertainties surrounding income tax law changes, shifts in operations between state taxing jurisdictions and future operating income levels may, however, affect the ultimate realization of all or some of these deferred income tax assets.

Income tax expense of $292 million for the three-month period ended June 30, 2017 was primarily attributable to taxable temporary differences from the tax amortization of FCC licenses and tax expense on pre-tax gains from spectrum license exchanges during the period. We also increased our deferred state income tax liability by $65 million for changes in business activities causing us to become subject to income tax in additional tax jurisdictions. This resulted in a change in the measurement of the carrying value of our deferred tax liability on temporary differences, primarily FCC licenses. Income tax expense of $56 million for the three-month period ended June 30, 2016 was primarily attributable to taxable temporary differences from the tax amortization of FCC licenses. FCC licenses are amortized over 15 years for income tax purposes but, because these licenses have an indefinite life, they are not amortized for financial statement reporting purposes. These temporary differences cannot be scheduled to reverse during the loss carryforward period against our deferred tax assets. As a result, a valuation allowance is recorded against our loss carryforward and other excess deferred tax assets resulting in a net deferred tax expense.

As of June 30, 2017 and March 31, 2017 , we maintained unrecognized tax benefits of $195 million and $190 million , respectively. Cash paid for income taxes, net, was $32 million and $21 million for the three-month periods ended June 30, 2017 and 2016 , respectively.

## Note 11. Commitments and Contingencies

### Litigation, Claims and Assessments

In March 2009, a stockholder brought suit, *Bennett v. Sprint Nextel Corp.* , in the U.S. District Court for the District of Kansas, alleging that Sprint Communications and three of its former officers violated Section 10(b) of the Exchange Act and Rule 10b-5 by failing adequately to disclose certain alleged operational difficulties subsequent to the Sprint-Nextel merger, and by purportedly issuing false and misleading statements regarding the write-down of goodwill. The district court granted final approval of a settlement in August 2015, which did not have a material impact to our financial statements. Five stockholder derivative suits related to this 2009 stockholder suit were filed against Sprint Communications and certain of its present and/or former officers and directors. The first, *Murphy v. Forsee* , was filed in state court in Kansas on April 8, 2009, was removed to federal court, and was stayed by the court pending resolution of the motion to dismiss the *Bennett* case; the second, *Randolph v. Forsee* , was filed on July 15, 2010 in state court in Kansas, was removed to federal court, and was remanded back to state court; the third, *Ross-Williams v. Bennett, et al.* , was filed in state court in Kansas on February 1, 2011; the fourth, *Price v. Forsee, et al.,* was filed in state court in Kansas on April 15, 2011; and the fifth, *Hartleib v. Forsee, et al* ., was filed in federal court in Kansas on July 14, 2011. These cases were essentially stayed while the *Bennett* case was pending, and we have reached an agreement in principle to settle the matters, by agreeing to some governance provisions and by paying plaintiffs' attorneys fees in an immaterial amount. The court approved the settlement but reduced the plaintiffs' attorneys fees; the attorneys fees issue is on appeal.

On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications has fraudulently failed to collect and pay more than $100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint also seeks recovery of triple damages under the State False Claims Act, as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint Communications appealed that order and the intermediate appellate court affirmed the order of the trial court. On October 20, 2015, the Court of Appeals of New York affirmed the decision of the appellate court that the tax statute requires us to collect and remit the disputed taxes. Our petition for certiorari to the U.S. Supreme Court on grounds of federal preemption was denied. As of June 30, 2017, we have accrued approximately $200 million associated with this matter. The parties are now engaged in discovery in the trial court. We will continue to defend this matter vigorously and we do not expect the resolution of this matter to have a material adverse effect on our financial position or results of operations.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain of its current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court. Two suits were filed in state court in Johnson County, Kansas and one of those suits was dismissed as premature; and five suits are pending in federal court in Kansas. The remaining Kansas suits have been stayed pending resolution of the Attorney General's suit. We do not expect the resolution of these matters to have a material adverse effect on our financial position or results of operations.

Sprint Communications is also a defendant in a complaint filed by several stockholders of Clearwire Corporation (Clearwire) asserting claims for breach of fiduciary duty by Sprint Communications, and related claims and otherwise challenging the Clearwire acquisition. *ACP Master, LTD, et al. v. Sprint Nextel Corp., et al.* , was filed April 26, 2013, in Chancery Court in Delaware. Plaintiffs in the *ACP Master, LTD* suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. Trial of those cases took place in October and November 2016; the parties have submitted their post-trial briefing, and oral argument was held on April 25, 2017. On July 21, 2017, the Delaware Chancery Court ruled in Sprint's favor in both cases. It found no breach of fiduciary duty, and determined the value of Clearwire shares under the Delaware appraisal statute to be $2.13 per share plus statutory interest.

Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require us to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, we would be indemnified for monetary losses that we incur with respect to the actions of our suppliers or service providers. We do not expect the resolution of these cases to have a material adverse effect on our financial position or results of operations.

In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability (NALs) to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to our Assurance Wireless ® business. No NAL has yet been issued with respect to Sprint and we do not know if one will be issued. Further, we are not able to reasonably estimate the amount of any claim for penalties that might be asserted. However, based on the information currently available, if a claim is asserted by the FCC, Sprint does not believe that any amount ultimately paid would be material to the Company's results of operations or financial position.

Various other suits, inquiries, proceedings and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against us or our subsidiaries. As of June 30, 2017, we have accrued $114 million associated with a state tax matter. If our interpretation of certain laws or regulations, including those related to various federal or state matters such as sales, use or property taxes, or other charges were found to be mistaken, it could result in payments by us. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with our beliefs, we expect that the outcome of such proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position or results of operations.

**Spectrum Reconfiguration Obligations**

In 2004, the FCC adopted a Report and Order that included new rules regarding interference in the 800 MHz band and a comprehensive plan to reconfigure the 800 MHz band. The Report and Order provides for the exchange of a portion of our 800 MHz FCC spectrum licenses, and requires us to fund the cost incurred by public safety systems and other incumbent licensees to reconfigure the 800 MHz spectrum band. Also, in exchange, we received licenses for 10 MHz of nationwide spectrum in the 1.9 GHz band.

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The minimum cash obligation is $2.8 billion under the Report and Order. We are, however, obligated to pay the full amount of the costs relating to the reconfiguration plan, even if those costs exceed $2.8 billion . As required under the terms of the Report and Order, a letter of credit has been secured to provide assurance that funds will be available to pay the relocation costs of the incumbent users of the 800 MHz spectrum. The letter of credit was initially $2.5 billion , but has been reduced during the course of the proceeding to $142 million as of June 30, 2017 . Since the inception of the program, we have incurred payments of approximately $3.5 billion directly attributable to our performance under the Report and Order, including approximately $7 million during the three-month period ended June 30, 2017 . When incurred, substantially all costs are accounted for as additions to FCC licenses with the remainder as property, plant and equipment. Based on our expenses to date and on third party administrator's audits, we have exceeded the $2.8 billion minimum cash obligation required by the FCC. The FCC is expected to declare we have satisfied this minimum cash obligation requirement this year.

Completion of the 800 MHz band reconfiguration was initially required by June 26, 2008 and public safety reconfiguration is nearly complete across the country with the exception of the States of Washington, Arizona, California, Texas and New Mexico. The FCC continues to grant the remaining 800 MHz public safety licensees additional time to complete their band reconfigurations which, in turn, delays our access to our 800 MHz replacement channels in these areas. In the areas where band reconfiguration is complete, Sprint has received its replacement spectrum in the 800 MHz band and Sprint is deploying 3G CDMA and 4G LTE on this spectrum in combination with its spectrum in the 1.9 GHz and 2.5 GHz bands.

**Note 12. Per Share Data**

Basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share adjusts basic net income (loss) per common share, computed using the treasury stock method, for the effects of potentially dilutive common shares, if the effect is not antidilutive. For the three-month period ended June 30, 2017, the computation of diluted net income (loss) per common share includes the effect of dilutive securities consisting of approximately 59 million options and restricted stock units, in addition to 24 million shares attributable to warrants, of which 20 million relate to the warrant held by SoftBank. Outstanding options to purchase shares totaling 4 million were not included in the computation of diluted net income (loss) per common share because to do so would have been antidilutive. For the three-month period ended June 30, 2016, outstanding options and restricted stock units (exclusive of participating securities) that had no effect on our computation of dilutive weighted average number of shares outstanding as their effect would have been antidilutive were approximately 88 million shares, in addition to 62 million total shares issuable under warrants, of which 55 million relate to shares issuable under the warrant held by SoftBank. The warrant was issued to SoftBank at the close of the merger with SoftBank and is exercisable at $5.25 per share at the option of SoftBank, in whole or in part, at any time on or prior to July 10, 2018.

**Note 13. Segments**

Sprint operates two reportable segments: Wireless and Wireline.

- Wireless primarily includes retail, wholesale, and affiliate revenue from a wide array of wireless voice and data transmission services and equipment revenue from the sale of wireless devices (handsets and tablets) and accessories in the U.S., Puerto Rico and the U.S. Virgin Islands.
- Wireline primarily includes revenue from domestic and international wireline voice and data communication services provided to other communications companies and targeted business subscribers, in addition to our Wireless segment.

We define segment earnings as wireless or wireline operating income (loss) before other segment expenses such as depreciation, amortization, severance, exit costs, goodwill impairments, asset impairments, and other items, if any, solely and directly attributable to the segment representing items of a non-recurring or unusual nature. Expense and income items excluded from segment earnings are managed at the corporate level. Transactions between segments are generally accounted for based on market rates, which we believe approximate fair value. The Company generally re-establishes these rates at the beginning of each fiscal year. Over the past several years, there has been an industry-wide trend of lower rates due to increased competition from other wireline and wireless communications companies, as well as cable and Internet service providers.

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Segment financial information is as follows:

| Statement of Operations Information | Wireless | Wireline | Corporate, Other and Eliminations | Consolidated |
|---|---|---|---|---|
| | | (in millions) | | |
| **Three Months Ended June 30, 2017** | | | | |
| Net operating revenues | $ 7,810 | $ 343 | $ 4 | $ 8,157 |
| Inter-segment revenues (1) | — | 90 | (90) | — |
| Total segment operating expenses | (4,944) | (444) | 84 | (5,304) |
| Segment earnings | $ 2,866 | $ (11) | $ (2) | 2,853 |
| Less: | | | | |
| Depreciation | | | | (1,831) |
| Amortization | | | | (223) |
| Other, net (2) | | | | 364 |
| Operating income | | | | 1,163 |
| Interest expense | | | | (613) |
| Other expense, net | | | | (52) |
| Income before income taxes | | | | $ 498 |

| Statement of Operations Information | Wireless | Wireline | Corporate, Other and Eliminations | Consolidated |
|---|---|---|---|---|
| | | (in millions) | | |
| **Three Months Ended June 30, 2016** | | | | |
| Net operating revenues | $ 7,597 | $ 412 | $ 3 | $ 8,012 |
| Inter-segment revenues (1) | — | 133 | (133) | — |
| Total segment operating expenses | (5,157) | (526) | 128 | (5,555) |
| Segment earnings | $ 2,440 | $ 19 | $ (2) | 2,457 |
| Less: | | | | |
| Depreciation | | | | (1,680) |
| Amortization | | | | (287) |
| Other, net (2) | | | | (129) |
| Operating income | | | | 361 |
| Interest expense | | | | (615) |
| Other income, net | | | | 8 |
| Loss before income taxes | | | | $ (246) |

| Other Information | Wireless | Wireline | Corporate and Other | Consolidated |
|---|---|---|---|---|
| | | (in millions) | | |
| Capital expenditures for the three months ended June 30, 2017 | $ 1,435 | $ 62 | $ 121 | $ 1,618 |
| Capital expenditures for the three months ended June 30, 2016 | $ 781 | $ 20 | $ 77 | $ 878 |

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*(1) Inter-segment revenues consist primarily of wireline services provided to the Wireless segment for resale to, or use by, wireless subscribers.*

*(2) Other, net for the three-month period ended June 30, 2017 consists of a $175 million net loss on disposal of property, plant and equipment , which consisted of a $181 million loss related to cell site construction costs that are no longer recoverable as a result of changes in our network plans, slightly offset by a $6 million gain. In addition, the three-month period ended June 30, 2017 includes a $479 million non-cash gain related to spectrum license exchanges with other carriers, a $55 million reduction of an accrual related to favorable developments in pending legal proceedings and a $5 million reversal of previously accrued contract termination costs primarily related to the termination of our relationship with General Wireless Operations Inc. (Radio Shack). Losses totaling $112 million relating to the write-off of leased devices associated with lease cancellations were excluded from Other, net and included within Wireless segment earnings for the three-month period ended June 30, 2017 . Other, net for the three-month period ended June 30, 2016 consists of $16 million of severance and exit costs and $113 million of contract termination costs, primarily related to the termination of our pre-existing wholesale arrangement with nTelos as a result of the Shentel transaction. Losses totaling approximately $120 million relating to the write-off of leased devices associated with lease cancellations were excluded from Other, net and included within Wireless segment earnings for the three-month period ended June 30, 2016 .*

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| Operating Revenues by Service and Products | Wireless | Wireline | Corporate, Other and Eliminations (1) | Consolidated |
|---|---|---|---|---|
| | | (in millions) | | |
| **Three Months Ended June 30, 2017** | | | | |
| Wireless services (2) | $ 5,465 | $ — | $ — | $ 5,465 |
| Wireless equipment | 2,086 | — | — | 2,086 |
| Voice | — | 124 | (41) | 83 |
| Data | — | 34 | (19) | 15 |
| Internet | — | 255 | (30) | 225 |
| Other (2) | 259 | 20 | 4 | 283 |
| **Total net operating revenues** | $ 7,810 | $ 433 | $ (86) | $ 8,157 |

| Operating Revenues by Service and Products | Wireless | Wireline | Corporate, Other and Eliminations (1) | Consolidated |
|---|---|---|---|---|
| | | (in millions) | | |
| **Three Months Ended June 30, 2016** | | | | |
| Wireless services (2) | $ 5,852 | $ — | $ — | $ 5,852 |
| Wireless equipment | 1,496 | — | — | 1,496 |
| Voice | — | 181 | (69) | 112 |
| Data | — | 43 | (22) | 21 |
| Internet | — | 302 | (41) | 261 |
| Other (2) | 249 | 19 | 2 | 270 |
| **Total net operating revenues** | $ 7,597 | $ 545 | $ (130) | $ 8,012 |

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*(1) Revenues eliminated in consolidation consist primarily of wireline services provided to the Wireless segment for resale to or use by wireless subscribers.*

*(2) 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 above tables reflect the reclassification of the related Assurance Wireless prepaid revenue within the Wireless segment from Wireless services to Other of $82 million and $91 million for the three months ended June 30, 2017 and 2016, respectively. Revenue associated with subscribers through our wholesale Lifeline MVNOs continues to remain in Other following this change.*

## Note 14. Related-Party Transactions

Sprint has entered into various arrangements with SoftBank or its controlled affiliates (SoftBank Parties) or with third parties to which SoftBank Parties are also parties, including for international wireless roaming, wireless and wireline call termination, real estate, logistical management, and other services.

### Brightstar

We have arrangements with Brightstar US, Inc. (Brightstar), whereby Brightstar provides supply chain and inventory management services to us in our indirect channels and whereby Sprint may sell new and used devices and new accessories to Brightstar for its own purposes. To facilitate certain of these arrangements, we have extended a $700 million credit line to Brightstar to assist with the purchasing and distribution of devices and accessories. As a result, we shifted our concentration of credit risk away from our indirect channel partners to Brightstar. As Brightstar is a subsidiary of SoftBank, we expect SoftBank will provide the necessary support to ensure that Brightstar will fulfill its obligations to us under these agreements. However, we have no assurance that SoftBank will provide such support.

The supply chain and inventory management arrangement provides, among other things, that Brightstar may purchase inventory from the original equipment manufacturers (OEMs) to sell directly to our indirect dealers. As compensation for these services, we remit per unit fees to Brightstar for each device sold to dealers or retailers in our indirect channels. During the three-month periods ended June 30, 2017 and 2016 , we incurred fees under these arrangements totaling $23 million and $19 million , respectively. Additionally, we have an arrangement with Brightstar whereby they perform certain of our reverse logistics including device buyback, trade-in technology and related services. We may also purchase new and used devices and accessories from Brightstar to be sold in our direct channels.

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Amounts included in our consolidated financial statements associated with these arrangements with Brightstar were as follows:

| Consolidated balance sheets: | June 30, 2017 | March 31, 2017 |
|---|---|---|
| | (in millions) | |
| Accounts receivable | $ 185 | $ 367 |
| Accounts payable | $ 61 | $ 160 |

| Consolidated statements of comprehensive income (loss): | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Equipment revenues | $ 350 | $ 276 |
| Cost of products | $ 356 | $ 296 |

In addition, Sprint earned fees of approximately $9 million and $28 million from a Brightstar subsidiary in the three-month periods ended June 30, 2017 and 2016 , respectively, for billing and collecting payments from subscribers under certain insurance programs.

**SoftBank**

In November 2015 and April 2016, Sprint entered into Handset Sale-Leaseback Tranche 1 and Tranche 2, respectively, with MLS, a company formed by a group of equity investors, including SoftBank, to sell and leaseback certain devices, which are currently being leased by our customers, for total cash proceeds of approximately $2.2 billion . SoftBank's initial equity investment in MLS totaled $79 million . Brightstar provides reverse logistics and remarketing services to MLS with respect to the devices.

In December 2016, Tranche 1 was terminated and the associated devices were repurchased by Sprint from MLS. With the cash proceeds, MLS repurchased the equity units from its investors including SoftBank. As a result, SoftBank's remaining equity investment in MLS with respect to Tranche 2 totaled $39 million as of June 30, 2017 .

In April 2016, Sprint sold and leased back certain network equipment to Network LeaseCo. The network equipment acquired by Network LeaseCo, which is consolidated by us, was used as collateral to raise approximately $2.2 billion in borrowings from external investors, including $250 million from SoftBank. Principal and interest payments on the borrowings from the external investors will be repaid in staggered, unequal payments through January 2018. During the three-month period ended June 30, 2017 , we made principal repayments totaling $117 million , resulting in a total principal amount outstanding of $1.8 billion as of June 30, 2017 .

All other transactions under agreements with SoftBank Parties, in the aggregate, were immaterial through the period ended June 30, 2017 .

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**Note 15. Guarantor Financial Information**

On September 11, 2013, Sprint Corporation issued $2.25 billion aggregate principal amount of 7.250% notes due 2021 and $4.25 billion aggregate principal amount of 7.875% notes due 2023 in a private placement transaction with registration rights. On December 12, 2013, Sprint Corporation issued $2.5 billion aggregate principal amount of 7.125% notes due 2024 in a private placement transaction with registration rights. Each of these issuances is fully and unconditionally guaranteed by Sprint Communications (Subsidiary Guarantor), which is a 100% owned subsidiary of Sprint Corporation (Parent/Issuer). In connection with the foregoing, in November 2014, the Company and Sprint Communications completed an offer to exchange the notes for a new issue of substantially identical exchange notes registered under the Securities Act of 1933. We did not receive any proceeds from this exchange offer. In addition, on February 24, 2015, Sprint Corporation issued $1.5 billion aggregate principal amount of 7.625% notes due 2025, which are fully and unconditionally guaranteed by Sprint Communications.

During the three-month periods ended June 30, 2017 and 2016 , there were non-cash equity contributions from the Subsidiary Guarantor to the Non-Guarantor Subsidiaries as a result of organizational restructuring for tax purposes of $42 million and $563 million , respectively.

Under the Subsidiary Guarantor's secured revolving bank credit facility, the Subsidiary Guarantor is currently restricted from paying cash dividends to the Parent/Issuer or any Non-Guarantor Subsidiary because the ratio of total indebtedness to adjusted EBITDA (each as defined in the applicable agreement) exceeds 2.5 to 1.0 .

Sprint has a Receivables Facility providing for the sale of eligible wireless service, installment and certain future lease receivables. In April 2016, Sprint entered into the Tranche 2 transaction to sell and leaseback certain leased devices and a separate network equipment sale-leaseback transaction to sell and leaseback certain network equipment. In October 2016, Sprint transferred certain directly held and third-party leased spectrum licenses to wholly-owned bankruptcy-remote special purpose entities as part of the spectrum financing transaction. In connection with each of the Receivables Facility, Tranche 2, and the spectrum financing transaction, Sprint formed certain wholly-owned bankruptcy-remote subsidiaries that are included in the non-guarantor subsidiaries' condensed consolidated financial information. In addition, the bankruptcy-remote special purpose entities formed in connection with the network equipment sale-leaseback transaction, but which are not Sprint subsidiaries, are included in the non-guarantor subsidiaries' condensed consolidated financial information. Each of these is a separate legal entity with its own separate creditors who will be entitled, prior to and upon its liquidation, to be satisfied out of its assets prior to any assets becoming available to Sprint *(see Note 8. Long-Term Debt, Financing and Capital Lease Obligations)*.

We have accounted for investments in subsidiaries using the equity method. Presented below is the condensed consolidating financial information.

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CONDENSED CONSOLIDATING BALANCE SHEET

| | June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ — | $ 2,034 | $ 444 | $ — | $ 2,478 |
| Short-term investments | — | 4,349 | — | — | 4,349 |
| Accounts and notes receivable, net | 195 | — | 4,089 | (195) | 4,089 |
| Device and accessory inventory | — | — | 979 | — | 979 |
| Prepaid expenses and other current assets | — | 14 | 587 | — | 601 |
| Total current assets | 195 | 6,397 | 6,099 | (195) | 12,496 |
| Investments in subsidiaries | 19,007 | 24,380 | — | (43,387) | — |
| Property, plant and equipment, net | — | — | 18,866 | — | 18,866 |
| Due from consolidated affiliate | 24 | 12,486 | — | (12,510) | — |
| Note receivable from consolidated affiliate | 10,398 | 575 | — | (10,973) | — |
| Intangible assets | | | | | |
| Goodwill | — | — | 6,578 | — | 6,578 |
| FCC licenses and other | — | — | 41,074 | — | 41,074 |
| Definite-lived intangible assets, net | — | — | 3,075 | — | 3,075 |
| Other assets | — | 133 | 1,102 | — | 1,235 |
| Total assets | $ 29,624 | $ 43,971 | $ 76,794 | $ (67,065) | $ 83,324 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ — | $ — | $ 2,616 | $ — | $ 2,616 |
| Accrued expenses and other current liabilities | 211 | 435 | 3,379 | (195) | 3,830 |
| Current portion of long-term debt, financing and capital lease obligations | — | 956 | 4,169 | — | 5,125 |
| Total current liabilities | 211 | 1,391 | 10,164 | (195) | 11,571 |
| Long-term debt, financing and capital lease obligations | 10,398 | 12,342 | 11,719 | — | 34,459 |
| Note payable due to consolidated affiliate | — | 10,398 | 575 | (10,973) | — |
| Deferred tax liabilities | — | — | 14,701 | — | 14,701 |
| Other liabilities | — | 833 | 2,745 | — | 3,578 |
| Due to consolidated affiliate | — | — | 12,510 | (12,510) | — |
| Total liabilities | 10,609 | 24,964 | 52,414 | (23,678) | 64,309 |
| Commitments and contingencies | | | | | |
| Total stockholders' equity | 19,015 | 19,007 | 24,380 | (43,387) | 19,015 |
| Total liabilities and stockholders' equity | $ 29,624 | $ 43,971 | $ 76,794 | $ (67,065) | $ 83,324 |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATING BALANCE SHEET

| | March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ — | $ 2,461 | $ 409 | $ — | $ 2,870 |
| Short-term investments | — | 5,444 | — | — | 5,444 |
| Accounts and notes receivable, net | 86 | 1 | 4,137 | (86) | 4,138 |
| Device and accessory inventory | — | — | 1,064 | — | 1,064 |
| Prepaid expenses and other current assets | — | 11 | 590 | — | 601 |
| Total current assets | 86 | 7,917 | 6,200 | (86) | 14,117 |
| Investments in subsidiaries | 18,800 | 23,854 | — | (42,654) | — |
| Property, plant and equipment, net | — | — | 19,209 | — | 19,209 |
| Due from consolidated affiliate | 25 | 13,032 | — | (13,057) | — |
| Note receivable from consolidated affiliate | 10,394 | 575 | — | (10,969) | — |
| Intangible assets | | | | | |
| Goodwill | — | — | 6,579 | — | 6,579 |
| FCC licenses and other | — | — | 40,585 | — | 40,585 |
| Definite-lived intangible assets, net | — | — | 3,320 | — | 3,320 |
| Other assets | — | 134 | 1,179 | — | 1,313 |
| Total assets | $ 29,305 | $ 45,512 | $ 77,072 | $ (66,766) | $ 85,123 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ — | $ — | $ 3,281 | $ — | $ 3,281 |
| Accrued expenses and other current liabilities | 103 | 478 | 3,646 | (86) | 4,141 |
| Current portion of long-term debt, financing and capital lease obligations | — | 1,356 | 3,680 | — | 5,036 |
| Total current liabilities | 103 | 1,834 | 10,607 | (86) | 12,458 |
| Long-term debt, financing and capital lease obligations | 10,394 | 13,647 | 11,837 | — | 35,878 |
| Note payable due to consolidated affiliate | — | 10,394 | 575 | (10,969) | — |
| Deferred tax liabilities | — | — | 14,416 | — | 14,416 |
| Other liabilities | — | 837 | 2,726 | — | 3,563 |
| Due to consolidated affiliate | — | — | 13,057 | (13,057) | — |
| Total liabilities | 10,497 | 26,712 | 53,218 | (24,112) | 66,315 |
| Commitments and contingencies | | | | | |
| Total stockholders' equity | 18,808 | 18,800 | 23,854 | (42,654) | 18,808 |
| Total liabilities and stockholders' equity | $ 29,305 | $ 45,512 | $ 77,072 | $ (66,766) | $ 85,123 |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

| | Three Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| Net operating revenues | $ — | $ — | $ 8,157 | $ — | $ 8,157 |
| Net operating expenses: | | | | | |
| Cost of services (exclusive of depreciation and amortization included below) | — | — | 1,709 | — | 1,709 |
| Cost of products (exclusive of depreciation and amortization included below) | — | — | 1,545 | — | 1,545 |
| Selling, general and administrative | — | — | 1,938 | — | 1,938 |
| Depreciation | — | — | 1,831 | — | 1,831 |
| Amortization | — | — | 223 | — | 223 |
| Other, net | — | (55) | (197) | — | (252) |
| | — | (55) | 7,049 | — | 6,994 |
| Operating income | — | 55 | 1,108 | — | 1,163 |
| Other income (expense): | | | | | |
| Interest income | 198 | 45 | 4 | (228) | 19 |
| Interest expense | (198) | (351) | (292) | 228 | (613) |
| Earnings (losses) of subsidiaries | 206 | 524 | — | (730) | — |
| Other expense, net | — | (67) | (4) | — | (71) |
| | 206 | 151 | (292) | (730) | (665) |
| Income (loss) before income taxes | 206 | 206 | 816 | (730) | 498 |
| Income tax expense | — | — | (292) | — | (292) |
| Net income (loss) | 206 | 206 | 524 | (730) | 206 |
| Other comprehensive (loss) income | (4) | (4) | 5 | (1) | (4) |
| Comprehensive income (loss) | $ 202 | $ 202 | $ 529 | $ (731) | $ 202 |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE (LOSS) INCOME

| | Three Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| Net operating revenues | $ — | $ — | $ 8,012 | $ — | $ 8,012 |
| Net operating expenses: | | | | | |
| Cost of services (exclusive of depreciation and amortization included below) | — | — | 2,099 | — | 2,099 |
| Cost of products (exclusive of depreciation and amortization included below) | — | — | 1,419 | — | 1,419 |
| Selling, general and administrative | — | — | 1,917 | — | 1,917 |
| Severance and exit costs | — | — | 16 | — | 16 |
| Depreciation | — | — | 1,680 | — | 1,680 |
| Amortization | — | — | 287 | — | 287 |
| Other, net | — | — | 233 | — | 233 |
| | — | — | 7,651 | — | 7,651 |
| Operating income | — | — | 361 | — | 361 |
| Other (expense) income: | | | | | |
| Interest income | 198 | 28 | 3 | (219) | 10 |
| Interest expense | (198) | (423) | (213) | 219 | (615) |
| (Losses) earnings of subsidiaries | (302) | 94 | — | 208 | — |
| Other expense, net | — | (1) | (1) | — | (2) |
| | (302) | (302) | (211) | 208 | (607) |
| (Loss) income before income taxes | (302) | (302) | 150 | 208 | (246) |
| Income tax expense | — | — | (56) | — | (56) |
| Net (loss) income | (302) | (302) | 94 | 208 | (302) |
| Other comprehensive (loss) income | (1) | (1) | 1 | — | (1) |
| Comprehensive (loss) income | $ (303) | $ (303) | $ 95 | $ 208 | $ (303) |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

| | Three Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| Cash flows from operating activities: | | | | | |
| Net cash (used in) provided by operating activities | $ — | $ (521) | $ 1,801 | $ — | $ 1,280 |
| Cash flows from investing activities: | | | | | |
| Capital expenditures - network and other | — | — | (1,121) | — | (1,121) |
| Capital expenditures - leased devices | — | — | (497) | — | (497) |
| Expenditures relating to FCC licenses | — | — | (13) | — | (13) |
| Proceeds from sales and maturities of short-term investments | — | 2,594 | — | — | 2,594 |
| Purchases of short-term investments | — | (1,499) | — | — | (1,499) |
| Change in amounts due from/due to consolidated affiliates | — | 588 | — | (588) | — |
| Proceeds from sales of assets and FCC licenses | — | — | 101 | — | 101 |
| Other, net | — | — | (3) | — | (3) |
| Net cash provided by (used in) investing activities | — | 1,683 | (1,533) | (588) | (438) |
| Cash flows from financing activities: | | | | | |
| Proceeds from debt and financings | — | — | 902 | — | 902 |
| Repayments of debt, financing and capital lease obligations | — | (1,598) | (523) | — | (2,121) |
| Change in amounts due from/due to consolidated affiliates | — | — | (588) | 588 | — |
| Other, net | — | 9 | (24) | — | (15) |
| Net cash (used in) provided by financing activities | — | (1,589) | (233) | 588 | (1,234) |
| Net (decrease) increase in cash and cash equivalents | — | (427) | 35 | — | (392) |
| Cash and cash equivalents, beginning of period | — | 2,461 | 409 | — | 2,870 |
| Cash and cash equivalents, end of period | $ — | $ 2,034 | $ 444 | $ — | $ 2,478 |

**SPRINT CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

| | Three Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | *Parent/Issuer* | *Subsidiary Guarantor* | *Non-Guarantor Subsidiaries* | *Eliminations* | *Consolidated* |
| | | | *(in millions)* | | |
| Cash flows from operating activities: | | | | | |
| Net cash (used in) provided by operating activities | $ — | $ (337) | $ 943 | $ (64) | $ 542 |
| Cash flows from investing activities: | | | | | |
| Capital expenditures - network and other | — | — | (473) | — | (473) |
| Capital expenditures - leased devices | — | — | (405) | — | (405) |
| Expenditures relating to FCC licenses | — | — | (15) | — | (15) |
| Purchases of short-term investments | — | (1,269) | (35) | — | (1,304) |
| Change in amounts due from/due to consolidated affiliates | — | 2,924 | — | (2,924) | — |
| Proceeds from sales of assets and FCC licenses | — | — | 27 | — | 27 |
| Intercompany note advance to consolidated affiliate | — | (50) | — | 50 | — |
| Proceeds from intercompany note advance to consolidated affiliate | — | 24 | — | (24) | — |
| Other, net | — | — | (25) | — | (25) |
| Net cash provided by (used in) investing activities | — | 1,629 | (926) | (2,898) | (2,195) |
| Cash flows from financing activities: | | | | | |
| Proceeds from debt and financings | — | — | 3,255 | — | 3,255 |
| Repayments of debt, financing and capital lease obligations | — | — | (294) | — | (294) |
| Debt financing costs | — | (110) | (65) | — | (175) |
| Intercompany dividends paid to consolidated affiliate | — | — | (64) | 64 | — |
| Change in amounts due from/due to consolidated affiliates | — | — | (2,924) | 2,924 | — |
| Intercompany note advance from consolidated affiliate | — | — | 50 | (50) | — |
| Repayments of intercompany note advance from consolidated affiliate | — | — | (24) | 24 | — |
| Other, net | — | 2 | 4 | — | 6 |
| Net cash (used in) provided by financing activities | — | (108) | (62) | 2,962 | 2,792 |
| Net increase (decrease) in cash and cash equivalents | — | 1,184 | (45) | — | 1,139 |
| Cash and cash equivalents, beginning of period | — | 2,154 | 487 | — | 2,641 |
| Cash and cash equivalents, end of period | $ — | $ 3,338 | $ 442 | $ — | $ 3,780 |

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

**OVERVIEW**

Sprint Corporation, including its consolidated subsidiaries, is a communications company offering a comprehensive range of wireless and wireline communications products and services that are designed to meet the needs of individual consumers, businesses, government subscribers, and resellers. Unless the context otherwise requires, references to "Sprint," "we," "us," "our" and the "Company" mean Sprint Corporation and its consolidated subsidiaries for all periods presented, and references to "Sprint Communications" are to Sprint Communications, Inc. and its consolidated subsidiaries.

**Description of the Company**

We are a large wireless communications company in the U.S., as well as a provider of wireline services. Our services are provided through our ownership of extensive wireless networks, an all-digital global wireline network and a Tier 1 Internet backbone.

We offer wireless and wireline services to subscribers in all 50 states, Puerto Rico, and the U.S. Virgin Islands under the Sprint corporate brand, which includes our retail brands of Sprint ® , Boost Mobile ® , Virgin Mobile ® , and Assurance Wireless ® on our wireless networks utilizing various technologies including third generation (3G) code division multiple access (CDMA) and fourth generation (4G) services utilizing Long Term Evolution (LTE). We utilize these networks to offer our wireless subscribers differentiated products and services through the use of a single network or a combination of these networks.

***Wireless***

We offer wireless services on a postpaid and prepaid payment basis to retail subscribers and also on a wholesale basis, which includes the sale of wireless services that utilize the Sprint network but are sold under the wholesaler's brand.

*Postpaid*

In our postpaid portfolio, we offer several price plans for both consumer and business subscribers. Many of our price plans include unlimited talk, text and data or allow subscribers to purchase monthly data allowances. We also offer family plans that include multiple lines of service under one account. We currently offer these plans through installment billing or leasing programs, and within limited plan offerings through subsidy. Our installment billing program does not require a service contract and offers service plans at lower monthly rates compared to subsidy plans, but requires the subscriber to pay full or near full price for the device over monthly installments. Our leasing program also does not require a service contract, provides for service plans at lower monthly rates compared to subsidy plans and allows qualified subscribers to lease a device and make payments for use of the device over the term of the lease. At the end of the lease term, the subscriber can either turn in the device, continue leasing the device or purchase the device. The terms of our installment billing and lease contracts require that customers maintain service otherwise the balance of the note is due or they are in default under their lease. The subsidy program, which is being de-emphasized, requires a service contract and allows for a subscriber to purchase a device at a discount for a new line of service.

*Prepaid*

Our prepaid portfolio currently includes multiple brands, each designed to appeal to specific subscriber uses and demographics. Sprint Forward (formerly Sprint Prepaid) primarily serves as a complementary offer to our Sprint Postpaid offer for those subscribers who want plans that are affordable, simple and flexible without a long-term commitment. Boost Mobile primarily serves subscribers that are looking for value without data limits. Virgin Mobile primarily serves subscribers that are looking to optimize spend but need solutions that offer control, flexibility and connectivity through various plans with high speed data options. Virgin Mobile is also designated as a Lifeline-only Eligible Telecommunications Carrier. Under the Assurance Wireless brand, Virgin Mobile provides service to Lifeline eligible subscribers (for whom it seeks reimbursement from the federal Universal Service Fund) and subscribers who have lost their Lifeline eligibility and retain Assurance Wireless retail service. The Lifeline program requires applicants to meet certain eligibility requirements and existing subscribers must recertify as to those requirements annually. While Sprint will continue to support our Lifeline subscribers through our Assurance Wireless prepaid brand, we have excluded these subscribers from our reported prepaid customer base for all periods presented due to recent regulatory changes resulting in tighter program restrictions. (See *"Subscriber Results"* for more information.)

*Wholesale*

We have focused our wholesale business on enabling our diverse network of customers to successfully grow their business by providing them with an array of network, product, and device solutions. This allows our customers to customize this full suite of value-added solutions to meet the growing demands of their businesses. As part of these growing demands, some of our wholesale mobile virtual network operators (MVNO) are also selling prepaid services under the Lifeline program. While Sprint will continue to support our Lifeline subscribers through our wholesale MVNOs, we have excluded these subscribers from our reported wholesale customer base for all periods presented due to recent regulatory changes resulting in tighter program restrictions. (See *"Subscriber Results"* for more information.)

We continue to support the open development of applications, content, and devices on the Sprint network. In addition, we enable a variety of business and consumer third-party relationships through our portfolio of machine-to-machine solutions, which we offer on a retail postpaid and wholesale basis. Our machine-to-machine solutions portfolio provides a secure, real-time and reliable wireless two-way data connection across a broad range of connected devices.

***Wireline***

We provide a broad suite of wireline voice and data communication services to other communications companies and targeted business subscribers. In addition, our Wireline segment provides voice, data and IP communication services to our Wireless segment. We provide long distance services and operate all-digital global long distance and Tier 1 IP networks.

**Business Strategies and Key Priorities**

Our business strategy is to be responsive to changing customer mobility demands of existing and potential customers, and to expand our business into new areas of customer value and economic opportunity through innovation and differentiation. To help lay the foundation for these future growth opportunities, our strategy revolves around targeted investment, in the following key priority areas:

- Unlock the value of our substantial spectrum holdings by densifying and optimizing our network to provide customers with the best experience;
- Achieve our cost reduction goals by significantly transforming our business;
- Deliver an attractive value proposition and substantially enhance our distribution through use of innovative models;
- Create an alternative financial structure that leverages our assets to fuel our growth and maximize stockholder value;
- Attract and retain world-class talent and establish strategic partnerships to create an optimal, engaged, and winning team; and
- Deliver an exceptional wireless experience so customers stay longer, buy more, and tell their friends.

To provide a network that delivers the consistent reliability, capacity and speed that customers demand, we expect to continue to optimize our 3G data network and invest in LTE deployment across all of our spectrum bands. We also expect to deploy new technologies that will help strengthen our competitive position, including the expected use of High Performance User Equipment, the Sprint Magic Box that is an LTE booster, Voice over LTE, more extensive use of Wi-Fi and the use of small cells to further densify our network.

To achieve a more competitive cost position, we have established an Office of Cost Management with responsibility for identifying, operationalizing, and monitoring sustained improvements in operating costs and efficiencies. Also, we have deployed cost management and planning tools across the entire organization to more effectively monitor expenditures.

We are focused on attracting and retaining subscribers by improving our sales and marketing initiatives. We have demonstrated our value proposition through our evolving price plans, promotions, and payment programs and have deployed local marketing and civic engagement initiatives in key markets.

Our current strategy also includes transactions that continue to leverage our assets such as the Accounts Receivable Facility (Receivables Facility), the handset sale-leaseback transaction, the network equipment sale-leaseback transaction, and the spectrum financing transaction. Each of these transactions is described in more detail in "Liquidity and Capital Resources."

We have recruited leaders in our industry from around the globe and employ an organizational focus to ensure Sprint has a work environment employees recommend.

To deliver a simplified and improved customer experience, we are focusing on key subscriber touch points, pursuing process improvements and deploying platforms to simplify and enhance the interactions between us and our customers. In addition, we have established a customer experience team to support our focus on net promoter score as an important key measure of customer satisfaction.

***Network***

We continue to increase coverage and capacity by densifying and optimizing our existing network. Densification, which includes increasing the number of small cells and antennas, is intended to enhance coverage and capacity across the network. We expect the densification efforts to cost significantly less than our historical macro cell site builds ( *i.e.* adding traditional cell towers). We are also deploying new technologies, such as carrier aggregation, which allows us to move more data at faster speeds over the same spectrum. Additionally, our introduction of tri-band devices, which support each of our spectrum bands, allows us to manage and operate our network more efficiently and at a lower cost. We have continued to see positive results from these infrastructure upgrades in key U.S. markets.

The 2.5 GHz spectrum band carries the highest percentage of Sprint's LTE data traffic. We have significant additional capacity to grow the use of our 2.5 GHz spectrum holdings into the future. Sprint believes it is well-positioned with spectrum holdings of more than 160 MHz of 2.5 GHz spectrum in the top 100 markets in the U.S.

Overall, our densification and optimization efforts are expected to continue to enhance the customer experience by adding data capacity, increasing the wireless data speeds available to our customers, and improving network performance for both voice and data services. While circumstances may change in the future, we believe that our substantial spectrum holdings are sufficient to allow us to continue to provide consistent network reliability, capacity, and speed, as well as to provide current and future customers a highly competitive wireless experience. As we continue to refine our network strategy and evaluate other potential network initiatives, we may incur future material charges associated with lease and access exit costs, loss from asset dispositions or accelerated depreciation, among others.

## RESULTS OF OPERATIONS

### Consolidated Results of Operations

The following table provides an overview of the consolidated results of operations.

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 |
|---|---|---|
| | *(in millions)* | |
| Wireless segment earnings | $ 2,866 | $ 2,440 |
| Wireline segment earnings | (11) | 19 |
| Corporate, other and eliminations | (2) | (2) |
| Consolidated segment earnings | 2,853 | 2,457 |
| Depreciation | (1,831) | (1,680) |
| Amortization | (223) | (287) |
| Other, net | 364 | (129) |
| Operating income | 1,163 | 361 |
| Interest expense | (613) | (615) |
| Other (expense) income, net | (52) | 8 |
| Income tax expense | (292) | (56) |
| Net income (loss) | $ 206 | $ (302) |

***Depreciation Expense***

Depreciation expense increased $151 million , or 9% , in the three-month period ended June 30, 2017 compared to the same period in 2016 , primarily due to increased depreciation on leased devices as a result of the continued growth of the device leasing program. Depreciation expense incurred on all leased devices for the three-month periods ended June 30, 2017 and 2016 was $854 million and $644 million , respectively.

***Amortization Expense***

Amortization expense decreased $64 million , or 22% , in the three-month period ended June 30, 2017 compared to the same period in 2016 , primarily due to customer relationship intangible assets that are amortized using the sum-of-the-months'-digits method, which results in higher amortization rates in early periods that decline over time.

***Other, net***

The following table provides additional information regarding items included in "Other, net" for the three-month periods ended June 30, 2017 and 2016 .

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | *(in millions)* | |
| Severance and exit costs | $ — | $ (16) |
| Litigation and other contingencies | 55 | — |
| Loss on disposal of property, plant and equipment, net | (175) | — |
| Contract terminations | 5 | (113) |
| Gains from asset dispositions and exchanges | 479 | — |
| Total | $ 364 | $ (129) |

Other, net represented a benefit of $364 million in the three-month period ended June 30, 2017 . During the three-month period ended June 30, 2017 , we recorded a $479 million non-cash gain as a result of spectrum license exchanges with other carriers, a $55 million reduction of an accrual related to favorable developments in pending legal proceedings, and a $5 million benefit in contract terminations. In addition, we recorded a $175 million net loss on disposal of property, plant and equipment, which consisted of a $181 million loss related to cell site construction costs that are no longer recoverable as a result of changes in our network plans during the quarter ended June 30, 2017, slightly offset by a $6 million gain.

Other, net represented an expense of $129 million in the three-month period ended June 30, 2016 . During the three-month period ended June 30, 2016 , we recognized severance and exit costs of $16 million , which included $4 million of severance primarily associated with reductions in work force and $14 million of lease and access exit costs primarily associated with tower leases and backhaul access contracts for which we will no longer be receiving any economic benefit, of which $2 million was recognized as "Cost of services" in the consolidated statements of comprehensive income (loss). During the three-month period ended June 30, 2016 , we recorded $113 million of contract terminations that was primarily related to the termination of our pre-existing wholesale arrangement with NTELOS Holdings Corporation (nTelos) as a result of the transaction with Shentel.

***Interest Expense***

Interest expense decreased $2 million in the three-month period ended June 30, 2017 compared to the same period in 2016 . The effective interest rate, which includes capitalized interest, on the weighted average long-term debt balance of $40.1 billion and $36.1 billion was 6.3% and 6.9% for the three-month periods ended June 30, 2017 and 2016 , respectively. See “Liquidity and Capital Resources” for more information on the Company's financing activities.

***Other (expense) income, net***

Other (expense) income, net represented an expense of $52 million and a benefit of $8 million in the three-month periods ended June 30, 2017 and 2016 , respectively. The three-month period ended June 30, 2017 included $66 million of loss on early extinguishment of debt related to the retirement of portions of the Sprint Communications 8.375% Notes due 2017 and 9.000% Guaranteed Notes due 2018.

***Income Taxes***

Income tax expense of $292 million and $56 million for the three-month periods ended June 30, 2017 and 2016 , respectively, represented consolidated effective tax rates of approximately 59% and (23)% , respectively. Income tax expense of $292 million for the three-month period ended June 30, 2017 was primarily attributable to taxable temporary differences from the tax amortization of FCC licenses and tax expense on pre-tax gains from spectrum license exchanges during the period. We also increased our deferred state income tax liability by $65 million for changes in business activities causing us to become subject to income tax in additional tax jurisdictions. This resulted in a change in the measurement of the carrying value of our deferred tax liability on temporary differences, primarily FCC licenses. Income tax expense of $56 million for the three-month period ended June 30, 2016 was primarily attributable to taxable temporary differences from the tax amortization of FCC licenses.

**Segment Earnings - Wireless**

Wireless segment earnings are a function of wireless service revenue, the sale of wireless devices (handsets and tablets), broadband devices, connected devices and accessories, leasing wireless devices, in addition to costs to acquire subscribers and network and interconnection costs to serve those subscribers, as well as other Wireless segment operating expenses. The costs to acquire our subscribers include the cost at which we sell our devices, as well as the marketing and sales costs incurred to attract those subscribers. Network costs primarily represent switch and cell site costs, backhaul costs, and interconnection costs, which generally consist of per-minute usage fees and roaming fees paid to other carriers. The remaining costs associated with operating the Wireless segment include the costs to operate our customer care organization and administrative support. Wireless service revenue, costs to acquire subscribers, and variable network and interconnection costs fluctuate with the changes in our subscriber base and their related usage, but some cost elements do not fluctuate in the short-term with these changes.

As shown by the table above under "Consolidated Results of Operations," Wireless segment earnings represented almost all of our total consolidated segment earnings for the three-month period ended June 30, 2017 and 2016 . Within the Wireless segment, postpaid wireless services represent the most significant contributors to earnings, and is driven by the number of postpaid subscribers utilizing our services, as well as average revenue per user (ARPU). The wireless industry is subject to competition to retain and acquire subscribers of wireless services. Almost all markets in which we operate have high rates of penetration for wireless services.

***Device Financing Programs***

In September 2013, we introduced an installment billing program that allows subscribers to purchase a device by paying monthly installments generally over 24 months. In September 2014, we introduced a leasing program, whereby qualified subscribers can lease a device for a contractual period of time.

Under the installment billing program, we recognize a majority of the revenue associated with future expected installment payments at the time of sale of the device. As compared to our traditional subsidy program, this results in better alignment of the equipment revenue with the cost of the device. The impact to Wireless earnings from the sale of devices under our installment billing program is neutral except for the impact from promotional offers and the time value of money element related to the imputed interest on the installment receivable.

Under the leasing program, qualified subscribers can lease a device for a contractual period of time. At the end of the lease term, the subscriber has the option to turn in their device, continue leasing their device, or purchase the device. As of June 30, 2017 , substantially all of our device leases were classified as operating leases. As a result, at lease inception, the devices are reclassified from inventory to property, plant and equipment when leased through Sprint's direct channels. For leases in the indirect channel, we purchase the devices at lease inception from the dealer, which is then capitalized to property, plant and equipment. While a majority of the revenue associated with installment sales is recognized at the time of sale along with the related cost of products, lease revenue is recorded monthly over the term of the lease and the cost of the device is depreciated to its estimated residual value generally over the lease term. During the three-month periods ended June 30, 2017 and 2016 , we leased devices through our Sprint direct channels totaling approximately $849 million and $541 million , respectively. These devices were reclassified from inventory to property, plant and equipment and, as such, the cost of the device was not recorded as cost of products compared to when purchased under the installment billing or the traditional subsidy program, which resulted in a significant positive impact to Wireless segment earnings. Depreciation expense incurred on all leased devices for the three-month periods ended June 30, 2017 and 2016 , was $854 million and $644 million , respectively. If the mix of leased devices continues to increase, we expect this positive impact on the financial results of Wireless segment earnings to continue and depreciation expense to increase. However, prior to its termination, the benefit to Wireless segment earnings was partially offset by the Handset Sale-Leaseback Tranche 1 (Tranche 1) transaction that was consummated in November 2015 whereby we sold and subsequently leased back certain devices leased to our customers. As a result, the cost to us of the devices sold to Mobile Leasing Solutions, LLC (MLS) under Tranche 1 was no longer recorded as depreciation expense, but rather was recognized as rent expense within “Cost of products” in the consolidated statements of comprehensive income (loss) during the leaseback periods until Tranche 1 was terminated in conjunction with the repurchase of devices in December 2016.

Our device leasing and installment billing programs require a greater use of operating cash flow in the early part of the device contracts as our subscribers will generally pay less upfront than a traditional subsidy program. The Receivables Facility and the handset sale-leaseback transactions discussed in "Liquidity and Capital Resources" were designed to mitigate the significant use of cash from purchasing devices from original equipment manufacturers (OEMs) to fulfill our installment billing and leasing programs.

***Wireless Segment Earnings Trends***

Sprint offers lower monthly service fees without a traditional contract as an incentive to attract subscribers to certain of our service plans. These lower rates for service are available whether the subscriber brings their own device, pays the full or near full retail price of the device, purchases the device under our installment billing program, or leases their device through our leasing program. As our base of subscribers shifts away from our traditional subsidy program to lower-priced service plans associated with device financing options, we expect our postpaid ARPU to continue to decline due to lower service revenue. However, we expect higher equipment revenue associated with the installment billing and leasing programs to substantially offset these declines. Since inception, the combination of lower priced plans and our installment billing and leasing programs have been accretive to Wireless segment earnings. We expect that trend to continue with the magnitude of the impact being dependent upon subscriber adoption rates.

We began to experience net losses of postpaid handset subscribers in mid-2013. Since the release of our price plans associated with device financing options, results have shown improvement in trends of handset subscribers; however, there can be no assurance that this trend will continue. We have taken initiatives to provide the best value in wireless service while continuing to enhance our network performance, coverage and capacity in order to attract and retain valuable handset subscribers. In addition, we are evaluating our cost model to operationalize a more effective cost structure.

The following table provides an overview of the results of operations of our Wireless segment.

| | Three Months Ended June 30, | |
|---|---|---|
| **Wireless Segment Earnings** | **2017** | **2016** |
| | *(in millions)* | |
| Postpaid | $ 4,466 | $ 4,778 |
| Prepaid [(1)] | 999 | 1,074 |
| Retail service revenue | 5,465 | 5,852 |
| Wholesale, affiliate and other [(1)] | 259 | 249 |
| Total service revenue | 5,724 | 6,101 |
| Cost of services (exclusive of depreciation and amortization) | (1,412) | (1,784) |
| Service gross margin | 4,312 | 4,317 |
| Service gross margin percentage | 75% | 71% |
| Equipment revenue | 2,086 | 1,496 |
| Cost of products (exclusive of depreciation and amortization) | (1,545) | (1,419) |
| Selling, general and administrative expense | (1,875) | (1,834) |
| Loss on disposal of property, plant and equipment | (112) | (120) |
| Wireless segment earnings | $ 2,866 | $ 2,440 |

*(1) 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 above table reflects the reclassification of the related Assurance Wireless prepaid revenue from Prepaid service revenue to Wholesale, affiliate and other revenue of $82 million and $91 million for the three months ended June 30, 2017 and 2016, respectively. Revenue associated with subscribers through our wholesale Lifeline MVNOs continues to remain in Wholesale, affiliate and other revenue following this change.*

***Service Revenue***

Our Wireless segment generates service revenue from the sale of wireless services and the sale of wholesale and other services. Service revenue consists of fixed monthly recurring charges, variable usage charges and miscellaneous fees such as activation fees, directory assistance, roaming, equipment protection, late payment and early termination charges, and certain regulatory related fees, net of service credits.

The ability of our Wireless segment to generate service revenue is primarily a function of:

- revenue generated from each subscriber, which in turn is a function of the types and amount of services utilized by each subscriber and the rates charged for those services; and
- the number of subscribers that we serve, which in turn is a function of our ability to retain existing subscribers and acquire new subscribers.

Retail comprises those subscribers to whom Sprint directly provides wireless services, whether those services are provided on a postpaid or a prepaid basis. We also categorize our retail subscribers as prime and subprime based upon subscriber credit profiles. We use proprietary scoring systems that measure the credit quality of our subscribers using several factors, such as credit bureau information, subscriber credit risk scores and service plan characteristics. Payment history is subsequently monitored to further evaluate subscriber credit profiles. Wholesale and affiliates are those subscribers who are served through MVNO and affiliate relationships and other arrangements. Under the MVNO relationships, wireless services are sold by Sprint to other companies that resell those services to subscribers.

Effective January 1, 2017, we entered into a new Master Services Agreement with a vendor to provide post-sale device support services (including device insurance) to subscribers. Under the new agreement, the vendor bears the risk of loss with regards to claims and related costs, which Sprint will no longer incur. Sprint will remit premiums to the vendor who will pay Sprint a monthly recurring commission per subscriber for the duration of the agreement. Additionally, under the terms of the new agreement, the vendor will be the primary obligor in the agreement with the subscriber and, as such, revenue will be accounted for and presented on a net basis, whereas historically the amounts were presented on a gross basis. The change is expected to result in reductions in service revenue by approximately $700 million in fiscal year 2017. Because the vendor, not Sprint, will be fulfilling the services, we expect the reductions in service revenue to be more than offset by greater reductions in cost of services expense.

Retail service revenue decreased $387 million , or 7% , for the three-month period ended June 30, 2017 compared to the same period in 2016 . The decrease was primarily due to a lower average revenue per postpaid subscriber driven by an increase in subscribers on lower price plans and lower insurance revenues due to changes in our device insurance program, combined with a decrease in average prepaid subscribers and competitive pressures. The decrease was partially offset by an increase in average postpaid subscribers.

Wholesale, affiliate and other revenues increased $10 million , or 4% , for the three-month period ended June 30, 2017 compared to the same period in 2016 , primarily due to an increase in imputed interest recognized associated with installment billing on devices, partially offset by reduced revenue associated with a decline in Lifeline subscribers and postpaid and prepaid resellers due to competitive pressures. Approximately 82% of our total wholesale and affiliate subscribers represent connected devices. These devices generate revenue which varies based on usage.

***Average Monthly Service Revenue per Subscriber and Subscriber Trends***

The table below summarizes average number of retail subscribers. Additional information about the number of subscribers, net additions (losses) to subscribers, and average rates of monthly postpaid and prepaid subscriber churn for each quarter since the quarter ended June 30, 2016 may be found in the tables on the following pages.

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | *(subscribers in thousands)* | |
| Average postpaid subscribers | 31,472 | 30,900 |
| Average prepaid subscribers | 8,710 | 10,846 |
| Average retail subscribers | 40,182 | 41,746 |

The table below summarizes ARPU. Additional information about ARPU for each quarter since the quarter ended June 30, 2016 may be found in the tables on the following pages.

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| ARPU (1) : | | |
| Postpaid | $ 47.30 | $ 51.54 |
| Prepaid | $ 38.24 | $ 33.00 |
| Average retail | $ 45.34 | $ 46.73 |

(1) *ARPU is calculated by dividing service revenue by the sum of the monthly average number of subscribers in the applicable service category. Changes in average monthly service revenue reflect subscribers 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 subscribers, plus the net effect of average monthly revenue generated by new subscribers and deactivating subscribers.*

Postpaid ARPU for the three-month period ended June 30, 2017 decreased compared to the same period in 2016 primarily due to the impact of subscriber migration to our service plans associated with device financing options, resulting in lower service fees. We expect postpaid ARPU to continue to decline during fiscal year 2017 as a result of lower service fees associated with our price plans offered in conjunction with device financing options, as well as lower device insurance program revenues resulting from entering into a Master Services Agreement with a vendor to provide post-sale device support services to subscribers. However, as a result of our installment billing and leasing programs, we expect increasing equipment revenues to more than offset these declines. Prepaid ARPU increased for the three-month period ended June 30, 2017 compared to the same period in 2016 primarily due to the removal of approximately 1.2 million low-engagement prepaid customers from our base as a result of aligning our churn and retention rules across all our prepaid brands, excluding Assurance Wireless, in the three-month period ending December 31, 2016. (See *"Subscriber Results"* below for more information.)

The following table shows (a) net additions (losses) of wireless subscribers, (b) our total subscribers, and (c) end of period connected device subscribers as of the end of each quarterly period beginning with the quarter ended June 30, 2016.

| | June 30, 2016 | Sept 30, 2016 | Dec 31, 2016 | March 31, 2017 | June 30, 2017 |
|---|---|---|---|---|---|
| **Net additions (losses) (in thousands)** (1) | | | | | |
| Postpaid | 180 | 344 | 405 | (118) | (39) |
| Prepaid (2) | (306) | (449) | (460) | 195 | 35 |
| Wholesale and affiliates (2) | 728 | 704 | 619 | 291 | 65 |
| **Total Wireless** | 602 | 599 | 564 | 368 | 61 |
| **End of period subscribers (in thousands)** (1) | | | | | |
| Postpaid (3)(4)(5) | 30,945 | 31,289 | 31,694 | 31,576 | 31,518 |
| Prepaid (2)(3)(6) | 10,636 | 10,187 | 8,493 | 8,688 | 8,719 |
| Wholesale and affiliates (2)(3)(4)(6)(7) | 11,782 | 12,486 | 13,084 | 13,375 | 13,461 |
| **Total Wireless** | 53,363 | 53,962 | 53,271 | 53,639 | 53,698 |
| **Supplemental data - connected devices** | | | | | |
| **End of period subscribers (in thousands)** (4) | | | | | |
| Retail postpaid | 1,822 | 1,874 | 1,960 | 2,001 | 2,091 |
| Wholesale and affiliates | 9,244 | 9,951 | 10,594 | 10,880 | 11,100 |
| Total | 11,066 | 11,825 | 12,554 | 12,881 | 13,191 |

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(1) *A subscriber is defined as an individual line of service associated with each device activated by a customer. Subscribers that transfer from their original service category classification to another platform, or another service line within the same platform, are reflected as a net loss to the original service category and a net addition to their new service category. There is no net effect for such subscriber changes to the total wireless net additions (losses) or end of period subscribers.*

(2) *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 MVNOs.*

(3) *As part of the Shentel transaction, 186,000 and 92,000 subscribers were transferred from postpaid and prepaid, respectively, to affiliates. 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 the transfer of additional subscribers to Shentel.*

(4) *End of period connected devices are included in total retail postpaid or wholesale and affiliates end of period subscriber totals for all periods presented.*

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

(6) *During the three-month period ended December 31, 2016, the Company aligned all prepaid brands, excluding Assurance Wireless but including prepaid affiliate subscribers, under one churn and retention program. As a result of this change, end of period prepaid and affiliate subscribers as of December 31, 2016 were reduced by 1,234,000 and 21,000, respectively. See "Subscriber Results" below for more information.*

(7) *Subscribers through some of our MVNO relationships have inactivity either in voice usage or primarily as a result of the nature of the device, where activity only occurs when data retrieval is initiated by the end-user and may occur infrequently. Although we continue to provide these subscribers access to our network through our MVNO relationships, approximately 1,777,000 subscribers at June 30, 2017 through these MVNO relationships have been inactive for at least six months, with no associated revenue during the six-month period ended June 30, 2017 .*

The following table shows our average rates of monthly postpaid and prepaid subscriber churn as of the end of each quarterly period beginning with the quarter ended June 30, 2016.

| | June 30, 2016 | Sept 30, 2016 | Dec 31, 2016 | March 31, 2017 | June 30, 2017 (2) |
|---|---|---|---|---|---|
| **Monthly subscriber churn rate (1)** | | | | | |
| Postpaid | 1.56% | 1.52% | 1.67% | 1.75% | 1.65% |
| Prepaid | 5.39% | 5.59% | 5.74% | 4.69% | 4.57% |

*(1) Churn is calculated by dividing net subscriber deactivations for the quarter by the sum of the average number of subscribers for each month in the quarter. For postpaid accounts comprising multiple subscribers, such as family plans and enterprise accounts, net deactivations are defined as deactivations in excess of subscriber activations in a particular account within 30 days. Postpaid and prepaid churn consist of both voluntary churn, where the subscriber makes his or her own determination to cease being a subscriber, and involuntary churn, where the subscriber's service is terminated due to a lack of payment or other reasons.*

*(2) In the quarter ended June 30, 2017, the Company enhanced subscriber reporting to better align certain early-life gross activations and deactivations associated with customers who have not paid us after the initial subscriber transaction. This enhancement had no impact to net additions, but did result in reporting lower gross additions and lower deactivations in the quarter. Without this enhancement, total postpaid churn in the quarter would have been 1.73% versus 1.65%.*

The following table shows our postpaid and prepaid ARPU as of the end of each quarterly period beginning with the quarter ended June 30, 2016.

| | June 30, 2016 | Sept 30, 2016 | Dec 31, 2016 | March 31, 2017 | June 30, 2017 |
|---|---|---|---|---|---|
| **ARPU** | | | | | |
| Postpaid | $ 51.54 | $ 50.54 | $ 49.70 | $ 47.34 | $ 47.30 |
| Prepaid | $ 33.00 | $ 33.15 | $ 33.97 | $ 38.48 | $ 38.24 |

***Subscriber Results***

Retail Postpaid — During the three-month period ended June 30, 2017 , net postpaid subscriber losses were 39,000 compared to net additions of 180,000 in the same period in 2016 . The net losses in the current quarter were driven by tablet subscriber losses, partially offset by phone net subscriber additions.

In the quarter ended June 30, 2017, the Company enhanced subscriber reporting to better align certain early-life gross activations and deactivations associated with customers who have not paid us after the initial subscriber transaction. This enhancement had no impact to net additions, but did result in reporting lower gross additions and lower deactivations in the quarter. Without this enhancement, total postpaid churn in the quarter would have been 1.73% versus 1.65%.

Retail Prepaid — During the three-month period ended June 30, 2017 , we added 35,000 net prepaid subscribers compared to losses of 306,000 in the same period in 2016 . The net additions in the quarter were primarily due to growth in subscribers in the Boost Mobile prepaid brand, partially offset by subscriber losses in the Virgin Mobile prepaid brand primarily due to continued competition in the market.

Sprint is no longer reporting prepaid Lifeline subscribers due to recent regulatory changes resulting in tighter program restrictions. While Sprint will continue to support our Lifeline subscribers through our Assurance Wireless prepaid brand, we have excluded these subscribers from our reported prepaid customer base. The above subscriber table reflects the exclusion of the Assurance Wireless prepaid subscribers on a comparable and trended basis resulting in the removal of 3.3 million subscribers from our reported prepaid subscriber base as of March 31, 2017.

As part of our ongoing efforts to simplify and drive consistency across our prepaid business, as well as tighten the customer engagement criteria, we aligned all prepaid brands, excluding Assurance Wireless, under one churn and retention program as of December 31, 2016. As a result of this alignment, prepaid and prepaid affiliate subscribers under our Boost Mobile, Virgin Mobile and Sprint brands are now deactivated 60 days from the later of the date of initial activation or the most recent replenishment date.

Wholesale and Affiliate Subscribers — Wholesale and affiliate subscribers represent customers that are served on our networks through companies that resell our wireless services to their subscribers, customers residing in affiliate territories and connected devices that utilize our network. Of the 13.5 million subscribers included in wholesale and affiliates, approximately 82% represent connected devices. Wholesale and affiliate subscriber net additions were 65,000 during the three-month period ended June 30, 2017 compared to 728,000 during the same period in 2016 , inclusive of net additions of connected devices totaling 220,000 and 667,000 , respectively. The net additions in the three-month period ended June 30, 2017 were primarily attributable to growth in connected devices, partially offset by a decline in subscribers through our prepaid and postpaid resellers.

Sprint is no longer reporting wholesale Lifeline MVNO subscribers due to recent regulatory changes resulting in tighter program restrictions. While Sprint will continue to support our Lifeline subscribers through our wholesale MVNOs, we have excluded these subscribers from our reported wholesale customer base. The above subscriber table reflects the exclusion of wholesale Lifeline MVNO subscribers on a comparable and trended basis resulting in the removal of 2.8 million subscribers from our reported wholesale subscriber base as of March 31, 2017.

***Cost of Services***

Cost of services consists primarily of:

- costs to operate and maintain our networks, including direct switch and cell site costs, such as rent, utilities, maintenance, labor costs associated with network employees, and spectrum frequency leasing costs;
- fixed and variable interconnection costs, the fixed component of which consists of monthly flat-rate fees for facilities leased from local exchange carriers and other providers based on the number of cell sites and switches in service in a particular period and the related equipment installed at each site, and the variable component of which generally consists of per-minute usage fees charged by wireline providers for calls terminating on their networks, which fluctuate in relation to the level and duration of those terminating calls;
- long distance costs paid to the Wireline segment;
- costs to service and repair devices;
- regulatory fees;
- roaming fees paid to other carriers; and
- fixed and variable costs relating to payments to third parties for the subscriber use of their proprietary data applications, such as messaging, music and cloud services and connected vehicle fees.

Cost of services decreased $372 million , or 21% , for the three-month period ended June 30, 2017 compared to the same period in 2016 , primarily due to the impact of changes to our device insurance program, now administered by a vendor who provides post-sale device support to subscribers and bears the risk of loss on claims and related costs in exchange for a monthly recurring commission per subscriber, which the Company records as service revenue. In addition, network costs such as labor and backhaul were lower as a result of our network improvements and transformation initiatives, combined with decreases in long distance and interconnection costs primarily due to lower rates and volume.

***Equipment Revenue and Cost of Products***

We recognize equipment revenue and corresponding costs of devices when title and risk of loss passes to the indirect dealer or end-use subscriber, assuming all other revenue recognition criteria are met. Our devices are either sold to customers under installment billing and subsidy programs, or leased under the leasing program. Under the installment billing program, the device is generally sold at or near full retail price and we recognize most of the future expected installment payments at the time of sale of the device. Under the subsidy program, which is being de-emphasized, we offer certain incentives, such as new devices at heavily discounted prices, to retain and acquire subscribers. The cost of these incentives is recorded as a reduction to equipment revenue upon activation of the device with a service contract.

Cost of products includes equipment costs (primarily devices and accessories), order fulfillment related expenses, and write-downs of device and accessory inventory related to shrinkage and obsolescence. Additionally, cost of products is reduced by any rebates that are earned from the equipment manufacturers. Cost of products in excess of the net revenue generated from equipment sales is referred to in the industry as equipment net subsidy. As subscribers migrate from acquiring devices through our subsidy program to installment billing or choose to lease under our leasing program, equipment net subsidy continues to decline. We also make incentive payments to certain indirect dealers who purchase devices directly from OEMs or other device distributors. Those payments are recognized as selling, general and administrative expenses when the device is activated with a Sprint service plan because Sprint does not recognize any equipment revenue or cost of products for those transactions. (See *Selling, General and Administrative Expense* below.)

The net impact to equipment revenue and cost of products from the sale of devices under our installment billing program is relatively neutral except for the impact from promotional offers and the time value of money element related to the imputed interest on the installment receivables. Under the leasing program, lease revenue is recorded over the term of the lease. The cost of the leased device is depreciated to its estimated residual value generally over the lease term. During the three-month period ended June 30, 2017 and 2016 , we leased devices through our Sprint direct channels totaling approximately $849 million and $541 million , respectively, which were reclassified from inventory to property, plant and equipment and, as such, the cost of the device was not recorded as cost of products compared to when purchased under the installment billing or the traditional subsidy programs.

Equipment revenue increased $590 million , or 39% , for the three-month period ended June 30, 2017 , compared to the same period in 2016 . The increase in equipment revenue for the three-month period ended June 30, 2017 was primarily due to higher revenue from an increase in the volume of used devices sold to third parties and from the leasing program as more subscribers are choosing to lease their device, combined with higher average sales price per postpaid and prepaid devices sold. Cost of products increased $126 million , or 9% , for the three-month period ended June 30, 2017 , compared to the same period in 2016 primarily due to an increase in the volume of used devices sold to third parties, partially offset by the elimination of lease payments to MLS associated with the termination of Tranche 1 and a decrease in postpaid and prepaid devices sold.

***Selling, General and Administrative Expense***

Sales and marketing costs primarily consist of subscriber acquisition costs, including commissions paid to our indirect dealers, third-party distributors and retail sales force for new device activations and upgrades, residual payments to our indirect dealers, commission payments made to OEMs or other device distributors for direct source handsets, payroll and facilities costs associated with our retail sales force, marketing employees, advertising, media programs and sponsorships, including costs related to branding. General and administrative expenses primarily consist of costs for billing, customer care and information technology operations, bad debt expense and administrative support activities, including collections, legal, finance, human resources, corporate communications, and strategic planning.

Sales and marketing expense increased $39 million , or 3% , for the three-month period ended June 30, 2017 , compared to the same period in 2016 primarily due to higher overall marketing spend.

General and administrative costs increased $2 million , or was relatively flat, for the three-month period ended June 30, 2017 , compared to the same period in 2016 primarily due to higher bad debt expense and other general and administrative costs, partially offset by lower customer care costs as a result of cost reduction initiatives.

Bad debt expense increased $10 million , or 11% , for the three-month period ended June 30, 2017 . The increase was primarily related to increased installment billing accounts with higher reserve rates combined with rate deterioration related to service revenue bad debt, partially offset by a decrease in non-consumer bad debt. We reassess our allowance for doubtful accounts quarterly.

***Loss on Disposal of Property, Plant and Equipment***

For the three-month periods ended June 30, 2017 and 2016 , loss on the disposal of property, plant and equipment, net of recoveries, of $112 million and $120 million , respectively, resulted from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to us. If customers continue to not return devices, we will have such losses in future periods. Similar charges are and have been incurred for devices sold under our subsidy program as equipment net subsidy.

**Segment Earnings - Wireline**

We provide a broad suite of wireline voice and data communications services to other communications companies and targeted business subscribers. In addition, we provide voice, data and IP communication services to our Wireless segment. We provide long distance services and operate all-digital global long distance and Tier 1 IP networks. Our services and products include domestic and international data communications using various protocols such as multiprotocol label switching technologies (MPLS), IP, managed network services, Voice over Internet Protocol (VoIP), Session Initiated Protocol (SIP), and traditional voice services. Our IP services can also be combined with wireless services. Such services include our Sprint Mobile Integration service, which enables a wireless handset to operate as part of a subscriber's wireline voice network, and our DataLink SM service, which uses our wireless networks to connect a subscriber location into their primarily wireline wide-area IP/MPLS data network, making it easier for businesses to adapt their network to changing business requirements. In addition to providing services to our business customers, the wireline network is carrying increasing amounts of voice and data traffic for our Wireless segment as a result of growing usage by our wireless subscribers.

We continue to assess the portfolio of services provided by our Wireline business and are focusing our efforts on IP-based data services and de-emphasizing stand-alone voice services and non-IP-based data services. We also continue to provide voice services primarily to business consumers. Our Wireline segment markets and sells its services primarily through direct sales representatives.

Wireline segment earnings are primarily a function of wireline service revenue, network and interconnection costs, and other Wireline segment operating expenses. Network costs primarily represent special access costs and interconnection costs, which generally consist of domestic and international per-minute usage fees paid to other carriers. The remaining costs associated with operating the Wireline segment include the costs to operate our customer care and billing organizations in addition to administrative support. Wireline service revenue and variable network and interconnection costs fluctuate with the changes in our customer base and their related usage, but some cost elements do not fluctuate in the short-term with changes in our customer usage. Our wireline services provided to our Wireless segment are generally accounted for based on market rates, which we believe approximate fair value. The Company generally re-establishes these rates at the beginning of each fiscal year. Over the past several years, there has been an industry wide trend of lower rates due to increased competition from other wireline and wireless communications companies, as well as cable and Internet service providers. Declines in Wireline segment earnings related to intercompany pricing rates do not affect our consolidated results of operations as our Wireless segment benefits from an equivalent reduction in cost of services.

The following table provides an overview of the results of operations of our Wireline segment.

| Wireline Segment Earnings | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 |
|---|---|---|
| | (in millions) | |
| Voice | $ 124 | $ 181 |
| Data | 34 | 43 |
| Internet | 255 | 302 |
| Other | 20 | 19 |
| Total net service revenue | 433 | 545 |
| Cost of services (exclusive of depreciation) | (387) | (448) |
| Service gross margin | 46 | 97 |
| Service gross margin percentage | 11% | 18% |
| Selling, general and administrative expense | (57) | (78) |
| Wireline segment earnings | $ (11) | $ 19 |

***Wireline Revenue***

*Voice Revenues*

Voice revenues for the three-month period ended June 30, 2017 decreased $57 million , or 31% , compared to the same period in 2016 . The decrease was driven by lower volume and overall rate declines primarily due to lower international hubbing volumes as the company continues to de-emphasize certain voice services, combined with the decline in prices for the sale of services to our Wireless segment. Voice revenues generated from the sale of services to our Wireless segment represented 33% of total voice revenues for the three-month period ended June 30, 2017 compared to 38% for the same period in 2016 .

*Data Revenues*

Data revenues reflect sales of data services, primarily Private Line and managed network services bundled with non-IP-based data access. Data revenues decreased $9 million , or 21% , for the three-month period ended June 30, 2017 , compared to the same period in 2016 as a result of customer churn, primarily related to Private Line. Data revenues generated from the provision of services to the Wireless segment represented 56% of total data revenue for the three-month period ended June 30, 2017 compared to 51% for the same period in 2016 .

*Internet Revenue*

IP-based data services revenue reflects sales of Internet services, including MPLS, VoIP, SIP, and managed services bundled with IP-based data access. IP-based data services revenue decreased $47 million , or 16% , for the three-month period ended June 30, 2017 compared to the same period in 2016 primarily due to fewer IP customers. In addition, revenue was also impacted by a decline in prices for the sale of services to our Wireless segment. Sale of services to our Wireless segment represented 12% of total Internet revenues for the three-month period ended June 30, 2017 , compared to 14% for the same period in 2016 .

*Other Revenues*

Other revenues, which primarily consist of sales of customer premises equipment, increased $1 million , or 5% , in the three-month period ended June 30, 2017 compared to the same period in 2016 .

***Costs of Services***

Costs of services include access costs paid to local phone companies, other domestic service providers and foreign phone companies to complete calls made by our domestic subscribers, costs to operate and maintain our networks, and costs of equipment. Costs of services decreased $61 million , or 14% , in the three-month period ended June 30, 2017 compared to the same period in 2016 . The decrease was primarily due to lower access expense as the result of savings initiatives combined with lower international voice volume and rates and declining voice and IP rate and volumes. Service gross margin percentage decreased from 18% in the three-month period ended June 30, 2016 to 11% in the three-month period ended June 30, 2017 .

***Selling, General and Administrative Expense***

Selling, general and administrative expense decreased $21 million , or 27% , in the three-month period ended June 30, 2017 compared to the same period in 2016 . The decrease was primarily due to lower shared administrative and employee-related costs required to support the Wireline segment as a result of the decline in revenue. Total selling, general and administrative expense as a percentage of net services revenue was 13% for the three-month period ended June 30, 2017 as compared to 14% for the same period in 2016 .

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

| | Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| | *(in millions)* | |
| Net cash provided by operating activities | $ 1,280 | $ 542 |
| Net cash used in investing activities | $ (438) | $ (2,195) |
| Net cash (used in) provided by financing activities | $ (1,234) | $ 2,792 |

***Operating Activities***

Net cash provided by operating activities of $1.3 billion in the three-month period ended June 30, 2017 increased $738 million from the same period in 2016 . The increase was primarily due to lower vendor and labor-related payments of $508 million, which were primarily due to reduced operating costs resulting from the Company's ongoing cost reduction initiatives, and $395 million of increased cash received from customers. During the three-month period ended June 30, 2016 , cash activity related to our Receivables Facility included cash remitted to unaffiliated third parties (Purchasers) for receivables collected in the amount of $185 million and $40 million of cash we elected to receive from the Purchasers. Also, during the three-month period ended June 30, 2017 we paid $129 million, which consisted of call redemption premiums and tender expenses, due to the early retirement of Sprint Communications 8.575% Notes due 2017 and 9.000% Guaranteed Notes due 2018.

***Investing Activities***

Net cash used in investing activities in the three-month period ended June 30, 2017 decreased by $1.8 billion compared to the same period in 2016 , primarily due to increased net proceeds of short-term investments of $2.4 billion. This increase was offset by increased network and other capital expenditures of $648 million and increased purchases of $92 million of leased devices from indirect dealers.

***Financing Activities***

Net cash used in financing activities was $1.2 billion during the three-month period ended June 30, 2017 , which was primarily due to the retirement of $388 million principal amount of outstanding Sprint Communications 8.375% Notes due 2017 and $1.2 billion principal amount of outstanding Sprint Communications 9.000% Guaranteed Notes due 2018. In addition, we also repaid $148 million , $93 million , $125 million and $117 million for the Handset Sale-Leaseback Tranche 2, secured equipment credit facilities, Receivables Facility and network equipment sale-leaseback transactions, respectively. These repayments were partially offset by Receivables Facility and secured equipment credit facilities draws of $765 million and $92 million , respectively.

Net cash provided by financing activities was $2.8 billion during the three-month period ended June 30, 2016 , which was primarily due to cash receipts of $2.2 billion and $1.1 billion from the network equipment sale-leaseback and Handset Sale-Leaseback Tranche 2 transactions, respectively. These receipts were partially offset by repayments of $165 million and $75 million for the Handset Sale-Leaseback Tranche 2 and financing of future lease receivables, respectively. In addition, we paid a total of $175 million in debt finance costs for the unsecured financing facility and the network equipment sale-leaseback.

***Working Capital***

We had working capital of $925 million and $1.7 billion as of June 30, 2017 and March 31, 2017 , respectively. The change in working capital was primarily due to the retirement of $1.2 billion of Sprint Communications notes as described above, partially offset by Receivables Facility draws of $765 million . The remaining balance was due to changes to other working capital items.

**Long-Term Debt and Other Funding Sources**

Our device leasing and installment billing programs require a greater use of operating cash flow in the early part of the device contracts as our subscribers will generally pay less upfront than a traditional subsidy program. The Receivables Facility and the handset sale-leaseback transactions described below were designed in large part to mitigate the significant use of cash from purchasing devices from OEMs to fulfill our installment billing and leasing programs.

***Accounts Receivable Facility***

Our Receivables Facility provides us the opportunity to sell certain wireless service receivables, installment receivables, and future amounts due from customers who lease certain devices from us to the Purchasers. The maximum funding limit under the Receivables Facility is $4.3 billion and the maturity date is November 2018. While we have the right to decide how much cash to receive from each sale, the maximum amount of cash available to us varies based on a number of factors and currently represents approximately 50% of the total amount of the eligible receivables sold to the Purchasers. As of June 30, 2017 , the total amount of borrowings under our Receivables Facility was $2.6 billion and the total amount available to be drawn was $110 million . During the three-month period ended June 30, 2017 , we drew $765 million and repaid $125 million to the Purchasers, which were reflected as financing activities in the consolidated statements of cash flows. Sprint contributes certain wireless service, installment and future lease receivables, as well as the associated leased devices to Sprint's wholly-owned consolidated bankruptcy-remote special purpose entities (SPEs). At Sprint's direction, the SPEs have sold, and will continue to sell, wireless service, installment and future lease receivables to Purchasers or to a bank agent on behalf of the Purchasers. Leased devices will remain with the SPEs, once sales are initiated, and continue to be depreciated over their estimated useful life. As of June 30, 2017 , wireless service and installment receivables contributed to the SPEs and included in "Accounts and notes receivable, net" in the consolidated balance sheets were $3.0 billion and the long-term portion of installment receivables included in "Other assets" in the consolidated balance sheets was $489 million . As of June 30, 2017 , the net book value of devices contributed to the SPEs was approximately $3.2 billion .

***Network Equipment Sale-Leaseback***

In April 2016, Sprint sold and leased back certain network equipment to unrelated bankruptcy-remote special purpose entities (collectively, "Network LeaseCo"). The network equipment acquired by Network LeaseCo, which we consolidate, was used as collateral to raise approximately $2.2 billion in borrowings from external investors, including SoftBank Group Corp. (SoftBank). Principal and interest payments on the borrowings from the external investors will be repaid in staggered, unequal payments through January 2018. During the three-month period ended June 30, 2017 , we made principal repayments totaling $117 million , resulting in a total principal amount of $1.8 billion outstanding as of June 30, 2017 .

Network LeaseCo is a variable interest entity for which Sprint is the primary beneficiary. As a result, Sprint is required to consolidate Network LeaseCo and our consolidated financial statements include Network LeaseCo's debt and the related financing cash inflows. The network assets included in the transaction, which had a net book value of approximately $3.0 billion and consisted primarily of equipment located at cell towers, remain on Sprint's consolidated financial statements and continue to be depreciated over their respective estimated useful lives. As of June 30, 2017 , these network assets had a net book value of approximately $2.2 billion .

The proceeds received were reflected as cash provided by financing activities in the consolidated statements of cash flows and payments made to Network LeaseCo are reflected as principal repayments and interest expense over the respective terms. Sprint has the option to purchase the equipment at the end of the leaseback term for a nominal amount. All intercompany transactions between Network LeaseCo and Sprint are eliminated in our consolidated financial statements.

***Handset Sale-Leaseback Tranche 2 (Tranche 2)***

Sprint sold certain iPhone ® devices being leased by our customers to MLS, a company formed by a group of equity investors, including SoftBank, and then subsequently leased the devices back. Under the agreements, Sprint generally maintains the customer leases, continues to collect and record lease revenue from the customer and remits monthly rental payments to MLS during the leaseback periods.

In May 2016, Sprint entered into Tranche 2. We transferred devices with a net book value of approximately $1.3 billion to MLS in exchange for cash proceeds totaling $1.1 billion and a deferred purchase price (DPP) of $186 million . The proceeds were accounted for as a financing. Accordingly, the devices remain in "Property, plant and equipment, net" in the consolidated balance sheets and we continue to depreciate the assets to their estimated residual values over the respective customer lease terms. At June 30, 2017 , the net book value of devices transferred to MLS was approximately $470 million .

During the three-month period ended June 30, 2017 , we made principal repayments totaling $158 million to MLS, resulting in a total principal amount of $227 million outstanding as of June 30, 2017 .

The proceeds received are reflected as cash provided by financing activities in the consolidated statements of cash flows and payments made to MLS will be reflected as principal repayments and interest expense. We have elected to account for the financing obligation at fair value. Accordingly, changes in the fair value of the financing obligation are recognized in "Other (expense) income, net" in the consolidated statements of comprehensive income (loss) over the course of the arrangement.

***Spectrum Financing***

In October 2016, Sprint transferred certain directly held and third-party leased spectrum licenses (collectively, "Spectrum Portfolio") to wholly-owned bankruptcy-remote special purpose entities (collectively, "Spectrum Financing SPEs"). The Spectrum Portfolio, which represented approximately 14% of Sprint's total spectrum holdings on a MHz-pops basis, was used as collateral to raise an initial $3.5 billion in senior secured notes bearing interest at 3.36% per annum under a $7.0 billion program that permits Sprint to raise up to an additional $3.5 billion in senior secured notes, subject to certain conditions. The senior secured notes are repayable over a five -year term, with interest-only payments over the first four quarters and amortizing quarterly principal payments thereafter commencing December 2017 through September 2021. As of June 30, 2017 , approximately $656 million of the total principal outstanding was classified as "Current portion of long-term debt, financing and capital lease obligations" in the consolidated balance sheets.

Sprint Communications simultaneously entered into a long-term lease with the Spectrum Financing SPEs for the ongoing use of the Spectrum Portfolio. Sprint Communications is required to make monthly lease payments to the Spectrum Financing SPEs at a market rate. The lease payments, which are guaranteed by certain subsidiaries of Sprint Communications, are sufficient to service the senior secured notes and the lease also constitutes collateral for the senior secured notes. As the Spectrum Financing SPEs are wholly-owned Sprint subsidiaries, these entities are consolidated and all intercompany activity has been eliminated.

Each Spectrum Financing SPE is a separate legal entity with its own separate creditors who will be entitled, prior to and upon the liquidation of the Spectrum Financing SPE, to be satisfied out of the Spectrum Financing SPE's assets prior to any assets of the Spectrum Financing SPE becoming available to Sprint. Accordingly, the assets of the Spectrum Financing SPE are not available to satisfy the debts and other obligations owed to other creditors of Sprint until the obligations of the Spectrum Financing SPEs under the spectrum-backed senior secured notes are paid in full.

***Long-Term Debt***

During the three-month period ended June 30, 2017 , pursuant to a cash tender offer, Sprint Communications retired $388 million principal amount of its outstanding 8.375% Notes due 2017 and $1.2 billion principal amount of its outstanding 9.000% Guaranteed Notes due 2018.

***Credit Facilities***

*Secured Term Loan and Revolving Bank Credit Facility*

On February 3, 2017, we entered into a new credit agreement for $6.0 billion , consisting of a $4.0 billion , seven-year secured term loan that matures in February 2024 and a $2.0 billion secured revolving bank credit facility that expires in February 2021. The bank credit facility requires a ratio (Leverage Ratio) of total indebtedness to trailing four quarters earnings before interest, taxes, depreciation and amortization and other non-recurring items, as defined by the bank credit facility (adjusted EBITDA), not to exceed 6.0 to 1.0 through the quarter ending December 31, 2017. After December 31, 2017, the Leverage Ratio declines on a scheduled basis until the ratio becomes fixed at 3.5 to 1.0 for the fiscal quarter ended March 31, 2020 and each fiscal quarter ending thereafter through expiration of the facility. The term loan has an interest rate equal to LIBOR plus 250 basis points and the secured revolving bank credit facility has an interest rate equal to LIBOR plus a spread that varies depending on the Leverage Ratio.

*Export Development Canada (EDC) Agreement*

As of June 30, 2017 , the EDC agreement provided for security and covenant terms similar to our secured term loan and revolving bank credit facility. However, under the terms of the EDC agreement, repayments of outstanding amounts cannot be redrawn. As of June 30, 2017 , the total principal amount of our borrowings under the EDC facility was $300 million .

**Secured Equipment Credit Facilities**

*Finnvera plc (Finnvera)*

The Finnvera secured equipment credit facility provides for the ability to borrow up to $800 million to finance network equipment-related purchases from Nokia Solutions and Networks US LLC, USA. The facility has one tranche remaining and available for borrowing through October 2017. Such borrowings are contingent upon the amount and timing of network-related purchases made by Sprint. During the three-month period ended June 30, 2017 , we drew $92 million and made principal repayments totaling $57 million on the facility, resulting in a total principal amount of $175 million outstanding as of June 30, 2017 .

*K-sure*

The K-sure secured equipment credit facility provides for the ability to borrow up to $750 million to finance network equipment-related purchases from Samsung Telecommunications America, LLC. The facility can be divided in up to three consecutive tranches of varying size with borrowings available until May 2018, contingent upon the amount of network-related purchases made by Sprint. During the three-month period ended June 30, 2017 , we made principal repayments totaling $33 million on the facility, resulting in a total principal amount of $226 million outstanding as of June 30, 2017 .

*Delcredere | Ducroire (D/D)*

The D/D secured equipment credit facility provided for the ability to borrow up to $250 million to finance network equipment-related purchases from Alcatel-Lucent USA Inc. During the three-month period ended June 30, 2017 , we made principal repayments totaling $3 million on the facility, resulting in a total principal amount of $29 million outstanding as of June 30, 2017 . At the end of the quarter, our ability to borrow the remaining, undrawn portion of the facility had expired.

Borrowings under the Finnvera, K-sure and D/D secured equipment credit facilities are each secured by liens on the respective network equipment purchased pursuant to each facility's credit agreement. In addition, repayments of outstanding amounts borrowed under the secured equipment credit facilities cannot be redrawn. Each of these facilities is fully and unconditionally guaranteed by both Sprint Communications and Sprint Corporation.

As of June 30, 2017 , our Leverage Ratio, as defined by our secured revolving bank credit facility was 3.6 to 1.0 . Because our Leverage Ratio exceeded 2.5 to 1.0 at period end, we were restricted from paying cash dividends.

**Liquidity and Capital Resources**

As of June 30, 2017 , our liquidity, including cash and cash equivalents, short-term investments, available borrowing capacity under our secured revolving bank credit facility and availability under our Receivables Facility was $8.7 billion . Our cash and cash equivalents and short-term investments totaled $6.8 billion as of June 30, 2017 compared to $8.3 billion as of March 31, 2017 . As of June 30, 2017 , we had availability of approximately $1.8 billion under the secured revolving bank credit facility. Amounts available under our Receivables Facility as of June 30, 2017 totaled $110 million .

In addition, we had a combined available borrowing capacity of $855 million under our Finnvera and K-sure secured equipment credit facilities as of June 30, 2017 . However, utilization of these facilities is dependent upon the amount and timing of network-related purchases from the applicable suppliers as well as the period of time remaining to complete any further borrowings available under each facility.

As of June 30, 2017 , we offered two device financing programs that allow subscribers to forgo traditional service contracts and pay less upfront for devices in exchange for lower monthly service fees, early upgrade options, or both. While a majority of the revenue associated with the installment sales program is recognized at the time of sale along with the related cost of products, lease revenue associated with our leasing program is recorded monthly over the term of the lease and the cost of the device is depreciated to its estimated residual value generally over the lease term, which creates a positive impact to Wireless segment earnings. If the mix of leased devices continues to increase, we expect this positive impact on the financial results of Wireless segment earnings to continue and depreciation expense to increase. The installment billing and leasing programs will continue to require a greater use of operating cash flows in the earlier part of the contracts as the subscriber will generally pay less upfront than the traditional subsidy program because they are financing the device. The Receivables Facility and our relationship with MLS were established as mechanisms to mitigate the use of cash from purchasing devices from OEMs to fulfill our installment billing and leasing programs.

To meet our liquidity requirements, we look to a variety of sources. In addition to our existing cash and cash equivalents, short-term investments, and cash generated from operating activities, we raise funds as necessary from external sources. We rely on our ability to issue debt and equity securities, the ability to access other forms of financing, including debt financing, some of which is secured by our assets, proceeds from the sale of certain accounts receivable and future lease receivables, proceeds from future sale-leaseback transactions, such as spectrum and equipment, and the borrowing capacity available under our credit facilities to support our short- and long-term liquidity requirements. We believe our existing available liquidity and cash flows from operations will be sufficient to meet our funding requirements over the next twelve months, including debt service requirements and other significant future contractual obligations.

To maintain an adequate amount of available liquidity and execute our current business plan, which includes, among other things, network deployment and maintenance, subscriber growth, data usage capacity needs and the expected achievement of a cost structure intended to improve profitability and to meet our long-term debt service requirements and other significant future contractual obligations, we will need to continue to raise additional funds from external sources. Possible future financing sources include, among others, additional receivables financing transactions and additional issuances of spectrum-backed notes. In addition, we are pursuing extended payment terms and increased facilities with certain vendors. If we are unable to obtain external funding, execute on our cost reduction initiatives, or are not successful in attracting valuable subscribers such as postpaid handset subscribers, our operations would be adversely affected, which may lead to defaults under certain of our borrowings.

Depending on the amount of any difference in actual results versus what we currently expect, it may make it difficult for us to generate sufficient earnings before interest, taxes, depreciation and amortization and other non-recurring items (adjusted EBITDA) to remain in compliance with our financial covenants or be able to meet our debt service obligations, which could result in acceleration of our indebtedness, or adversely impact our ability to raise additional funding through the sources described above, or both. If such events occur, we may engage with our lenders to obtain appropriate waivers or amendments of our credit facilities or refinance borrowings, or seek funding from other external sources, although there is no assurance we would be successful in any of these actions.

A default under certain of our borrowings could trigger defaults under certain of our other financing obligations, which in turn could result in the maturities being accelerated. Certain indentures and other agreements governing our financing obligations require compliance with various covenants, including covenants that limit the Company's ability to sell certain of its assets, limit the Company and its subsidiaries' ability to incur indebtedness and liens, and require that we maintain certain financial ratios, each as defined by the terms of the indentures, related supplemental indentures and other agreements.

In determining our expectation of future funding needs in the next twelve months and beyond, we have made several assumptions regarding:

- projected revenues and expenses relating to our operations, including those related to our installment billing and leasing programs, along with the success of initiatives such as our expectations of achieving a more competitive cost structure through cost reduction initiatives and increasing our postpaid handset subscriber base;
- cash needs related to our installment billing and device leasing programs;
- availability under the Receivables Facility, which terminates in November 2018;
- availability of our $2.0 billion secured revolving bank credit facility, which expires in February 2021, less outstanding letters of credit;
- remaining availability of approximately $855 million of our secured equipment credit facilities for eligible capital expenditures, and any corresponding principal, interest, and fee payments;
- scheduled principal payments on debt, credit facilities and financing obligations, including approximately $20.2 billion coming due over the next five years;
- raising additional funds from external sources;
- the expected use of cash and cash equivalents in the near-term;
- anticipated levels and timing of capital expenditures, including assumptions regarding lower unit costs, network capacity additions and upgrades, and the deployment of new technologies in our networks, FCC license acquisitions, and purchases of leased devices from our indirect dealers;

- any additional contributions we may make to our pension plan;
- estimated residual values of devices related to our device lease program; and
- other future contractual obligations and general corporate expenditures.

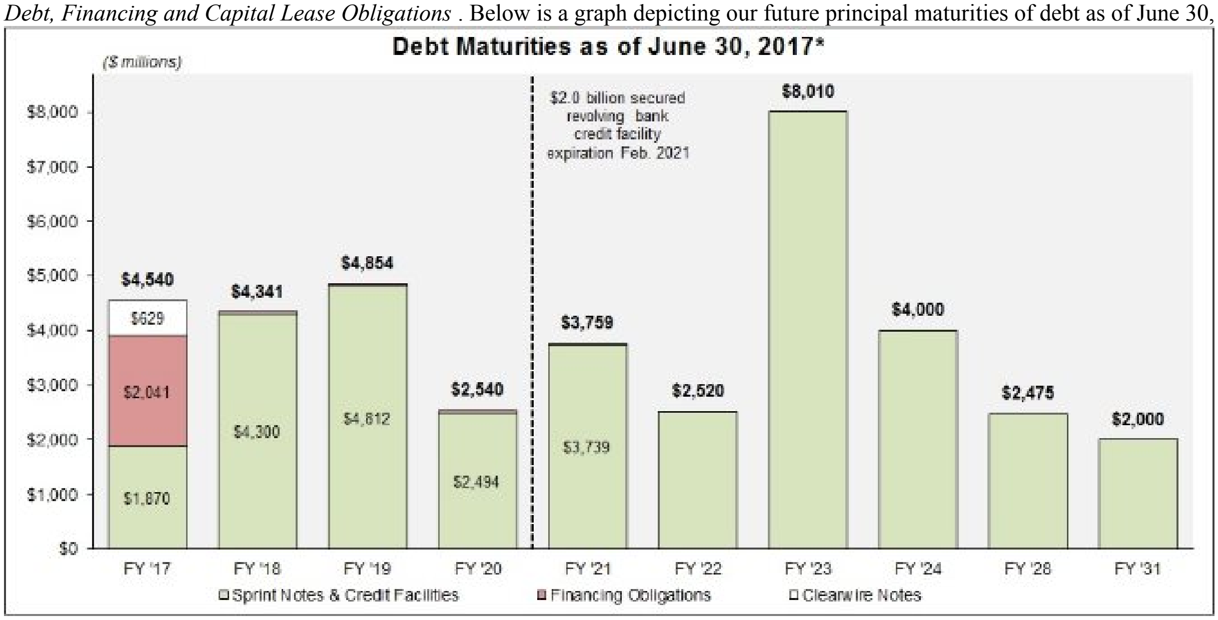
Our ability to fund our needs from external sources is ultimately affected by the overall capacity of, and financing terms available in the banking and securities markets, and the availability of other financing alternatives, as well as our performance and our credit ratings. Given our recent financial performance, as well as the volatility in these markets, we continue to monitor them closely and to take steps to maintain financial flexibility at a reasonable cost of capital.

The outlooks and credit ratings from Moody's Investor Service, Standard & Poor's Ratings Services, and Fitch Ratings for certain of Sprint Corporation's outstanding obligations were:

| | Rating | | | | | |
|---|---|---|---|---|---|---|
| **Rating Agency** | **Issuer Rating** | **Unsecured Notes** | **Guaranteed Notes** | **Secured Bank Credit Facility** | **Spectrum Notes** | **Outlook** |
| Moody's | B2 | B3 | B1 | Ba2 | Baa2 | Stable |
| Standard and Poor's | B | B | B+ | BB- | N/A | Stable |
| Fitch | B+ | B+ | BB | BB+ | BBB | Stable |

**FUTURE CONTRACTUAL OBLIGATIONS**

There have been no significant changes to our future contractual obligations as disclosed in our Annual Report on Form 10-K for the year ended March 31, 2017 other than with respect to the retirement of certain notes of Sprint Communications pursuant to the cash tender offer described in *Note 8. Long-Term Debt, Financing and Capital Lease Obligations* . Below is a graph depicting our future principal maturities of debt as of June 30, 2017 .




* This table excludes (i) our $2.0 billion secured revolving bank credit facility, which will expire in 2021 and has no outstanding balance, (ii) $192 million in letters of credit outstanding under the secured revolving bank credit facility, (iii) $541 million of capital leases and other obligations, and (iv) net premiums and debt financing costs.

## OFF-BALANCE SHEET FINANCING

As of June 30, 2017 , we did not participate in, or secure, financings for any unconsolidated special purpose entities.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Sprint applies those accounting policies that management believes best reflect the underlying business and economic events, consistent with U.S. GAAP. Inherent in such policies are certain key assumptions and estimates made by management. Management regularly updates its estimates used in the preparation of the consolidated financial statements based on its latest assessment of the current and projected business and general economic environment. Additional information regarding the Company's Critical Accounting Policies and Estimates is included in Item 7. of the Company's Annual Report on Form 10-K for the year ended March 31, 2017 .

## FINANCIAL STRATEGIES

### *General Risk Management Policies*

Our board of directors has adopted a financial risk management policy that authorizes us to enter into derivative transactions, and all transactions comply with the policy. We do not purchase or hold any derivative financial instruments for speculative purposes with the exception of equity rights obtained in connection with commercial agreements or strategic investments, usually in the form of warrants to purchase common shares.

Derivative instruments are primarily used for hedging and risk management purposes. Hedging activities may be done for various purposes, including, but not limited to, mitigating the risks associated with an asset, liability, committed transaction or probable forecasted transaction. We seek to minimize counterparty credit risk through credit approval and review processes, credit support agreements, continual review and monitoring of all counterparties, and thorough legal review of contracts. Exposure to market risk is controlled by regularly monitoring changes in hedge positions under normal and stress conditions to ensure they do not exceed established limits.

## OTHER INFORMATION

We routinely post important information on our website at *www.sprint.com/investors* . Information contained on or accessible through our website is not part of this report.

## FORWARD-LOOKING STATEMENTS

We include certain estimates, projections and other forward-looking statements in our annual, quarterly and current reports, and in other publicly available material. Statements regarding expectations, including performance assumptions and estimates relating to capital requirements, as well as other statements that are not historical facts, are forward-looking statements.

These statements reflect management's judgments based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, subscriber and network usage, subscriber growth and retention, technologies, products and services, pricing, operating costs, the timing of various events, and the economic and regulatory environment.

Future performance cannot be assured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:

- our ability to continue to obtain additional financing, including receivables facilities and monetizing certain of our assets, including those under our existing or future programs to monetize a portion of our network or spectrum holdings, or to modify the terms of our existing financing, on terms acceptable to us, or at all;
- our ability to retain and attract subscribers and to manage credit risks associated with our subscribers;
- the effects of any future merger or acquisition involving us, as well as the effect of mergers, acquisitions and consolidations, and new entrants in the communications industry, and unexpected announcements or developments from others in our industry;
- the effective implementation of our plans to improve the quality of our network, including timing, execution, technologies, costs, and performance of our network;

- failure to improve subscriber churn, bad debt expense, accelerated cash use, costs and write-offs, including with respect to changes in expected residual values related to any of our service plans, including installment billing and leasing programs;
- the ability to generate sufficient cash flow to fully implement our plans to improve and enhance the quality of our network and service plans, improve our operating margins, implement our business strategies, and provide competitive new technologies;
- the effects of vigorous competition on a highly penetrated market, including the impact of competition on the prices we are able to charge subscribers for services and devices we provide and on the geographic areas served by our network;
- the impact of device financing programs, including leasing of handsets; the impact of purchase commitments; the overall demand for our service plans; and the impact of new, emerging, and competing technologies on our business;
- our ability to provide the desired mix of integrated services to our subscribers;
- our ability to continue to access our spectrum and acquire additional spectrum capacity;
- changes in available technology and the effects of such changes, including product substitutions and deployment costs and performance;
- volatility in the trading price of our common stock, current economic conditions and our ability to access capital, including debt or equity;
- the impact of various parties not meeting our business requirements, including a significant adverse change in the ability or willingness of such parties to provide service and products, including distribution, or infrastructure equipment for our network;
- the costs and business risks associated with providing new services and entering new geographic markets;
- the ability of our competitors to offer products and services at lower prices due to lower cost structures or otherwise;
- our ability to comply with restrictions imposed by the U.S. Government as a condition to our merger with SoftBank;
- the effects of any material impairment of our goodwill or other indefinite-lived intangible assets;
- the impacts of new accounting standards or changes to existing standards that the Financial Accounting Standards Board or other regulatory agencies issue, including the Securities and Exchange Commission (SEC);
- unexpected results of litigation filed against us or our suppliers or vendors;
- the costs or potential customer impact of compliance with regulatory mandates including, but not limited to, compliance with the FCC's Report and Order to reconfigure the 800 MHz band and government regulation regarding "net neutrality";
- equipment failure, natural disasters, terrorist acts or breaches of network or information technology security;
- one or more of the markets in which we compete being impacted by changes in political, economic or other factors such as monetary policy, legal and regulatory changes, or other external factors over which we have no control;
- the impact of being a "controlled company" exempt from many corporate governance requirements of the NYSE; and
- other risks referenced from time to time in this report and other filings of ours with the SEC, including Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2017 .

The words "may," "could," "should," "estimate," "project," "forecast," "intend," "expect," "anticipate," "believe," "target," "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are found throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this report. Readers are cautioned that other factors, although not listed above, could also materially affect our future performance and operating results. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this report. We are not obligated to publicly release any revisions to forward-looking statements to reflect events after the date of this report, including unforeseen events.

**Item 3.** ***Quantitative and Qualitative Disclosures About Market Risk***

We are primarily exposed to the market risk associated with unfavorable movements in interest rates, foreign currencies, and equity prices. The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in those factors. There have been no material changes to our market risk policies or our market risk sensitive instruments and positions as described in our Annual Report on Form 10-K for the year ended March 31, 2017 .

**Item 4.** ***Controls and Procedures***

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports under the Securities Exchange Act of 1934, such as this Quarterly Report on Form 10-Q, is reported in accordance with the SEC's rules. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q as of June 30, 2017 , under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the disclosure controls and procedures were effective as of June 30, 2017 in providing reasonable assurance that information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and in providing reasonable assurance that the information is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Internal controls over our financial reporting continue to be updated as necessary to accommodate modifications to our business processes and accounting procedures. There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

**Item 1.** ***Legal Proceedings***

In March 2009, a stockholder brought suit, *Bennett v. Sprint Nextel Corp.* , in the U.S. District Court for the District of Kansas, alleging that Sprint Communications and three of its former officers violated Section 10(b) of the Exchange Act and Rule 10b-5 by failing adequately to disclose certain alleged operational difficulties subsequent to the Sprint-Nextel merger, and by purportedly issuing false and misleading statements regarding the write-down of goodwill. The district court granted final approval of a settlement in August 2015, which did not have a material impact to our financial statements. Five stockholder derivative suits related to this 2009 stockholder suit were filed against Sprint Communications and certain of its present and/or former officers and directors. The first, *Murphy v. Forsee* , was filed in state court in Kansas on April 8, 2009, was removed to federal court, and was stayed by the court pending resolution of the motion to dismiss the *Bennett* case; the second, *Randolph v. Forsee* , was filed on July 15, 2010 in state court in Kansas, was removed to federal court, and was remanded back to state court; the third, *Ross-Williams v. Bennett, et al.* , was filed in state court in Kansas on February 1, 2011; the fourth, *Price v. Forsee, et al.,* was filed in state court in Kansas on April 15, 2011; and the fifth, *Hartleib v. Forsee, et al* ., was filed in federal court in Kansas on July 14, 2011. These cases were essentially stayed while the *Bennett* case was pending, and we have reached an agreement in principle to settle the matters, by agreeing to some governance provisions and by paying plaintiffs' attorneys fees in an immaterial amount. The court approved the settlement but reduced the plaintiffs' attorneys fees; the attorneys fees issue is on appeal.

Sprint Communications is also a defendant in a complaint filed by several stockholders of Clearwire Corporation (Clearwire) asserting claims for breach of fiduciary duty by Sprint Communications, and related claims and otherwise challenging the Clearwire acquisition. *ACP Master, LTD, et al. v. Sprint Nextel Corp., et al.* , was filed April 26, 2013, in Chancery Court in Delaware. Plaintiffs in the *ACP Master, LTD* suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. Trial of those cases took place in October and November 2016; the parties have submitted their post-trial briefing, and oral argument was held on April 25, 2017. On July 21, 2017, the Delaware Chancery Court ruled in Sprint's favor in both cases. It found no breach of fiduciary duty, and determined the value of Clearwire shares under the Delaware appraisal statute to be $2.13 per share plus statutory interest.

Various other suits, inquiries, proceedings and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against us or our subsidiaries. If our interpretation of certain laws or regulations, including those related to various federal or state matters such as sales, use or property taxes, or other charges were found to be mistaken, it could result in payments by us. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with our beliefs, we expect that the outcome of such proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position or results of operations. During the quarter ended June 30, 2017 , there were no material developments in the status of these legal proceedings.

**Item 1A.** ***Risk Factors***

There have been no material changes to our risk factors as described in our Annual Report on Form 10-K for the year ended March 31, 2017 .

**Item 2.** ***Unregistered Sales of Equity Securities and Use of Proceeds***

None

**Item 3.** ***Defaults Upon Senior Securities***

None

**Item 4.** ***Mine Safety Disclosures***

None

**Item 5.** ***Other Information***

***Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934***

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Securities Exchange Act of 1934. Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, including, among other matters, transactions or dealings relating to the government of Iran. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

After the merger with SoftBank, SoftBank acquired control of Sprint. During the three-month period ended June 30, 2017 , SoftBank, through one of its non-U.S. subsidiaries, provided roaming services in Iran through Telecommunications Services Company (MTN Irancell), which is or may be a government-controlled entity. During such period, SoftBank had no gross revenues from such services and no net profit was generated. This subsidiary also provided telecommunications services in the ordinary course of business to accounts affiliated with the Embassy of Iran in Japan. During the three-month period ended June 30, 2017 , SoftBank estimates that gross revenues and net profit generated by such services were both under $500. Sprint was not involved in, and did not receive any revenue from, any of these activities. These activities have been conducted in accordance with applicable laws and regulations, and they are not sanctionable under U.S. or Japanese law. Accordingly, with respect to Telecommunications Services Company (MTN Irancell), the relevant SoftBank subsidiary intends to continue such activities. With respect to services provided to accounts affiliated with the Embassy of Iran in Japan, the relevant SoftBank subsidiary is obligated under contract to continue such services.

In addition, during the three-month period ended June 30, 2017 SoftBank, through one of its non-U.S. indirect subsidiaries, provided office supplies to the Embassy of Iran in Japan. SoftBank estimates that gross revenue and net profit generated by such services were under $1,000 and $200, respectively. Sprint was not involved in, and did not receive any revenue from any of these activities. Accordingly, the relevant SoftBank subsidiary intends to continue such activities.

**Item 6.** ***Exhibits***

The Exhibit Index attached to this Quarterly Report on Form 10-Q is hereby incorporated by reference.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPRINT CORPORATION
(Registrant)

By: /s/ PAUL W. SCHIEBER, JR.

**Paul W. Schieber, Jr.**
**Vice President and Controller**
**(Principal Accounting Officer)**

Date: August 3, 2017

Table of Contents

**Exhibit Index**

| Exhibit No. | Exhibit Description | Form | Incorporated by Reference SEC File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| **(3) Articles of Incorporation and Bylaws** | | | | | | |
| 3.1 | Amended and Restated Certificate of Incorporation | 8-K | 001-04721 | 3.1 | 7/11/2013 | |
| 3.2 | Amended and Restated Bylaws | 8-K | 001-04721 | 3.2 | 8/7/2013 | |
| **(4) Instruments Defining the Rights of Security Holders, including Indentures** | | | | | | |
| 4.1 | Twelfth Supplemental Indenture, dated as of June 30, 2017, by and among Sprint Communications, Inc., The Bank of New York Mellon Trust Company, N.A., as trustee, and a subsidiary of Sprint Corporation as a new guarantor | | | | | * |
| **(10) Material Contracts** | | | | | | |
| 10.1 | Employment Agreement, dated April 13, 2017, by and between Sprint Corporation and Yuriko Ishihara | | | | | * |
| 10.2 | Form of Turnaround Incentive Award Agreement (awarding performance-based restricted stock units) under the 2015 Amended and Restated Omnibus Incentive Plan | | | | | * |
| 10.3 | Form of Award Agreement (awarding stock options) under the 2015 Amended and Restated Omnibus Incentive Plan with covenants and restrictions to executive officers without special compensation arrangements | | | | | * |
| 10.4 | Form of Award Agreement (awarding stock options) under the 2015 Amended and Restated Omnibus Incentive Plan with covenants and restrictions to executive officers with special compensation arrangements | | | | | * |
| 10.5 | Form of Award Agreement (awarding restricted stock units) under the 2015 Amended and Restated Omnibus Incentive Plan with covenants and restrictions to executive officers | | | | | * |
| 10.6 | Form of Award Agreement (awarding performance-based restricted stock units) under the 2015 Amended and Restated Omnibus Incentive Plan with covenants and restrictions to executive officers | | | | | * |
| **(12) Statement re Computation of Ratios** | | | | | | |
| 12 | Computation of Ratio of Earnings to Fixed Charges | | | | | * |
| **(31) and (32) Officer Certifications** | | | | | | |
| 31.1 | Certification of Chief Executive Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) | | | | | * |
| 31.2 | Certification of Chief Financial Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) | | | | | * |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 | | | | | * |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 | | | | | * |

| Exhibit No. | Exhibit Description | Incorporated by Reference Form | SEC File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| **(101) Formatted in XBRL (Extensible Business Reporting Language)** | | | | | | |
| 101.INS | XBRL Instance Document | | | | | * |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | | * |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | | * |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | | * |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | | * |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | | * |

* Filed or furnished, as required.

Exhibit 4.1

**TWELFTH SUPPLEMENTAL INDENTURE**

Twelfth Supplemental Indenture (this " *Supplemental Indenture* "), dated as of June 30, 2017, by and among Sprint Connect LLC (the " *New Guarantor* "), Sprint Communications, Inc. (formerly known as Sprint Nextel Corporation), a Kansas corporation (the " *Company* "), and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), as trustee (the " *Trustee* ").

W I T N E S S E T H

WHEREAS, the Company heretofore executed and delivered to the Trustee an indenture, dated as of November 20, 2006, between the Company and the Trustee (the " *Base Indenture* " and as amended, supplemented or otherwise modified as of the date hereof, the " *Indenture* ");

WHEREAS, the Company heretofore executed and delivered to the Trustee a Second Supplemental Indenture, dated as of November 9, 2011, among the Company, the subsidiary guarantors named therein and the Trustee, providing for the issuance of $3,000,000,000 aggregate principal amount of the Company's 9.000% Guaranteed Notes due 2018 (the " *2018 Notes* ") and a Fourth Supplemental Indenture, dated as of March 1, 2012, among the Company, the subsidiary guarantors named therein and the Trustee, providing for the issuance of $1,000,000,000 aggregate principal amount of the Company's 7.000% Guaranteed Notes due 2020 (the " *2020 Notes* " and, together with the 2018 Notes, the " *Guaranteed Notes* ");

WHEREAS, the parties wish to provide that the New Guarantor will provide an irrevocable and unconditional guarantee in respect of each series of Guaranteed Notes;

WHEREAS, the guarantees of the New Guarantor constitute a benefit to the New Guarantor and will be in furtherance of the corporate purposes of the New Guarantor or necessary or convenient to the conduct, promotion or attainment of the business of the New Guarantor and, accordingly, in consideration therefore, the New Guarantor is willing to guarantee the Guaranteed Notes on the terms set forth herein;

WHEREAS, all acts and requirements necessary to make this Supplemental Indenture the valid and binding obligation of the Company and the New Guarantor have been done; and

WHEREAS, pursuant to Section 901(14) of the Base Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture without the consent of the Holders of the Guaranteed Notes to add a guarantee to each series of the Guaranteed Notes.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Guaranteed Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Base Indenture.

2. AGREEMENT TO GUARANTEE. The New Guarantor hereby agrees to jointly and severally irrevocably and unconditionally guarantee, on a senior unsecured basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the Company under the Guaranteed Notes for the payment of principal of, premium, if any, and interest on the Guaranteed Notes, and all other amounts payable by the Company to the Trustee and the Holders of the Guaranteed Notes under the Guaranteed Notes, the Indenture and this Supplemental Indenture (each a " *Guarantee* " and, together, the " *Guarantees* "). Each Guarantee is limited to the maximum amount that can be guaranteed by law or without resulting in the Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer, or under similar laws affecting the rights of creditors generally. The Guarantees shall be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) upon the Company exercising its legal defeasance or covenant defeasance option pursuant to Article XIII of the Base Indenture or the satisfaction and discharge of the obligations of the Company with respect to the Guaranteed Notes pursuant to Article IV of the Base Indenture, each in compliance with the terms of the Indenture. For the avoidance of doubt, (other than as expressly provided in the Indenture) nothing in this Supplemental Indenture shall prevent the New Guarantor from merging with and into the Company, or the Company from merging with and into the New Guarantor, and in such event the Guarantees shall terminate and the surviving entity shall remain the primary obligor under the Guaranteed Notes, the Indenture and this Supplemental Indenture. The New Guarantor shall be subrogated to all rights of the Holders of the Guaranteed Notes against the Company in respect of any amounts paid by the New Guarantor pursuant to the Guarantees; provided, however, that the New Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of, premium, if any, and interest on all Guaranteed Notes shall have been paid in full or payment thereof shall have been provided for in accordance with the provisions of the Indenture.

3. EFFECT OF SUPPLEMENTAL INDENTURE; CONFLICTS WITH INDENTURE. This Supplemental Indenture is executed by the New Guarantor, the Company and the Trustee upon the Company's request, pursuant to the provisions of the Indenture, and the terms and conditions hereof shall be deemed to be part of the Indenture for all purposes. The Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed. Notwithstanding the foregoing, to the extent that any of the terms of this Supplemental Indenture are inconsistent with, or conflict with, the terms of the Indenture, the terms of this Supplemental Indenture shall govern.

4. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS OF THE NEW GUARANTOR. No director, officer, employee, incorporator or stockholder of the New Guarantor, as such, shall have any liability for any obligations of the Company, the New Guarantor or any guarantor under any series of Guaranteed Notes, any guarantees under any series of Guaranteed Notes, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Guaranteed Notes by accepting a Guaranteed Note waives and releases all such liability.

5. GOVERNING LAW. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL

INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The headings of the sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and will in no way modify or restrict any of the terms or provisions hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the New Guarantor and the Company.

[ *Signatures on following page* ]

IN WITNESS WHEREOF, the parties hereto have caused this Twelfth Supplemental Indenture to be duly executed, all as of the date first above written.

SPRINT COMMUNICATIONS, INC.

By: /s/ Janet M. Duncan
Name: Janet M. Duncan
Title: Vice President and Treasurer

Sprint Connect LLC

By: /s/ Janet M. Duncan
Name: Janet M. Duncan
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., As Trustee

By: /s/ Lawrence M. Kusch
Authorized Signatory

# EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of April 13, 2017 (the "Effective Date"), by and between Sprint Corporation, a Delaware corporation (the "Company") on behalf of itself and any of its subsidiaries, affiliates and related entities, and **Yuriko Ishihara** (the "Executive") (the Company and the Executive, collectively, the "Parties," and each, a "Party"). Certain capitalized terms are defined in Section 29.

WITNESSETH :

WHEREAS, the Company desires to employ the Executive as Chief Strategy Officer; and

WHEREAS, the Executive and the Company desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Company and the Executive agree as follows:

1. Employment .

(a) The Company will employ the Executive and the Executive will be employed by the Company upon the terms and conditions set forth herein.

(b) The employment relationship between the Company and the Executive shall be governed by the general employment policies and practices of the Company, including without limitation, those relating to the Company's Code of Conduct, confidential information and avoidance of conflicts, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Term . Subject to termination under Section 9, the Executive's employment shall be for an initial term of 24 months commencing on the Effective Date and shall continue through the second anniversary of the Effective Date (the "Initial Employment Term"). At the end of the Initial Employment Term and on each succeeding anniversary of the Effective Date, the Employment Term will be automatically extended by an additional 12 months (each, a "Renewal Term"), unless, not less than 12 months prior to the end of the Initial Employment Term or any Renewal Term, either the Executive or the Company has given the other written notice (in accordance with Section 20) of nonrenewal. The Executive shall provide the Company with written notice of her intent to terminate employment with the Company at least 30 days prior to the effective date of such termination.

3. Position and Duties of the Executive.

(a) The Executive shall serve as Chief Strategy Officer of the Company, and agrees to serve as an officer of any enterprise and/or agrees to be an employee of any Subsidiary as may be requested from time to time by the Board of Directors of the Company (the "Board"), any committee or person delegated by the Board or the Chief Executive Officer of the Company (the "Chief Executive Officer").

In such capacity, the Executive shall report directly to the Chief Executive Officer of the Company or such other officer of the Company as may be designated by the Chief Executive Officer. The Executive shall have such duties, responsibility and authority as may be assigned to the Executive from time to time by the Chief Executive Officer, the Board or such other officer of the Company as may be designated by the Chief Executive Officer or the Board.

(b) During the Employment Term, the Executive shall, except as may from time to time be otherwise agreed to in writing by the Company, during reasonable vacations (as set forth in Section 7 hereof) and authorized leave and except as may from time to time otherwise be permitted pursuant to Section 3(c), devote her best efforts, full attention and energies during her normal working time to the business of the Company, to any duties as may be delineated in the Company's Bylaws for the Executive's position and title and such other related duties and responsibilities as may from time to time be reasonably prescribed by the Board, any committee or person designated by the Board, or the Chief Executive Officer, in each case, within the framework of the Company's policies and objectives.

(c) During the Employment Term, and provided that such activities do not contravene the provisions of Section 3(a) or (b) or Sections 10, 11, 12 or 13 hereof and, provided further , the Executive does not engage in any other substantial business activity for gain, profit or other pecuniary advantage which materially interferes with the performance of her duties hereunder, the Executive may participate in any governmental, educational, charitable or other community affairs and, subject to the prior approval of the Chief Executive Officer serve as a member of the governing board of any such organization or any private or public for-profit company. The Executive may retain all fees and other compensation from any such service, and the Company shall not reduce her compensation by the amount of such fees.

4. Compensation .

(a) Base Salary . During the Employment Term, the Company shall pay to the Executive an annual base salary of $275,000 (the "Base Salary"), which Base Salary shall be payable at the times and in the manner consistent with the Company's general policies regarding compensation of the Company's senior executives. The Base Salary will be reviewed periodically by the Compensation Committee and may be increased (but not decreased, except for across-the-board reductions generally applicable to the Company's senior executives) from time to time in the Compensation Committee's sole discretion.

(b) Incentive Compensation . The Executive will be eligible to participate in any short-term and long-term incentive compensation plans, annual bonus plans and such other management incentive programs or arrangements of the Company approved by the Board that are generally available to the Company's senior executives, including, but not limited to, the STIP and the LTSIP. Incentive compensation shall be paid in accordance with the terms and conditions of the applicable plans, programs and arrangements.

(i) Annual Performance Bonus. During the Employment Term, the Executive shall be entitled to participate in the STIP, with such opportunities as may be determined by the Compensation Committee in its sole discretion ("Target Bonuses"); provided however, that initially the Executive's Target Bonus Opportunity will equal 60 percent of her Base Salary on an annual basis. The Executive's Target Bonus may be increased (but not decreased, except for across-the-board reductions generally applicable to the Company's senior executives) from time to time, and the Executive shall be entitled to receive full payment of any award under the STIP, determined pursuant to the STIP (a "Bonus Award").

(ii) Long-Term Performance Bonus. During the Employment Term, the Executive shall be entitled to participate in the LTSIP with such opportunities, if any, as may be determined by the Compensation Committee ("LTSIP Target Award Opportunities"), provided, however, that the Executive's LTSIP Target Award Opportunity initially shall be $350,000 for the fiscal year ending March 31, 2018 ("FY 2017").

(iii) Incentive bonuses, if earned, shall be paid when incentive compensation is customarily paid to the Company's senior executives in accordance with the terms of the applicable plans, programs or arrangements.

(iv) Pursuant to the Company's applicable incentive or bonus plans as in effect from time to time, the Executive's incentive compensation during the term of this Agreement may be determined according to criteria intended to qualify as performance-based compensation under Section 162(m) of the Code.

(v) Turnaround Incentive Award. On the date in 2017 when the Company grants turnaround incentive awards to newly hired and promoted employees, the Company shall grant a Turnaround Incentive Award in the form of a restricted stock unit covering 162,500 shares of Common Stock (the "Turnaround Incentive Award"), with vesting of earned shares occurring 50% on the 4th anniversary of the grant date and 50% occurring on the 5$^{th}$ anniversary of the grant date and shall be provided at price targets to be determined by the Compensation Committee. The Turnaround Incentive Award shall be subject to the Company's 2015 Omnibus Incentive Plan.

(c) Other Equity Compensation. The Executive shall be eligible to participate in such equity incentive compensation plans and programs as the Company generally provides to its senior executives, including, but not limited to, the LTSIP. During the Employment Term, the Compensation Committee may, in its sole discretion, grant equity awards to the Executive, which would be subject to the terms of the respective award agreements evidencing such grants and the applicable plan or program.

(d) Signing Bonus. The Company shall pay the Executive a signing bonus equal to $50,000 less applicable tax withholding and other authorized deductions, payable as soon as practicable after the Effective Date.

5. Benefits .

(a) During the Employment Term, the Company shall make available to the Executive, subject to the terms and conditions of the applicable plans, participation for the Executive and her eligible dependents in: (i) Company-sponsored group health, major medical, dental, vision, pension and profit sharing, 401(k) and employee welfare benefit plans, programs and arrangements (the “Employee Plans”) and such other usual and customary benefits in which senior executives of the Company participate from time to time, and (ii) such fringe benefits and perquisites as may be made available to senior executives of the Company as a group.

(b) The Executive acknowledges that the Company may change its benefit programs from time to time, which may result in certain benefit programs being amended or terminated for its senior executives generally.

6. Expenses . The Company shall pay or reimburse the Executive for reasonable and necessary business expenses incurred by the Executive in connection with her duties on behalf of the Company in accordance with the Company’s Enterprise Financial Services-Employee Travel and Expense Policy, as may be amended from time to time, or any successor policy, plan, program or arrangement thereto and any other of its expense policies applicable to senior executives of the Company, following submission by the Executive of reimbursement expense forms in a form consistent with such expense policies.

7. Vacation . In addition to such holidays, sick leave, personal leave and other paid leave as is allowed under the Company’s policies applicable to senior executives generally, the Executive shall be entitled to participate in the Company’s vacation policy in accordance with the Company’s policy generally applicable to senior executives. The duration of such vacations and the time or times when they shall be taken will be determined by the Executive in consultation with the Company.

8. Place of Performance . In connection with her employment by the Company, the Executive shall be based at the principal executive offices of the Company in the vicinity of Overland Park, Kansas (the “Place of Performance”), except for travel reasonably required for Company business. The Executive will relocate her residence to the area surrounding the Executive’s initial Place of Performance. If the Company relocates the Executive’s Place of Performance more than 50 miles from her Place of Performance prior to such relocation, the Executive shall relocate to a residence within the greater of (a) 50 miles of such relocated Place of Performance or (b) such total miles that do not exceed the total number of miles the Executive commuted to her Place of Performance prior to relocation of the Executive’s Place of Performance. To the extent the Executive relocates her residence as provided in this Section 8, the Company will pay or reimburse the Executive’s relocation expenses in accordance with the Company’s relocation program applicable to senior executives except that in lieu of providing home selling and purchase benefits, the Executive will receive corporate housing for the duration of her employment with the Company and to the extent the benefit is taxable the Company will provide tax protection. The amount of the benefit, including tax protection is limited to

$5,000 per month. In addition, the Executive will receive two personal return trips home per year for the duration of her employment, in accordance with the travel guidelines for business travel. To the extent this benefit is taxable to the Executive the Company will provide tax protection.

9. Termination .

(a) Termination by the Company for Cause or Resignation by the Executive Without Good Reason . If, during the Employment Term, the Executive's employment is terminated by the Company for Cause, or if the Executive resigns without Good Reason, the Executive shall not be eligible to receive Base Salary or to participate in any Employee Plans with respect to future periods after the date of such termination or resignation except for the right to receive accrued but unpaid cash compensation and vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law.

(b) Termination by the Company Without Cause or Resignation by the Executive for Good Reason outside of the CIC Severance Protection Period . If, during the Employment Term, the Executive's employment is terminated by the Company without Cause or the Executive terminates for Good Reason prior to, or following expiration of, the CIC Severance Protection Period and such termination constitutes a Separation from Service or the Executive is entitled to severance compensation and benefits under this Section 9(b) pursuant to the provisions of Section 9(c), the Executive shall be entitled to receive from the Company: (1) the Executive's accrued, but unpaid, Base Salary through the date of termination of employment, payable in accordance with the Company's normal payroll practices and any vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law, and (2) conditioned upon the Executive executing a Release within the Release Consideration Period and delivering it to the Company with the Release Revocation Period expired without revocation, and in full satisfaction of the Executive's rights and any benefits the Executive might be entitled to under the Separation Plan and this Agreement and any requirements of the Worker Adjustment and Retraining Notification Act or similar law, unless otherwise specified herein:

(i) periodic payments equal to her Base Salary in effect prior to the termination of her employment, which payments shall be paid to the Executive in equal installments on the regular payroll dates under the Company's payroll practices applicable to the Executive on the date of this Agreement for the Payment Period, except that if the Executive is a Specified Employee, with respect to any amount payable by reason of the Separation from Service that constitutes deferred compensation within the meaning of Code Section 409A, such installments shall not commence until after the end of the six continuous month period following the date of the Executive's Separation from Service, in which case, the Executive shall be paid a lump-sum cash payment equal to the aggregate amount of missed installments during such period on the first day of the seventh month following the date of the Executive's Separation from Service;

(ii) (A) receive a pro rata payment of the Bonus Award for the portion of the Company's current fiscal year prior to the date of termination of her employment; (B) receive a pro rata payment of the Capped Bonus Award for the portion of the Company's current fiscal year following the date of termination of her employment; and (C) receive for the next fiscal year following the fiscal year during which her termination of employment occurs, a pro rata portion of the Capped Bonus Award; provided , however , that to the extent the Executive's employment is terminated for Good Reason due to a reduction of the Executive's Target Bonus, in accordance with Section 29(x)(ii), the Executive's Target Bonus for the purposes of this Section 9(b)(ii) shall be the Executive's Target Bonus immediately prior to such reduction; and provided, further , that any pro rata payment shall be determined based on the methodology for determining pro rated awards under the STIP and each such payment shall be payable in accordance with the provisions of the STIP in the fiscal year in which the Bonus Award or each Capped Bonus Award, as applicable, is determined, and in all events, not later than March 31st of the fiscal year in which each such award is determined;

(iii) continue participation in the Company's group health plans from the date of Separation from Service for the Payment Period at then-existing participation and coverage levels comparable to the terms in effect from time to time for the Company's senior executives, including any co-payment and premium payment requirements, for which the Company shall deduct from each payment payable to the Executive pursuant to Section 9(b)(i) the amount of any employee contributions necessary to maintain such coverage for such period, except that (A) following such period, the Executive shall retain any rights to continue coverage under the Company's group health plans under the benefits continuation provisions pursuant to Section 4980B of the Code by paying the applicable premiums of such plans; and (B) the Executive shall no longer be eligible to receive the benefits otherwise receivable pursuant to this Section 9(b)(iii) as of the date that the Executive becomes eligible to receive comparable benefits from a new employer;

(iv) continue for the Payment Period participation in the Company's employee life insurance plans at then-existing participation and coverage levels, comparable to the terms in effect from time to time for the Company's senior executives, including any premium payment requirements, for which the Company shall deduct from each payment payable to the Executive pursuant to Section 9(b)(i) the amount of any employee contributions necessary to maintain such coverage for such period, except that the Executive shall no longer be eligible to receive the benefits otherwise receivable pursuant to this Section 9(b)(iv) as of the date that the Executive becomes eligible to receive comparable benefits from a new employer; and

(v) receive outplacement services by a firm selected by the Company at its expense in an amount not to exceed $35,000; provided , however , that all such outplacement services must be completed, and all payments by the Company must be made, by December 31st of the second calendar year following the calendar year in which the Executive's Separation from Service occurs.

Notwithstanding anything in this Section 9(b) to the contrary, to the extent the Executive has not executed the Release within the Release Consideration Period and delivered it to the Company, or has revoked the executed Release within the Release Revocation Period, as determined at the end of such Release Revocation Period, the Executive will forfeit any right to receive the payments and benefits specified in this Section 9(b) (other than any accrued but unpaid payments and benefits through the date of termination of employment).

(c) Termination by the Company Without Cause or Resignation by the Executive for Good Reason During the CIC Severance Protection Period . Subject to (i)- (iv) below, if the Executive's employment is terminated by the Company without Cause, or the Executive terminates employment for Good Reason, before the Employment Term expires and during the CIC Severance Protection Period, and the termination constitutes a Separation from Service, subject to the terms of the CIC Severance Plan, the Executive will become entitled to severance compensation and benefits under the CIC Severance Plan as of (x) the date the Separation from Service occurs, or (y) in the event of a Pre-CIC Termination, the date the Change in Control occurs, as of which date all rights to severance benefits under this Agreement will cease.

(i) The CIC Severance Plan will not apply and the Executive will be entitled to severance compensation and benefits under Section 9(b) of this Agreement if the Executive (x) as of her Separation from Service is not a Participant in, or (y) is otherwise not entitled to severance compensation and benefits under, the CIC Severance Plan.

(ii) If the Executive is entitled to severance benefits under the CIC Severance Plan as a result of a Pre-CIC Termination, any benefits payable before the Change in Control will be paid under this Agreement and any additional benefits payable after the Change in Control will be paid under the CIC Severance Plan.

(iii) In no event may there be duplication of benefits under this Agreement and the CIC Severance Plan.

(iv) The terms "Change in Control" and "Pre-CIC Termination" are defined in the CIC Severance Plan.

(d) Termination by Death . If the Executive dies during the Employment Term, the Executive's employment will terminate and the Executive's beneficiary or if none, the Executive's estate, shall be entitled to receive from the Company, the Executive's accrued, but unpaid, Base Salary through the date of termination of employment and any vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law.

(e) Termination by Disability . If the Executive becomes Disabled prior to the expiration of the Employment Term, the Executive's employment will terminate, and provided that such termination constitutes a Separation from Service, the Executive shall be entitled to:

(i) receive from the Company periodic payments equal to her Base Salary in effect prior to the termination of her employment (reduced by any amounts paid on a monthly basis under any long-term disability plan (the "LTD Plan") now or hereafter sponsored by the Company), which payments shall be paid to the Executive commencing on the Separation from Service date for 12 months in equal installments on the regular payroll dates under the Company's payroll practices applicable to the Executive on the date of this Agreement; provided , however , that in the event that the Executive is a Specified Employee, with respect to any amount payable by reason of the Executive's Separation from Service that constitutes deferred compensation within the meaning of Code Section 409A, such installments shall not commence until the earlier to occur of (A) the first business day of the seventh month following the date of the Executive's Separation from Service and (B) death, in which case the Executive (or the Executive's estate in the event of Executive's death) shall be paid on the earlier of (1) the first day of the seventh month following the date of the Executive's Separation from Service and (2) the Executive's death a lump-sum cash payment equal to the aggregate amount of any such payments that constitutes deferred compensation within the meaning of Code Section 409A that the Executive would have been entitled to receive during such period following the Executive's Separation from Service; and

(ii) continue participation in the Company's group health plans at then-existing participation and coverage levels for 12 months (measured from the Executive's Separation from Service), comparable to the terms in effect from time to time for the Company's senior executives, including any co-payment and premium payment requirements, and the Company shall deduct from each payment payable to the Executive pursuant to Section 9(e)(i), the amount of any employee contributions necessary to maintain such coverage for such period; except that following such period, the Executive shall retain any rights to continue coverage under the Company's group health plans under the benefits continuation provisions pursuant to Code Section 4980B by paying the applicable premiums of such plans.

(f) <u>No Mitigation Obligation</u> . No amounts paid under Section 9 will be reduced by any earnings that the Executive may receive from any other source. The Executive's coverage under the Company's medical, dental, vision and employee life insurance plans will terminate as of the date that the Executive is eligible for comparable benefits from a new employer. The Executive shall notify the Company within 30 days after becoming eligible for coverage of any such benefits.

(g) <u>Forfeiture</u> . Notwithstanding the foregoing, any right of the Executive to receive termination payments and benefits hereunder shall be forfeited to the extent of any amounts payable after any breach of Section 10, 11, 12, 13 or 15 by the Executive.

10. <u>Confidential Information; Statements to Third Parties.</u>

(a) During the Employment Term and on a permanent basis upon and following termination of the Executive's employment, the Executive acknowledges that:

(i) all information, whether or not reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form) or maintained in the mind or memory of the Executive and whether compiled or created by the Company, any of its Subsidiaries or any affiliates of the Company or its Subsidiaries (collectively, the "Company Group"), which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, of a proprietary, private, secret or confidential (including, without exception, inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, sales strategies, plans, research data, clinical data, financial data, personnel data, computer programs, customer and supplier lists, trademarks, service marks, copyrights (whether registered or unregistered), artwork, and contacts at or knowledge of customers or prospective customers) nature concerning the Company Group's business, business relationships or financial affairs (collectively, "Proprietary Information") shall be the exclusive property of the Company Group;

(ii) the Proprietary Information of the Company Group gained by the Executive during the Executive's association with the Company Group was or will be developed by and/or for the Company Group through substantial expenditure of time, effort and money and constitutes valuable and unique property of the Company Group;

(iii) reasonable efforts have been put forth by the Company Group to maintain the secrecy of its Proprietary Information;

(iv) such Proprietary Information is and will remain the sole property of the Company Group; and

(v) any retention or use by the Executive of Proprietary Information after the termination of the Executive's services for the Company Group will constitute a misappropriation of the Company Group's Proprietary Information.

(b) The Executive further acknowledges and agrees that she will take all affirmative steps reasonably necessary or required by the Company to protect the Proprietary Information from inappropriate disclosure during and after her employment with the Company.

(c) The Executive further agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, electronic, or other tangible material containing or constituting Proprietary Information, whether created by the Executive or others, which shall come into her custody or possession, regardless of medium, shall be and are the exclusive property of the Company to be used by her only in the performance of her duties for the Company. All such materials or copies thereof and all tangible things and other property of the Company Group in the Executive's custody or possession shall be delivered to the Company (to the extent the Executive has not already returned) in good condition, on or before five business days subsequent to the earlier of: (i) a request by the Company or (ii) the Executive's termination of employment for any reason or Cause, including for nonrenewal of this Agreement, Disability, termination by the Company or termination by the Executive. After such delivery, the Executive shall not retain any such materials or portions or copies thereof or any such tangible things and other property and shall execute any statements or affirmations of compliance under oath that the Company may require.

(d) The Executive further agrees that her obligation not to disclose or to use information and materials of the types set forth in Sections 10(a), 10(b) and 10(c) above, and her obligation to return materials and tangible property, set forth in Section 10(c) above, also extends to such types of information, materials and tangible property of customers of the Company Group, consultants for the Company Group, suppliers to the Company Group, or other third parties who may have disclosed or entrusted the same to the Company Group or to the Executive.

(e) The Executive further acknowledges and agrees that she will continue to keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, use or suffer to be used in any manner any Proprietary Information of the Company Group without limitation as to when or how the Executive may have acquired such Proprietary Information and that she will not disclose any Proprietary Information to any person or entity other than appropriate employees of the Company or use the same for any purposes (other than in the performance of her duties as an employee of the Company) without written approval of the Board, either during or after her employment with the Company.

(f) Further the Executive acknowledges that her obligation of confidentiality will survive, regardless of any other breach of this Agreement or any other agreement, by any party hereto, until and unless such Proprietary Information of the Company Group has become, through no fault of the Executive, generally known to the public. In the event that the Executive is required by law, regulation, or court order to disclose any of the Company Group's Proprietary Information, the Executive will promptly notify the Company prior to making any such disclosure to facilitate the Company seeking a protective order or other appropriate remedy from the proper authority. The Executive further agrees to cooperate with the Company in seeking such order or other remedy and that, if the Company is not successful in precluding the requesting legal body from requiring the disclosure of the Proprietary Information, the Executive will furnish only that portion of the Proprietary Information that is legally required, and the Executive will exercise all legal efforts to obtain reliable assurances that confidential treatment will be accorded to the Proprietary Information.

(g) The Executive's obligations under this Section 10 are in addition to, and not in limitation of, all other obligations of confidentiality under the Company's policies, general legal or equitable principles or statutes.

(h) During the Employment Term and following her termination of employment:

(i) the Executive shall not, directly or indirectly, make or cause to be made any statements, including but not limited to, comments in books or printed media, to any third parties criticizing or disparaging the Company Group or commenting on the character or business reputation of the Company Group. Without the prior written consent of the Board, unless otherwise required by law, the Executive shall not (A) publicly comment in a manner adverse to the Company Group concerning the status, plans or prospects of the business of the Company Group or (B) publicly comment in a manner adverse to the Company Group concerning the status, plans or prospects of any existing, threatened or potential claims or litigation involving the Company Group;

(ii) the Company shall comply with its policies regarding public statements with respect to the Executive and any such statements shall be deemed to be made by the Company only if made or authorized by a member of the Board or a senior executive officer of the Company; and

(iii) nothing herein precludes honest and good faith reporting by the Executive to appropriate Company or legal enforcement authorities.

(i) The Executive acknowledges and agrees that a violation of the foregoing provisions of this Section 10 would cause irreparable harm to the Company Group, and that the Company's remedy at law for any such violation would be inadequate. In recognition of the foregoing, the Executive agrees that, in addition to any other relief afforded by law or this Agreement, including damages sustained by a breach of this Agreement and any forfeitures under Section 9(g), and without the necessity or proof of actual damages, the Company shall have the right to enforce this Agreement by specific remedies, which shall include, among other things, temporary and permanent injunctions, it being the understanding of the undersigned parties hereto that damages, the forfeitures described above and injunctions shall all be proper modes of relief and are not to be considered as alternative remedies.

11. Non-Competition . In consideration of the Company entering into this Agreement, for a period commencing on the Effective Date and ending on the expiration of the Restricted Period:

(a) The Executive covenants and agrees that the Executive will not, directly or indirectly, engage in any activities on behalf of or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. The Executive's ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph.

(b) A "Competitor" is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the "Territory") that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of Executive's termination or that were provided by the Company Group during the two-year period prior to the Executive's separation from service with the Company Group.

(c) The Executive acknowledges and agrees that due to the continually evolving nature of the Company Group's industry, the scope of its business and/or the identities of Competitors may change over time. The Executive further acknowledges and agrees that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group's legitimate interests.

(d) The Executive covenants and agrees that should a court at any time determine that any restriction or limitation in this Section 11 is unreasonable or unenforceable, it will be deemed amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

12. Non-Solicitation. In consideration of the Company entering into this Agreement, for a period commencing on the Effective Date and ending on the expiration of the Restricted Period, the Executive hereby covenants and agrees that she shall not, directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(a) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(b) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(c) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(d) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(e) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate her employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control.

13. Developments.

(a) The Executive acknowledges and agrees that she will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, mask works, and works of authorship, whether patentable or copyrightable or not, (i) which relate to the Company's business and have heretofore been created, made, conceived or reduced to practice by the Executive or under her direction or jointly with others, and not assigned to prior employers, or (ii) which have utility in or relate to the Company's business and are created, made, conceived or reduced to practice by the Executive or under her direction or jointly with others during her employment with the Company, whether or not during normal working hours or on the premises of the Company (all of the foregoing of which are collectively referred to in this Agreement as “Developments”).

(b) The Executive further agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all of the Executive’s rights, title and interest worldwide in and to all Developments and all related patents, patent applications, copyrights and copyright applications, and any other applications for registration of a proprietary right. This Section 13(b) shall not apply to Developments that the Executive developed entirely on her own time without using the Company’s equipment, supplies, facilities, or Proprietary Information and that does not, at the time of conception or reduction to practice, have utility in or relate to the Company’s business, or actual or demonstrably anticipated research or development. The Executive understands that, to the extent this Agreement shall be construed in accordance with the laws of any Territory which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this Section 13(b) shall be interpreted not to apply to any invention which a court rules or the Company agrees falls within such classes.

(c) The Executive further agrees to cooperate fully with the Company, both during and after her employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and other countries) relating to Developments. The Executive shall not be required to incur or pay any costs or expenses in connection with the rendering of such cooperation. The Executive will sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, and do all things that the Company may reasonably deem necessary or desirable in order to protect its rights and interests in any Development.

(d) The Executive further acknowledges and agrees that if the Company is unable, after reasonable effort, to secure the Executive’s signature on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the Executive’s agent and attorney-in-fact, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as her agent and attorney-in-fact to execute any such papers on the Executive’s behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Development, under the conditions described in this sentence.

14. Remedies . The Executive and the Company agree that the covenants contained in Sections 10, 11, 12 and 13 are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such covenant is not reasonable in any respect, such court will have the right, power and authority to sever or modify any provision or provisions of such covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. The Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of the Executive’s obligations under Sections 10, 11, 12 and 13 would be inadequate and that damages flowing from such a breach

may not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of the Executive's violation of any such provision of this Agreement, the Company will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage. Without limiting the applicability of this Section 14 or in any way affecting the right of the Company to seek equitable remedies hereunder, in the event that the Executive breaches any of the provisions of Sections 10, 11, 12 or 13 or engages in any activity that would constitute a breach save for the Executive's action being in a state where any of the provisions of Sections 10, 11, 12, 13 or this Section 14 is not enforceable as a matter of law, then the Company's obligation to pay any remaining severance compensation and benefits that has not already been paid to Executive pursuant to Section 9 shall be terminated and within ten days of notice of such termination of payment, the Executive shall return all severance compensation and the value of such benefits, or profits derived or received from such benefits.

15. Continued Availability and Cooperation.

(a) Following termination of the Executive's employment, the Executive shall cooperate fully with the Company and with the Company's counsel in connection with any present and future actual or threatened litigation, administrative proceeding or investigation involving the Company that relates to events, occurrences or conduct occurring (or claimed to have occurred) during the period of the Executive's employment by the Company. Cooperation will include, but is not limited to:

(i) making herself reasonably available for interviews and discussions with the Company's counsel as well as for depositions and trial testimony;

(ii) if depositions or trial testimony are to occur, making herself reasonably available and cooperating in the preparation therefore, as and to the extent that the Company or the Company's counsel reasonably requests;

(iii) refraining from impeding in any way the Company's prosecution or defense of such litigation or administrative proceeding; and

(iv) cooperating fully in the development and presentation of the Company's prosecution or defense of such litigation or administrative proceeding.

(b) The Company will reimburse the Executive for reasonable travel, lodging, telephone and similar expenses, as well as reasonable attorneys' fees (if independent legal counsel is necessary), incurred in connection with any cooperation, consultation and advice rendered under this Agreement after the Executive's termination of employment.

16. Dispute Resolution .

(a) In the event that the Parties are unable to resolve any controversy or claim arising out of or in connection with this Agreement or breach thereof, either Party shall refer the dispute to binding arbitration, which shall be the exclusive forum for resolving such claims. Such arbitration will be administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS") pursuant to its Employment Arbitration Rules and Procedures and governed by Kansas law. The arbitration shall be conducted by a single arbitrator selected by the Parties according to the rules of JAMS. In the event that the Parties fail to agree on the selection of the arbitrator within 30 days after either Party's request for arbitration, the arbitrator will be chosen by JAMS. The arbitration proceeding shall commence on a mutually agreeable date within 90 days after the request for arbitration, unless otherwise agreed by the Parties, and in the location where the Executive worked during the six months immediately prior to the request for arbitration if that location is in Kansas or Virginia, and if not, the location will be Kansas, unless the Parties agree otherwise.

(b) The Parties agree that each will bear their own costs and attorneys' fees. The arbitrator shall not have authority to award attorneys' fees or costs to any Party.

(c) The arbitrator shall have no power or authority to make awards or orders granting relief that would not be available to a Party in a court of law. The arbitrator's award is limited by and must comply with this Agreement and applicable federal, state, and local laws. The decision of the arbitrator shall be final and binding on the Parties.

(d) Notwithstanding the foregoing, no claim or controversy for injunctive or equitable relief contemplated by or allowed under applicable law pursuant to Sections 10, 11, 12 and 13 of this Agreement will be subject to arbitration under this Section 16, but will instead be subject to determination in a court of competent jurisdiction in Kansas, which court shall apply Kansas law consistent with Section 21 of this Agreement, where either Party may seek injunctive or equitable relief.

17. Other Agreements . No agreements (other than the agreements evidencing any grants of equity awards) or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or other agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, pertaining to the subject matter hereof, which are not embodied herein, and that no prior and/or contemporaneous agreement, statement or promise pertaining to the subject matter hereof that is not contained in this Agreement shall be valid or binding on either party.

18. Withholding of Taxes . The Company will withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

19. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company, except that the Company may assign and transfer this Agreement and delegate its duties thereunder to a wholly owned Subsidiary.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 19(a) and 19(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 19(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

20. Notices . All communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as Federal Express or UPS, addressed to the Company (to the attention of the General Counsel of the Company) at its principal executive offices and to the Executive at her principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

21. Governing Law and Choice of Forum.

(a) This Agreement will be construed and enforced according to the laws of the State of Kansas, without giving effect to the conflict of laws principles thereof.

(b) To the extent not otherwise provided for by Section 16 of this Agreement, the Executive and the Company consent to the jurisdiction of all state and federal courts located in Overland Park, Johnson County, Kansas, as well as to the jurisdiction of all courts of which an appeal may be taken from such courts, for the purpose of any suit, action, or other proceeding arising out of, or in connection with, this Agreement or that otherwise arise out of the employment relationship. Each Party hereby expressly waives any and all rights to bring any suit, action, or other proceeding in or before any court or tribunal other than the courts described above and covenants that it shall not seek in any manner to resolve any dispute other than as set forth in this paragraph. Further, the Executive and the Company hereby expressly waive any and all objections either may have to venue, including, without limitation, the inconvenience of such forum, in any of such courts. In addition, each of the Parties consents to the service of process by personal service or any manner in which notices may be delivered hereunder in accordance with this Agreement.

22. Validity/Severability . If any provision of this Agreement or the application of any provision is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal. To the extent any provisions held to be invalid, unenforceable or otherwise illegal cannot be reformed, such provisions are to be stricken herefrom and the remainder of this Agreement will be binding on the parties and their successors and assigns as if such invalid or illegal provisions were never included in this Agreement from the first instance.

23. Survival of Provisions . Notwithstanding any other provision of this Agreement, the parties' respective rights and obligations under Sections 10, 11, 12, 13, 14, 15, 16, 18, 22 and 26 will survive any termination or expiration of this Agreement or the termination of the Executive's employment.

24. Representations and Acknowledgements.

(a) The Executive hereby represents that she is not subject to any restriction of any nature whatsoever on her ability to enter into this Agreement or to perform her duties and responsibilities hereunder, including, but not limited to, any covenant not to compete with any former employer, any covenant not to disclose or use any non-public information acquired during the course of any former employment or any covenant not to solicit any customer of any former employer.

(b) The Executive hereby represents that, except as she has disclosed in writing to the Company, she is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of the Executive's employment with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party.

(c) The Executive further represents that, to the best of her knowledge, her performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement with another party, including without limitation any agreement to keep in confidence proprietary information, knowledge or data the Executive acquired in confidence or in trust prior to her employment with the Company, and that she will not knowingly disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

(d) The Executive acknowledges that she will not be entitled to any consideration or reimbursement of legal fees in connection with execution of this Agreement.

(e) The Executive hereby represents and agrees that, during the Restricted Period, if the Executive is offered employment or the opportunity to enter into any business activity, whether as owner, investor, executive, manager, employee, independent consultant, contractor, advisor or otherwise, the Executive will inform the offeror of the existence of Sections 10, 11, 12 and 13 of this Agreement and provide the offeror a copy thereof. The Executive authorizes the Company to provide a copy of the relevant provisions of this Agreement to any of the persons or entities described in this Section 24(e) and to make such persons aware of the Executive's obligations under this Agreement.

25. Compliance with Code Section 409A . With respect to reimbursements or in-kind benefits provided under this Agreement: (a) the Company will not provide for cash in lieu of a right to reimbursement or in-kind benefits to which the Executive has a right under this Agreement, (b) any reimbursement or provision of in-kind benefits made during the Executive's lifetime (or such shorter period prescribed by a specific provision of this Agreement) shall be made not later than December 31st of the year following the year in which the Executive incurs the expense, and (c) in no event will the amount of expenses so reimbursed, or in-kind benefits provided, by the Company in one year affect the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Each payment, reimbursement or in-kind benefit made pursuant to the provisions of this Agreement shall be regarded as a separate payment and not one of a series of payments for purposes of Section 409A of the Code. It is intended that any amounts payable under this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto so as not to subject the Executive to the payment of the additional tax, interest and any tax penalty which may be imposed under Section 409A of the Code. In furtherance of this interest, to the extent that any provision hereof would result in the Executive being subject to payment of the additional tax, interest and tax penalty under Section 409A of the Code, the parties agree to amend this Agreement in order to bring this Agreement into compliance with Section 409A of the Code; and thereafter interpret its provisions in a manner that complies with Section 409A of the Code. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of Treasury or the Internal Revenue Service. Notwithstanding the foregoing, no particular tax result for the Executive with respect to any income recognized by the Executive in connection with the Agreement is guaranteed, and the Executive shall be responsible for any taxes, penalties and interest imposed on her under or as a result of Section 409A of the Code in connection with the Agreement.

26. Amendment; Waiver . Except as otherwise provided herein, this Agreement may not be modified, amended or waived in any manner except by an instrument in writing signed by both Parties hereto. No waiver by either Party at any time of any breach by the other Party hereto or compliance with any condition or provision of this Agreement to be performed by such other Party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

27. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

28. Headings . Unless otherwise noted, the headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

29. Defined Terms .

(a) “Agreement” has the meaning set forth in the preamble.

(b) “Base Salary” has the meaning set forth in Section 4(a).

(c) “Board” has the meaning set forth in Section 3(a).

(d) “Bonus Award” has the meaning set forth in Section 4(b)(i).

(e) “Bylaws” means the Amended and Restated Sprint Corporation Bylaws, as may be amended from time to time.

(f) “Capped Bonus Award” shall mean the lesser of the annual Target Bonus or actual performance for such fiscal year in accordance with the then existing terms of the STIP, which shall not be payable until the Compensation Committee has determined that any incentive targets have been achieved and the subsequent designated payout date has arrived.

(g) “Cause” shall mean:

(i) any act or omission constituting a material breach by the Executive of any provisions of this Agreement; provided however, that, for avoidance of doubt, the failure of the Executive to timely relocate her residence to the area surrounding the Executive’s initial Place of Performance as required under Section 8 shall constitute “Cause”;

(ii) the willful failure by the Executive to perform her duties hereunder (other than any such failure resulting from the Executive’s Disability), after demand for performance is delivered by the Company that identifies the manner in which the Company believes the Executive has not performed her duties, if, within 30 days of such demand, the Executive fails to cure any such failure capable of being cured;

(iii) any intentional act or misconduct materially injurious to the Company or any Subsidiary, financial or otherwise, or including, but not limited to, misappropriation, fraud including with respect to the Company's accounting and financial statements, embezzlement or conversion by the Executive of the Company's or any of its Subsidiary's property in connection with the Executive's duties or in the course of the Executive's employment with the Company;

(iv) the conviction (or plea of no contest) of the Executive for any felony or the indictment of the Executive for any felony including, but not limited to, any felony involving fraud, moral turpitude, embezzlement or theft in connection with the Executive's duties or in the course of the Executive's employment with the Company;

(v) the commission of any intentional or knowing violation of any antifraud provision of the federal or state securities laws;

(vi) the Board reasonably believes in its good faith judgment that the Executive has committed any of the acts referred to in this Section 29(g)(v);

(vii) a final, non-appealable order in a proceeding before a court of competent jurisdiction or a final order in an administrative proceeding finding that the Executive committed any willful misconduct or criminal activity (excluding minor traffic violations or other minor offenses) which commission is materially inimical to the interests of the Company or any Subsidiary, whether for her personal benefit or in connection with her duties for the Company or any Subsidiary;

(viii) current alcohol or prescription drug abuse affecting work performance;

(ix) current illegal use of drugs; or

(x) violation of the Company's Code of Conduct, with written notice of termination by the Company for Cause in each case provided under this Section 29(g).

For purposes of this Agreement, no act or failure to act on the part of the Executive shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(h) "Change in Control" has the meaning set forth in the CIC Severance Plan.

(i) "Chief Executive Officer" has the meaning set forth in Section 3(a).

(j) “CIC Severance Plan” means the Company’s Change in Control Severance Plan, as may be amended from time to time, or any successor plan, program or arrangement thereto.

(k) “CIC Severance Protection Period” has the meaning set forth in the CIC Severance Plan.

(l) “Certificate of Incorporation” means the Amended and Restated Articles of Incorporation of Sprint Corporation, as may be amended from time to time.

(m) “Code” means the Internal Revenue Code of 1986, as amended from time to time, including any rules and regulations promulgated thereunder, along with Treasury and IRS Interpretations thereof. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

(n) “Company” has the meaning set forth in the preamble.

(o) “Company Group” has the meaning set forth in Section 10(a)(i).
of the Board.

(p) “Compensation Committee” means the Compensation Committee

(q) “Competitor” has the meaning set forth in Section 11(b).

(r) “Developments” has the meaning set forth in Section 13(a).

(s) “Disability” or “Disabled” shall mean:

(i) the Executive’s incapacity due to physical or mental illness to substantially perform her duties and the essential functions of her position, with or without reasonable accommodation, on a full-time basis for six months as determined by the Board in its reasonable discretion, and within 30 days after a notice of termination is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive’s duties; and, further,

(ii) the Executive becomes eligible to receive benefits under the LTD Plan provided, however, if the Executive shall not agree with a determination to terminate her employment because of Disability, the question of the Executive’s disability shall be subject to the certification of a qualified medical doctor agreed to by the Company and the Executive. The costs of such qualified medical doctor shall be paid for by the Company.

(t) “Effective Date” has the meaning set forth in the preamble.

(u) "Employee Plans" has the meaning set forth in Section 5(a).

(v) "Employment Term" means the Initial Employment Term and any Renewal Term.

(w) "Executive" has the meaning set forth in the preamble.

(x) "Good Reason" means the occurrence of any of the following without the Executive's written consent, unless within 30 days of the Executive's written notice of termination of employment for Good Reason, the Company cures any such occurrence:

(i) the Company's material breach of this Agreement;

(ii) a material reduction in the Executive's Base Salary (that is not agreed to by the Executive), as compared to the corresponding circumstances in place on the Effective Date as may be increased pursuant to Section 4, except for across-the-board reductions generally applicable to all senior executives; or

(iii) relocation of the Executive's Place of Performance more than 50 miles without the Executive's consent.

Any occurrence of Good Reason shall be deemed to be waived by the Executive unless the Executive provides the Company written notice of termination of employment for Good Reason within 60 days of the event giving rise to Good Reason.

(y) "Initial Employment Term" has the meaning set forth in Section 2.

(z) "JAMS" has the meaning set forth in Section 16.

(aa) "LTD Plan" has the meaning set forth in Section 9(e).

(bb) "LTSIP" means the Company's 2015 Omnibus Incentive Plan, effective August 7, 2015, as may be amended from time to time, or any successor plan, program or arrangement thereto.

(cc) "LTSIP Target Award Opportunities" has the meaning set forth in Section 4(b)(ii).

(dd) "Participant" has the meaning set forth in the CIC Severance Plan.

(ee) "Parties" has the meaning set forth in the preamble.

(ff) "Party" has the meaning set forth in the preamble.

(gg) "Payment Period" means the period of 12 continuous months, as measured from the Executive's Separation from Service.

(hh) "Place of Performance" has the meaning set forth in Section 8.

(ii) “Proprietary Information” has the meaning set forth in Section10(a)(i).

(jj) “Release” means a release of claims in a form provided to the Executive by the Company in connection with the payment of benefits under this Agreement.

(kk) “Release Consideration Period” means the period of time pursuant to the terms of the Release afforded the Executive to consider whether to sign it.

(ll) “Release Revocation Period” means the period pursuant to the terms of an executed Release in which it may be revoked by the Executive.

(mm) “Renewal Term” has the meaning set forth in Section 2.

(nn) “Restricted Period” means the 12-month period following the Executive’s date of termination of employment with the Company for any reason or Cause, including for nonrenewal of this Agreement, Disability, termination by the Company or termination by the Executive.

(oo) “Separation from Service” means “separation from service” from the Company and its subsidiaries as described under Code Section 409A and the guidance and Treasury regulations issued thereunder. Separation from Service will occur on the date on which the Executive’s level of services to the Company decreases to 21 percent or less of the average level of services performed by the Executive over the immediately preceding 36-month period (or if providing services for less than 36 months, such lesser period) after taking into account any services that the Executive provided prior to such date or that the Company and the Executive reasonably anticipate the Executive may provide (whether as an employee or as an independent contractor) after such date. For purposes of the determination of whether the Executive has had a Separation from Service, the term “Company” shall mean the Company and any affiliate with which the Company would be considered a single employer under Code Section 414(b) or 414(c), provided that in applying Code Sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code Section 414(c), “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulation Section 1.414(c)-2. In addition, where the use of such definition of “Company” for purposes of determining a Separation from Service is based upon legitimate business criteria, in applying Code Sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language “at least 20 percent” is used instead of “at least 80 percent” at each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code Section 414(c), “at least 20 percent" is used instead of "at least 80 percent" at each place it appears in Treasury Regulation Section 1.414(c)-2.

(pp) "Separation Plan" means the Company's Separation Plan, as may be amended from time to time, or any successor plan, program, arrangement or agreement thereto.

(qq) "Specified Employee" shall mean an Executive who is a "specified employee" for purposes of Code Section 409A, as administratively determined by the Board in accordance with the guidance and Treasury regulations issued under Code Section 409A.

(rr) "STIP" means the Company's short-term incentive plan under Section 8 of the Company's 2015 Omnibus Incentive Plan, effective August 7, 2015, as may be amended from time to time, or any successor plan, program or arrangement thereto.

(ss) "Subsidiary" shall mean any entity, corporation, partnership (general or limited), limited liability company, entity, firm, business organization, enterprise, association or joint venture in which the Company directly or indirectly controls ten percent (10%) or more of the voting interest. Notwithstanding the foregoing, for purposes of Section 3(a), "Subsidiary" shall mean any affiliate with which the Company would be considered a single employer as described in the definition of Separation from Service.

(tt) "Target Bonuses" has the meaning set forth in Section 4(b)(i).

(uu) "Territory" has the meaning set forth in Section 11(b).

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Signature Page Follows

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by an officer pursuant to the authority of its Board, and the Executive has executed this Agreement, as of the day and year first written above.

SPRINT CORPORATION

By: /s/ Ismat Aziz
Ismat Aziz
Senior Vice President - Human Resources

EXECUTIVE

By: /s/ Yuriko Ishihara
Yuriko Ishihara

Exhibit 10.2

Evidence of Award
Turnaround Incentive Award
Restricted Stock Units

Throughout this Evidence of Award, we sometimes refer to Sprint Corporation ("Sprint" or the "Company") and its subsidiaries as "we" or "us," and we refer to the Award recipient as "you."

1. Award of Restricted Stock Units

Effective May 24, 2017 (the "Date of Grant"), the Compensation Committee of the Company granted you <number> restricted stock units (the "RSUs") under the terms of the Sprint Corporation 2015 Omnibus Incentive Plan (the "Plan"). Subject to the terms and conditions of the Plan and this Evidence of Award, an RSU represents the right for you to receive from us one share of Common Stock of the Company. If you do not satisfy the Form S-8 definition of "employee," we will not deliver shares of Common Stock underlying your RSUs that are earned under this award, but we will settle the shares in cash by paying you the value (using the closing price of the Common Stock) as of the vesting date. This award is intended to be a Qualified Performance-Based Award as defined in the Plan.

2. Determination of Earned Shares

Your RSUs will be earned (the "Earned Shares") upon the achievement of specified volume-weighted average prices of Common Stock during regular trading on the NYSE over any 150-calendar day period during a period from May 24, 2017 through March 31, 2021 (the "Performance Period"). The volume-weighted average prices associated with the Earned Shares are as set forth below:

- <$12.00: Earned Shares = 0% of target
- $12.00: Earned Shares = 25% of target
- $13.00: Earned Shares = 50% of target
- $13.75: Earned Shares = 100% of target
- =>$17.00: Earned Shares = 120% of target

In determining Earned Shares, there is no interpolation between the above price targets. For example, if the highest volume-weighted average price over any 150-calendar day period during the Performance Period is $13.50, then the Earned Shares would be 50% of target.

3. Vesting and Forfeiture

If the price targets specified in paragraph 2 are not achieved by the conclusion of the Performance Period, the opportunity is forfeited. Once shares are earned - that is, the price target has been attained during the Performance Period - they are subject to forfeiture if you are not continuously serving as our employee through the Vesting Date (subject to the exceptions in Paragraphs 4 and 5 below), but they are not subject to forfeiture based on subsequent share price performance. The Earned Shares vest 50 percent on the fourth anniversary of the Date of Grant and 50 percent on the fifth anniversary of the Date of Grant (each date is referred to as a "Vesting Date"). In addition, you will forfeit undelivered RSUs if (a) you have an employment agreement and you breach a restrictive covenant in your employment agreement during the Restricted Period (or "Non-compete Period", as applicable) as defined in your employment agreement, or (b) if you do not have an employment agreement and you breach your obligation to refrain from Detrimental Activity as described in Exhibit A.

4 . Treatment of Certain Terminations before a Vesting Date

If, (1) before a Vesting Date and after two years following the Date of Grant, your employment is terminated by the Company without Cause, or (2) before a Vesting Date you have a termination by death, or termination by Disability, you will receive on the Vesting Date a pro-rata number of the Earned Shares you would have otherwise received without such termination, based on the number of days you were employed during the Performance Period over the entire Performance Period. Cause and Disability are defined in the Plan.

5. Treatment of Change in Control during the Performance Period

If a Change in Control, as defined in this Evidence of Award, occurs during the Performance Period, Earned Shares (if any) will be the greater of the achievement based on (1) volume-weighted average prices of Common Stock over any 150-calendar day period as specified in Paragraph 2 as of the date of the Change in Control, or (2) the consideration per share of Common Stock in connection with the Change in Control using the prices specified in Paragraph 2. Any Earned Shares under the previous sentence will vest on the Vesting Date as specified in Paragraph 3, unless the continuing entity fails to assume the RSUs, in which case vesting will accelerate without proration as of the date of the Change in Control. In addition, if during the CIC Severance Protection Period, your employment is terminated by the Company under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Protection Plan (if you are a participant in that plan), or your employment agreement (if applicable), any Earned Shares will immediately vest and become payable without proration. Change in Control for this award is as defined in the Plan, except that acquisition by SoftBank Group Corp. or its subsidiaries of 100% of the Company's shares (such that the Company ceases to have any class of equity securities listed on a national securities exchange) will not constitute a Change in Control. CIC Severance Protection Period is also defined in the Plan. It means the time period commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the 18-month anniversary of such date or (ii) the Participant's death.

6. Agreement to Refrain from Detrimental Activity

You shall indicate your agreement to obligations to refrain from Detrimental Activity as described in Exhibit A to this Evidence of Award in accordance with the instructions provided herein, and your acceptance of this Award shall include your acceptance of these obligations. You and the Company hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and the Company executed agreement to these obligations in paper form.

7. Dividends

Your RSUs are not eligible for dividends.

8. Delivery Date; Market Value Per Share

The Delivery Date (the date as of which we distribute to you the Common Stock underlying your Vested RSUs or cash if you do not satisfy the Form S-8 definition of "employee") is the Vesting Date, or the day after the Six-Month Payment Delay if that delay applies to your RSUs. We calculate your taxable income on the Delivery Date using the Market Value Per Share on the immediately preceding trading day, but we use the average of the high and low reported prices of our Common Stock instead of the closing price. We will distribute the Common Stock underlying your Vested RSUs as soon as practicable after the Delivery Date, but in no event later than 45 days after the Delivery Date. Six-Month Payment Delay is defined in the Plan to mean the required delay in payment to a Participant who is a "specified employee" of amounts subject to Section 409A of the Internal Revenue Code (the "Code") that are paid upon Separation from Service.

9. Transfer of your RSUs and Designation of Beneficiaries

Your RSUs represent a contract between the Company and you, and your rights under the contract are not assignable to any other party during your lifetime nor do they give you a preferred claim to any particular assets or shares of the Company. Upon the Vesting Date following your death, any Earned Shares prorated as described in Paragraph 4 will be delivered in accordance with the terms of the Award to any beneficiaries you name in a beneficiary designation or, if you make no designation, to your estate.

10. Plan Terms

All capitalized terms used in this Evidence of Award that are not defined in this Evidence of Award have the same meaning as those terms have in the Plan. The terms of the Plan are hereby incorporated by this reference. The Plan is available online on Sprint's intranet.

11. Adjustment

In the event of any change in the number or kind of outstanding shares of our Common Stock by reason of a recapitalization, merger, consolidation, spin-off, reorganization, separation, liquidation, stock split, stock dividend, extraordinary cash dividend, combination of shares or any other change in our corporate structure or shares of our

Common Stock, an appropriate adjustment will be made consistent with applicable provisions of the Code and applicable Treasury Department rulings and regulations in the number and kind of shares subject to outstanding Awards and any other adjustments as the Board deems appropriate.

12. Amendment; Discretionary Nature of Plan

This Evidence of Award is subject to the terms of the Plan, as may be amended from time to time, except that the Award which is the subject of this Evidence of Award may not be materially impaired by any amendment or termination of the Plan approved either before or after the Date of Grant, without your written consent. Subject to the above restriction, you acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by us, in our sole discretion, at any time. The grant of RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive any other grant of RSUs, other types of grants under the Plan, or benefits in lieu of such grants in the future. Future grants (other than as contained herein), if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of RSUs granted, the payment of dividend equivalents, and vesting provisions.

13. Data Privacy

By accepting this Award, you (i) authorize us, and any agent of ours administering the Plan or providing Plan recordkeeping services, to disclose to us such information and data as we request in order to facilitate the grant of the RSUs and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize us to store and transmit such information in electronic form.

14. Governing Law

This Evidence of Award will be governed by the laws of the State of Delaware. No shares of Common Stock will be delivered to you upon the vesting of the RSUs unless our counsel is satisfied that such delivery will be in compliance with all applicable laws.

15. Severability

The various provisions of this Evidence of Award are severable, and any determination of invalidity or unenforceability of any one provision shall have no effect on the remaining provisions.

16. Taxes

You are liable for any and all taxes, including withholding taxes, arising out of this grant or the issuance of the Common Stock (or cash payment if you do not satisfy the Form S-8 definition of “employee”) on vesting of RSUs. We are authorized to deduct the amount of the tax withholding from the amount payable to you upon settlement of the RSUs. We will withhold from the total number of shares of Common Stock you are to receive a number of shares the value of which is sufficient to satisfy any such withholding obligation at the minimum applicable withholding rate. In addition, if you become subject to FICA or Medicare tax, but you are not yet entitled to delivery of the shares of Common Stock underlying the RSUs, you hereby authorize us to withhold the resulting FICA or Medicare tax from other income payable to you.

17. Clawback

We may recover any compensation related to this award to the extent the Board of Directors of the Company determines that the value of that compensation is based on financial results or operating objectives impacted by your knowing or intentional fraudulent or illegal conduct and that such forfeiture or recovery is appropriate, or as may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

18. Entire Understanding

You hereby acknowledge that you have read the 2015 Omnibus Incentive Plan Information Statement (the “Information Statement”) available on Sprint’s intranet. To the extent not inconsistent with the provisions of this Evidence of Award, the terms of the Information Statement and the Plan are hereby incorporated by reference. This Evidence of Award, along with the Information Statement and the Plan, contain the entire understanding of the parties.

Exhibit A - Obligation to Refrain from Detrimental Activities

If you have an employment agreement with us, the restrictive covenants in that agreement are incorporated by reference in this Evidence of Award, and your obligations to refrain from Detrimental Activities will be governed by your employment agreement rather than the obligations described in this Exhibit A.

If you do not have an employment agreement, in consideration of receiving the Award, you, the Participant, agree to the following obligations:

**1. Noncompetition**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, engage in activities for or on behalf of a Competitor that are the same or similar in form or function to the services you provided in the last year of your employment to the Company or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. Your ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph. “Company Group” means the Corporation, any of its subsidiaries or any affiliates of the Corporation or its subsidiaries.

This paragraph (a) shall not prohibit you from engaging in the practice of law as an in-house counsel, sole practitioner or as a partner in (or as an employee of or counsel to) a corporation or law firm in accordance with applicable legal and professional standards. However, this exception does not apply to you if you are providing services to any person, partnership, firm, corporation, institution or other entity that is a Competitor, if such engagement or services being provided are not primarily the practice of law.

(b) A “Competitor” is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the “Territory”) that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of your termination or that were provided by the Company Group during the two-year period prior to your separation from service with the Company Group.

(c) You acknowledge and agree that due to the continually evolving nature of the Company Group’s industry, the scope of its business and/or the identities of Competitors may change over time. You further acknowledge and agree that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group’s legitimate interests.

(d) You covenant and agree that should a court at any time determine that any restriction or limitation in this Section 1 is unreasonable or unenforceable, it will be deemed amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

**2. Non-Solicitation**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(1) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of your employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is

an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(2) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(3) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of your employment for purposes of business which is competitive to the Company Group within the Territory; or

(4) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(5) For purposes of this section, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control

**3. Agreement to Refrain from Detrimental Activities.**

You shall indicate your agreement to the noncompetition and non-solicitation obligations in this Exhibit A in accordance with the instructions provided in the on-line grant acceptance process on the UBS One Source website ( https://onesource.ubs.com/CEFSWebApp/callpage.do?bookCode=S&page=login_header_new ), and your acceptance of the Award shall include your acceptance of these obligations. You and the Corporation hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and executed the agreement in paper form.

Exhibit 10.3

Evidence of Award
2017 Long-term Incentive Plan
Stock Options

Throughout this Evidence of Award, we sometimes refer to Sprint Corporation (the "Company") and its subsidiaries as "we" or "us" and to the Award recipient as "you."

1. Award of Option Right

Effective on May 24, 2017 (the "Date of Grant"), the Compensation Committee of the Board of Directors granted you an Option Right to purchase from us the number of shares shown above of common stock, par value $0.01 per share of Sprint (the "Common Stock") at an Option Price of $8.17 per share. The Option Right is governed by the terms of the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan (the "Plan") and is subject to the terms and conditions described in this Evidence of Award. The Option Right is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code").

2. When the Option Right Becomes Exercisable

Your Option Right becomes exercisable (or "vested") at a rate of 1/3 rd of the total number of shares subject to purchase on each of May 24, 2018, May 24, 2019 and May 24, 2020, conditioned upon you continuously serving as our employee through each applicable vesting date and otherwise complying with the terms of the Plan and this Evidence of Award. The portion of your Option Right that has not yet vested as of your Termination Date will be forfeited immediately after such date, except to the extent vesting accelerates as described in paragraph 3. Termination Date means the last day of your relationship with us as a common-law employee as reflected on our payroll records.

3 . Acceleration of Vesting

The unvested portion of your Option Right may become vested before the time at which it would normally become vested by the passage of time - that is, the vesting may accelerate. Your unvested portion of your Option Right will vest fully on your Termination Date under the following circumstances:

| ***Event*** | ***Condition for Vesting Acceleration*** |
|---|---|
| Death | Your death. |
| Disability | Your Termination Date is under circumstances that make you eligible for benefits under the Sprint Long-Term Disability Plan. |
| Change in Control Involuntary Termination | Your Termination Date is during the CIC Severance Protection Period under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Plan, or your employment agreement (if applicable). |
| Normal Retirement | Your Termination Date (for any other reason except for Cause) is on or after the later of your 65 th birthday and one year after the Date of Grant. |

CIC Severance Plan means the Sprint Change in Control Severance Plan, as it may be amended from time to time, or any successor plan.

CIC Severance Protection Period is defined in the Plan. Generally, it means the time period commencing on the date of the first occurrence of a “Change in Control” and continuing until the earlier of (i) the 18-month anniversary of such date or (ii) your death. For purposes of the Option Right under this Award, the CIC Severance Protection Period applies only with respect to a Change in Control occurring after the Date of Grant.

4. Exercise of Option Right

To the extent it has vested, you may exercise your Option Right under this Award in whole or in part at the time or times as permitted by the Plan if the Option Right has not otherwise expired, been forfeited or terminated. To exercise you must:

- deliver a written election under procedures we establish (including by approved electronic medium) and
- pay the Option Price.

You may pay the Option Price by

- check or by wire transfer of immediately available funds,
- actual or constructive transfer of shares of Common Stock you have owned for at least six months having a market value on the Exercise Date equal to the Option Price, or
- any combination of cash, shares of Common Stock and other consideration as the Compensation Committee of the Board of Directors of the Company may permit.

If you pay the Option Price by delivery of funds or shares of Common Stock, the value per share for purposes of determining your taxable income from such an exercise will be the Market Value Per Share of the Common Stock on the immediately preceding day before the exercise except that we will use the average of the high and low prices on that date in lieu of the closing price.

To the extent permitted by law, you may pay the Option Price from the proceeds of a sale through a broker we designate. The Market Value Per Share for purposes of determining your taxable income from such an exercise will be the actual price at which the broker sold the shares.

5. Expiration of Option Right

Unless terminated earlier in accordance with the terms of this Evidence of Award or the Plan, the Option Right granted herein will expire at 4:00 P.M., U.S. Eastern Time, on the tenth anniversary of the Grant Date (the “Expiration Date”). If the tenth anniversary of the Grant Date, however, is a Saturday, Sunday or any other day on which the market on which our Common Stock trades is closed (a “Non-Business Day”), then the Expiration Date will occur at 4:00 P.M., U.S. Eastern Time, on the first business day before the tenth anniversary of the Grant Date.

6. Effect of your Termination of Employment

The length of time you have to exercise your vested Option Right after your termination of employment with us depends on the reason for your termination. The table below describes the post-termination exercise period for the various termination reasons. The Option Right will expire as of the end of the applicable period. In no event, however, may you exercise your Option Right after the Expiration Date.

| ***Event (as Defined Above)*** | ***Time to Exercise Vested Options*** |
|---|---|
| Death | Up through the 12 th month after your Termination Date |
| Disability | Up through 60 months after your Termination Date |
| Normal Retirement, or Early Retirement (i.e., your Termination Date (for any other reason except for Cause) is on or after the date you would be eligible to commence early or special early retirement benefits under the Sprint Retirement Pension Plan, whether or not you are a participant in that plan) | Up through 60 months after your Termination Date |
| Any other Termination of Employment not for Cause | Up through the 90 th day after your Termination Date |
| For Cause | Forfeited as of Termination Date |
| (a) Breach of restrictive covenants during the Restricted Period as defined in your employment agreement, or (b) If you do not have an employment agreement, breach of the obligation to refrain from Detrimental Activity as described in Exhibit A | Forfeited as of breach |

If the last day to exercise under the schedule described in the table above is a Non-Business Day, then you must exercise no later than the previous business day. You are solely responsible for managing the exercise of your Option Award in order to avoid inadvertent expiration.

7. Agreement to Refrain from Detrimental Activity

You shall indicate your agreement to obligations to refrain from Detrimental Activity as described in Exhibit A to this Evidence of Award in accordance with the instructions provided herein, and your acceptance of this Award shall include your acceptance of these obligations. You and the Company hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and the Company executed agreement to these obligations in paper form.

8. Transfer of your Option Right and Designation of Beneficiaries

Your Option Right represents a contract between the Company and you, and your rights under the contract are not assignable to any other party during your lifetime. Upon your death, your Option Right may be exercised in accordance with the terms of the Award by any beneficiary you name in a beneficiary designation or, if you make no designation, by your estate.

9. Plan Terms

All capitalized terms used in this Evidence of Award that are not defined in this Evidence of Award have the same meaning as those terms have in the Plan. The terms of the Plan are hereby incorporated by this reference. The Plan is available on line at <link>

10. Adjustment

In the event of any change in the number or kind of outstanding shares of our Common Stock by reason of a recapitalization, merger, consolidation, reorganization, separation, liquidation, stock split, stock dividend, combination of shares or any other change in our corporate structure or shares of our Common Stock, an appropriate adjustment will be made consistent with applicable provisions of the Code and applicable Treasury Department rulings and regulations in the number and kind of shares subject to outstanding Awards and any other adjustments as the Board deems appropriate.

11. Amendment; Discretionary Nature of Plan

This Evidence of Award is subject to the terms of the Plan, as may be amended from time to time, except that the Award which is the subject of this Evidence of Award may not be materially impaired by any amendment or termination of the Plan approved after the Date of Grant without your written consent. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Option Award under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Option Awards, other types of grants under the Plan, or benefits in lieu of such grants in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of shares underlying the Option Award granted, and vesting provisions.

12. Data Privacy

By accepting this Award, you (i) authorize us, and any agent of ours administering the Plan or providing Plan recordkeeping services, to disclose to us or our subsidiaries such information and data as we or our subsidiaries request in order to facilitate the grant of the Option Right and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize us to store and transmit such information in electronic form.

13. Governing Law and Exclusive Forum

This Evidence of Award will be governed by the laws of the State of Delaware and any dispute in connection therewith may only be brought in the state or federal courts in Delaware. No shares of Common Stock will be delivered upon the exercise of the Option Right unless counsel for the Company is satisfied that such delivery will be in compliance with all applicable laws.

14. Severability

The various provisions of this Evidence of Award are severable, and any determination of invalidity or unenforceability of any one provision shall have no effect on the remaining provisions.

15. Clawback

We may recover any compensation related to this Long-Term Incentive Plan award to the extent the Board of Directors of the Company determines that the value of that compensation is based on financial results or operating objectives impacted by your knowing or intentional fraudulent or illegal conduct and that such forfeiture or recovery is appropriate, or as may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

16. Entire Understanding

You hereby acknowledge that you have read the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan Information Statement dated November, 2016 (the “Information Statement”) available on line at <link>. To the extent not inconsistent with the provisions of this Evidence of Award, the terms of the Information Statement and the Plan are hereby incorporated by reference. This Evidence of Award, along with the Information Statement and the Plan, contain the entire understanding of the parties.

*This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933*

Exhibit A - Obligation to Refrain from Detrimental Activities

If you have an employment agreement with us, the restrictive covenants in that agreement are incorporated by reference in this Evidence of Award, and your obligations to refrain from Detrimental Activities will be governed by your employment agreement rather than the obligations described in this Exhibit A.

If you do not have an employment agreement, in consideration of receiving the Award, you, the Participant, agree to the following obligations:

**1. Noncompetition**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, engage in activities for or on behalf of a Competitor that are the same or similar in form or function to the services you provided in the last year of your employment to the Company or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. Your ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph. “Company Group” means the Corporation, any of its subsidiaries or any affiliates of the Corporation or its subsidiaries.

This paragraph (a) shall not prohibit you from engaging in the practice of law as an in-house counsel, sole practitioner or as a partner in (or as an employee of or counsel to) a corporation or law firm in accordance with applicable legal and professional standards. However, this exception does not apply to you if you are providing services to any person, partnership, firm, corporation, institution or other entity that is a Competitor, if such engagement or services being provided are not primarily the practice of law.

(b) A “Competitor” is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the “Territory”) that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of your termination or that were provided by the Company Group during the two-year period prior to your separation from service with the Company Group.

(c) You acknowledge and agree that due to the continually evolving nature of the Company Group’s industry, the scope of its business and/or the identities of Competitors may change over time. You further acknowledge and agree that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group’s legitimate interests.

(d) You covenant and agree that should a court at any time determine that any restriction or limitation in this Section 1 is unreasonable or unenforceable, it will be deemed

amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

**2. Non-Solicitation**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(1) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(2) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(3) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(4) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(5) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control

**3. Agreement to Refrain from Detrimental Activities.**

You shall indicate your agreement to the noncompetition and non-solicitation obligations in this Exhibit A in accordance with the instructions provided in the on-line grant acceptance process on the UBS One Source website ( https://onesource.ubs.com/CEFSWebApp/callpage.do?bookCode=S&page=login_header_new ), and your acceptance of the Award shall include your acceptance of these

obligations. You and the Corporation hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and executed the agreement in paper form.

Exhibit 10.4

Evidence of Award
2017 Long-term Incentive Plan
Stock Options

Throughout this Evidence of Award, we sometimes refer to Sprint Corporation (the “Company”) and its subsidiaries as “we” or “us” and to the Award recipient as “you.”

1. Award of Option Right

Effective on May 24, 2017 (the “Date of Grant”), the Compensation Committee of the Board of Directors granted you an Option Right to purchase from us the number of shares shown above of common stock, par value $0.01 per share of Sprint (the “Common Stock”) at an Option Price of $8.17 per share. The Option Right is governed by the terms of the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan (the “Plan”) and is subject to the terms and conditions described in this Evidence of Award. The Option Right is not intended to qualify as an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986 (the “Code”).

2. When the Option Right Becomes Exercisable

Your Option Right becomes exercisable (or “vested”) at a rate of 1/3 rd of the total number of shares subject to purchase on each of May 24, 2018, May 24, 2019 and May 24, 2020, conditioned upon you continuously serving as our employee through each applicable vesting date and otherwise complying with the terms of the Plan and this Evidence of Award. The portion of your Option Right that has not yet vested as of your Termination Date will be forfeited immediately after such date, except to the extent vesting accelerates as described in paragraph 3. Termination Date means the later of (a) the last day of your relationship with us as a common-law employee as reflected on our payroll records, and (b) if, after your involuntary termination you receive severance from us paid according to our payroll cycle (i.e., not in a lump sum), the last day of your severance pay period.

3 . Acceleration of Vesting

The unvested portion of your Option Right may become vested before the time at which it would normally become vested by the passage of time - that is, the vesting may accelerate. Your unvested portion of your Option Right will vest fully on your Termination Date under the following circumstances:

| ***Event*** | ***Condition for Vesting Acceleration*** |
|---|---|
| Death | Your death. |
| Disability | Your Termination Date is under circumstances that make you eligible for benefits under the Sprint Long-Term Disability Plan. |
| Change in Control Involuntary Termination | Your Termination Date is during the CIC Severance Protection Period under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Plan, or your employment agreement (if applicable). |
| Normal Retirement | Your Termination Date (for any other reason except for Cause) is on or after the later of your 65 th birthday and one year after the Date of Grant. |

CIC Severance Plan means the Sprint Change in Control Severance Plan, as it may be amended from time to time, or any successor plan.

CIC Severance Protection Period is defined in the Plan. Generally, it means the time period commencing on the date of the first occurrence of a "Change in Control" and continuing until the earlier of (i) the 18-month anniversary of such date or (ii) your death. For purposes of the Option Right under this Award, the CIC Severance Protection Period applies only with respect to a Change in Control occurring after the Date of Grant.

4. Exercise of Option Right

To the extent it has vested, you may exercise your Option Right under this Award in whole or in part at the time or times as permitted by the Plan if the Option Right has not otherwise expired, been forfeited or terminated. To exercise you must:

- deliver a written election under procedures we establish (including by approved electronic medium) and
- pay the Option Price.

You may pay the Option Price by

- check or by wire transfer of immediately available funds,
- actual or constructive transfer of shares of Common Stock you have owned for at least six months having a market value on the Exercise Date equal to the Option Price, or
- any combination of cash, shares of Common Stock and other consideration as the Compensation Committee of the Board of Directors of the Company may permit.

If you pay the Option Price by delivery of funds or shares of Common Stock, the value per share for purposes of determining your taxable income from such an exercise will be the Market Value Per Share of the Common Stock on the immediately preceding day before the exercise except that we will use the average of the high and low prices on that date in lieu of the closing price.

To the extent permitted by law, you may pay the Option Price from the proceeds of a sale through a broker we designate. The Market Value Per Share for purposes of determining your taxable income from such an exercise will be the actual price at which the broker sold the shares.

5. Expiration of Option Right

Unless terminated earlier in accordance with the terms of this Evidence of Award or the Plan, the Option Right granted herein will expire at 4:00 P.M., U.S. Eastern Time, on the tenth anniversary of the Grant Date (the "Expiration Date"). If the tenth anniversary of the Grant Date, however, is a Saturday, Sunday or any other day on which the market on which our Common Stock trades is closed (a "Non-Business Day"), then the Expiration Date will occur at 4:00 P.M., U.S. Eastern Time, on the first business day before the tenth anniversary of the Grant Date.

6. Effect of your Termination of Employment

The length of time you have to exercise your vested Option Right after your termination of employment with us depends on the reason for your termination. The table below describes the post-termination exercise period for the various termination reasons. The Option Right will expire as of the end of the applicable period. In no event, however, may you exercise your Option Right after the Expiration Date.

| ***Event (as Defined Above)*** | ***Time to Exercise Vested Options*** |
|---|---|
| Death | Up through the 12 th month after your Termination Date |
| Disability | Up through 60 months after your Termination Date |
| Normal Retirement, or Early Retirement (i.e., your Termination Date (for any other reason except for Cause) is on or after the date you would be eligible to commence early or special early retirement benefits under the Sprint Retirement Pension Plan, whether or not you are a participant in that plan) | Up through 60 months after your Termination Date |
| Any other Termination of Employment not for Cause | Up through the 90 th day after your Termination Date |
| For Cause | Forfeited as of Termination Date |
| (a) Breach of restrictive covenants during the Restricted Period as defined in your employment agreement, or (b) If you do not have an employment agreement, breach of the obligation to refrain from Detrimental Activity as described in Exhibit A | Forfeited as of breach |

If the last day to exercise under the schedule described in the table above is a Non-Business Day, then you must exercise no later than the previous business day. You are solely responsible for managing the exercise of your Option Award in order to avoid inadvertent expiration.

7. Agreement to Refrain from Detrimental Activity

You shall indicate your agreement to obligations to refrain from Detrimental Activity as described in Exhibit A to this Evidence of Award in accordance with the instructions provided herein, and your acceptance of this Award shall include your acceptance of these obligations. You and the Company hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and the Company executed agreement to these obligations in paper form.

8. Transfer of your Option Right and Designation of Beneficiaries

Your Option Right represents a contract between the Company and you, and your rights under the contract are not assignable to any other party during your lifetime. Upon your death, your Option Right may be exercised in accordance with the terms of the Award by any beneficiary you name in a beneficiary designation or, if you make no designation, by your estate.

9. Plan Terms

All capitalized terms used in this Evidence of Award that are not defined in this Evidence of Award have the same meaning as those terms have in the Plan. The terms of the Plan are hereby incorporated by this reference. The Plan is available on line at <link>

10. Adjustment

In the event of any change in the number or kind of outstanding shares of our Common Stock by reason of a recapitalization, merger, consolidation, reorganization, separation, liquidation, stock split, stock dividend, combination of shares or any other change in our corporate structure or shares of our Common Stock, an appropriate adjustment will be made consistent with applicable provisions of the Code and applicable Treasury Department rulings and regulations in the number and kind of shares subject to outstanding Awards and any other adjustments as the Board deems appropriate.

11. Amendment; Discretionary Nature of Plan

This Evidence of Award is subject to the terms of the Plan, as may be amended from time to time, except that the Award which is the subject of this Evidence of Award may not be materially impaired by any amendment or termination of the Plan approved after the Date of Grant without your written consent. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Option Award under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Option Awards, other types of grants under the Plan, or benefits in lieu of such grants in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of shares underlying the Option Award granted, and vesting provisions.

12. Data Privacy

By accepting this Award, you (i) authorize us, and any agent of ours administering the Plan or providing Plan recordkeeping services, to disclose to us or our subsidiaries such information and data as we or our subsidiaries request in order to facilitate the grant of the Option Right and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize us to store and transmit such information in electronic form.

13. Governing Law and Exclusive Forum

This Evidence of Award will be governed by the laws of the State of Delaware and any dispute in connection therewith may only be brought in the state or federal courts in Delaware. No shares of Common Stock will be delivered upon the exercise of the Option Right unless counsel for the Company is satisfied that such delivery will be in compliance with all applicable laws.

14. Severability

The various provisions of this Evidence of Award are severable, and any determination of invalidity or unenforceability of any one provision shall have no effect on the remaining provisions.

15. Clawback

We may recover any compensation related to this Long-Term Incentive Plan award to the extent the Board of Directors of the Company determines that the value of that compensation is based on financial results or operating objectives impacted by your knowing or intentional fraudulent or illegal conduct and that such forfeiture or recovery is appropriate, or as may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

16. Entire Understanding

You hereby acknowledge that you have read the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan Information Statement dated November, 2016 (the “Information Statement”) available on line at <link>. To the extent not inconsistent with the provisions of this Evidence of Award, the terms of the Information Statement and the Plan are hereby incorporated by reference. This Evidence of Award, along with the Information Statement and the Plan, contain the entire understanding of the parties.

*This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933*

Exhibit A - Obligation to Refrain from Detrimental Activities

If you have an employment agreement with us, the restrictive covenants in that agreement are incorporated by reference in this Evidence of Award, and your obligations to refrain from Detrimental Activities will be governed by your employment agreement rather than the obligations described in this Exhibit A.

If you do not have an employment agreement, in consideration of receiving the Award, you, the Participant, agree to the following obligations:

**1. Noncompetition**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, engage in activities for or on behalf of a Competitor that are the same or similar in form or function to the services you provided in the last year of your employment to the Company or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. Your ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph. “Company Group” means the Corporation, any of its subsidiaries or any affiliates of the Corporation or its subsidiaries.

This paragraph (a) shall not prohibit you from engaging in the practice of law as an in-house counsel, sole practitioner or as a partner in (or as an employee of or counsel to) a corporation or law firm in accordance with applicable legal and professional standards. However, this exception does not apply to you if you are providing services to any person, partnership, firm, corporation, institution or other entity that is a Competitor, if such engagement or services being provided are not primarily the practice of law.

(b) A “Competitor” is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the “Territory”) that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of your termination or that were provided by the Company Group during the two-year period prior to your separation from service with the Company Group.

(c) You acknowledge and agree that due to the continually evolving nature of the Company Group’s industry, the scope of its business and/or the identities of Competitors may change over time. You further acknowledge and agree that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group’s legitimate interests.

(d) You covenant and agree that should a court at any time determine that any restriction or limitation in this Section 1 is unreasonable or unenforceable, it will be deemed

amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

**2. Non-Solicitation**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(1) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(2) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(3) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(4) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(5) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control

**3. Agreement to Refrain from Detrimental Activities.**

You shall indicate your agreement to the noncompetition and non-solicitation obligations in this Exhibit A in accordance with the instructions provided in the on-line grant acceptance process on the UBS One Source website ( https://onesource.ubs.com/CEFSWebApp/callpage.do?bookCode=S&page=login_header_new ), and your acceptance of the Award shall include your acceptance of these

obligations. You and the Corporation hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and executed the agreement in paper form.

Exhibit 10.5

Evidence of Award
2017 Long-term Incentive Plan
Restricted Stock Units

Throughout this Evidence of Award, we sometimes refer to Sprint Corporation (the "Company") and its subsidiaries as "we" or "us."

1. Award of Restricted Stock Units

Effective on May 24, 2017 (the "Date of Grant"), the Compensation Committee of the Board of Directors granted you an Award of the number of Restricted Stock Units (the "RSUs") shown above under the terms of the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan (the "Plan"). Subject to the terms and conditions of the Plan and this Evidence of Award, an RSU represents the right for you to receive from us one share of Common Stock.

2. Restriction Period

Subject to the terms and conditions of this Award, your RSUs will vest at a rate of 1/3 rd of the total number of RSUs on each of May 24, 2018, May 24, 2019 and May 24, 2020, or, if earlier, the date vesting is accelerated as described in paragraph 3 below (the "Vested RSUs"), conditioned on you continuously serving as our employee to such date (the "Vesting Date").

3 . Acceleration of Vesting

Unvested RSUs may vest before the time at which they would normally become vested - that is, the vesting of RSUs may accelerate. Your RSUs will vest fully, except as noted below, on your Separation from Service under the following circumstances:

| ***Event*** | ***Condition for Vesting Acceleration*** |
|---|---|
| Death | Your death. |
| Disability | You have a termination of employment that constitutes a Separation from Service under circumstances that make you eligible for benefits under the Sprint Long-Term Disability Plan. |
| Change in Control Involuntary Termination | You have a termination of employment that constitutes a Separation from Service during the CIC Severance Protection Period under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Plan, or your employment agreement (if applicable). |
| Non-Change in Control Involuntary Termination* | You have a termination of employment that constitutes a Separation from Service other than during the CIC Severance Protection Period under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Plan or your employment agreement (if applicable).* |
| Normal Retirement* | You have any other termination of employment without Cause that constitutes a Separation from Service on or after the later of your 65 th birthday and the second anniversary of the Date of Grant.* |

*The number of your RSUs that vest is your RSUs times the factor based on the period beginning on the Date of Grant, inclusive, through your Separation from Service in relation to the period of the Date of Grant, through May 24, 2020, and then subtracting any RSUs that have already vested as of your Separation from Service with the remainder of your RSUs forfeited as of your Separation from Service.

Separation from Service is defined in the Plan. Generally, it means the last day of your relationship with us as an employee as reflected on our payroll records.

CIC Severance Plan means the Sprint Change in Control Severance Plan, as it may be amended from time to time, or any successor plan.

CIC Severance Protection Period is defined in the Plan. Generally, it means the time period commencing on the date of the first occurrence of a "Change in Control" and continuing until the earlier of (i) the 18-month anniversary of such date or (ii) the Participant's death. For purposes of the RSUs under this Award, the CIC Severance Protection Period applies only with respect to a Change in Control occurring after the Date of Grant.

4. Forfeiture of RSUs

You will forfeit as of your Separation from Service RSUs that are not vested pursuant to the foregoing paragraphs. In addition, you will forfeit undelivered RSUs if (a) you breach a restrictive covenant in your employment agreement during the Restricted Period as defined in your employment agreement, or (b) if you do not have an employment agreement, you breach your obligation to refrain from Detrimental Activity as described in Exhibit A.

5. Dividends

If cash dividends are paid on the Common Stock underlying RSUs, which you hold on the dividend record date, you will receive a cash payment equal to the amount of the dividend that would be paid on such Common Stock, subject to the vesting provisions (including any applicable proration) with respect to, and delivery at the same time as the shares underlying, your RSUs.

If non-cash dividends are paid on the Common Stock underlying your RSUs, and you hold the RSUs on the dividend record date, the Board of Directors of the Company, or a sub-committee thereof, in its sole discretion, may (1) adjust your RSUs as described in paragraph 9 of this Evidence of Award, or (2) provide for distribution of the property distributed in the non-cash dividend. The additional RSUs or property distributed is subject to vesting provisions (including any applicable proration) with respect to, and delivery at the same time as the shares underlying, the original RSUs.

6. Delivery Date; Market Value Per Share

The Delivery Date (the date as of which we distribute to you the Common Stock underlying your Vested RSUs) is the Vesting Date, or the day after the Six-Month Payment Delay if that delay applies to your RSUs. We calculate your taxable income on the Delivery Date using the Market Value Per Share on the immediately preceding trading day, but we use the average of the high and low reported prices of our Common Stock instead of the closing price. We will distribute the Common Stock underlying your Vested RSUs as soon as practicable after the Delivery Date, but in no event later than 45 days after the Delivery Date. Six-Month Payment Delay is defined in the Plan to mean the required delay in payment to a Participant who is a “specified employee” of amounts subject to Section 409A of the Internal Revenue Code (the “Code”) that are paid upon Separation from Service.

7. Transfer of your RSUs and Designation of Beneficiaries

Your RSUs represent a contract between the Company and you, and your rights under the contract are not assignable to any other party during your lifetime nor do they give you a preferred claim to any particular assets or shares of the Company. Upon your death, shares of Common Stock underlying your RSUs will be delivered in accordance with the terms of the Award to any beneficiaries you name in a beneficiary designation or, if you make no designation, to your estate.

8. Plan Terms

All capitalized terms used in this Evidence of Award that are not defined in this Evidence of Award have the same meaning as those terms have in the Plan. The terms of the Plan are hereby incorporated by this reference. The Plan is available online at <link>.

9. Adjustment

In the event of any change in the number or kind of outstanding shares of our Common Stock by reason of a recapitalization, merger, consolidation, spin-off, reorganization, separation, liquidation, stock split, stock dividend, combination of shares or any other change in our corporate structure or shares of our Common Stock, an appropriate adjustment will be made consistent with applicable provisions of the Code and applicable Treasury Department rulings and regulations in the number and kind of shares subject to outstanding Awards and any other adjustments as the Board deems appropriate.

10. Amendment; Discretionary Nature of Plan

This Evidence of Award is subject to the terms of the Plan, as may be amended from time to time, except that the Award which is the subject of this Evidence of Award may not be materially impaired by any amendment or termination of the Plan approved after the Date of Grant without your written consent. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by us, in our sole discretion, at any time. The grant of RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs, other types of grants under the Plan, or benefits in lieu of such grants in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of RSUs granted, the payment of dividend equivalents, and vesting provisions.

11. Data Privacy

By accepting this Award, you (i) authorize us, and any agent of ours administering the Plan or providing Plan recordkeeping services, to disclose to us such information and data as we request in order to facilitate the grant of the RSUs and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize us to store and transmit such information in electronic form.

12. Governing Law and Exclusive Forum

This Evidence of Award will be governed by the laws of the State of Delaware and any dispute in connection therewith may only be brought in the state or federal courts in Delaware. No shares of Common Stock will be delivered to you upon the vesting of the RSUs unless our counsel is satisfied that such delivery will be in compliance with all applicable laws.

13. Severability

The various provisions of this Evidence of Award are severable, and any determination of invalidity or unenforceability of any one provision shall have no effect on the remaining provisions.

14. Taxes

You are liable for any and all taxes, including withholding taxes, arising out of this grant or the issuance of the Common Stock on vesting of RSUs. We are authorized to deduct the amount of the tax withholding from the amount payable to you upon settlement of the RSUs. We will withhold from the total number of shares of Common Stock you are to receive a number of shares the value of which is sufficient to satisfy any such withholding obligation at the minimum applicable withholding rate. In addition, if you become subject to FICA or Medicare tax, but you are not yet entitled to delivery of the shares of Common Stock underlying the RSUs, you hereby authorize us to withhold the resulting FICA or Medicare tax from other income payable to you.

15. Clawback

We may recover any compensation related to this Long-Term Incentive Plan award to the extent the Board of Directors of the Company determines that the value of that compensation is based on financial results or operating objectives impacted by your knowing or intentional fraudulent or illegal conduct and that such forfeiture or recovery is appropriate, or as may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

16. Entire Understanding

You hereby acknowledge that you have read the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan Information Statement dated November, 2016 (the “Information Statement”) available on line at <link>. To the extent not inconsistent with the provisions of this Evidence of Award, the terms of the Information Statement and the Plan are hereby incorporated by reference. This Evidence of Award, along with the Information Statement and the Plan, contain the entire understanding of the parties.

*This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933*

Exhibit A - Obligation to Refrain from Detrimental Activities

If you have an employment agreement with us, the restrictive covenants in that agreement are incorporated by reference in this Evidence of Award, and your obligations to refrain from Detrimental Activities will be governed by your employment agreement rather than the obligations described in this Exhibit A.

If you do not have an employment agreement, in consideration of receiving the Award, you, the Participant, agree to the following obligations:

**1. Noncompetition**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Company (or his or her designee) directly or indirectly, engage in activities for or on behalf of a Competitor that are the same or similar in form or function to the services you provided in the last year of your employment to the Company or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. Your ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph. "Company Group" means the Company, any of its subsidiaries or any affiliates of the Company or its subsidiaries.

This paragraph (a) shall not prohibit you from engaging in the practice of law as an in-house counsel, sole practitioner or as a partner in (or as an employee of or counsel to) a corporation or law firm in accordance with applicable legal and professional standards. However, this exception does not apply to you if you are providing services to any person, partnership, firm, corporation, institution or other entity that is a Competitor, if such engagement or services being provided are not primarily the practice of law.

(b) A "Competitor" is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the "Territory") that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of your termination or that were provided by the Company Group during the two-year period prior to your separation from service with the Company Group.

(c) You acknowledge and agree that due to the continually evolving nature of the Company Group's industry, the scope of its business and/or the identities of Competitors may change over time. You further acknowledge and agree that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group's legitimate interests.

(d) You covenant and agree that should a court at any time determine that any restriction or limitation in this Section 1 is unreasonable or unenforceable, it will be deemed

amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

**2. Non-Solicitation**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Company (or his or her designee) directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(1) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(2) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(3) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(4) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(5) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control

**3. Agreement to Refrain from Detrimental Activities.**

You shall indicate your agreement to the noncompetition and non-solicitation obligations in this Exhibit A in accordance with the instructions provided in the on-line grant acceptance process on the UBS One Source website ( https://onesource.ubs.com/CEFSWebApp/callpage.do?bookCode=S&page=login_header_new ), and your acceptance of the Award shall include your acceptance of these

obligations. You and the Company hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and executed the agreement in paper form.

Exhibit 10.6

Evidence of Award
2017 Long-term Incentive Plan
Performance-Based Restricted Stock Units

Throughout this Evidence of Award, we sometimes refer to Sprint Corporation (the "Company") and its subsidiaries as "we" or "us."

1. Award of Restricted Stock Units

Effective on May 24, 2017 (the "Date of Grant"), the Compensation Committee of the Board of Directors of the Company granted you an Award of [number] Restricted Stock Units (the "RSUs") under the terms of the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan (the "Plan"). Subject to the terms and conditions of the Plan and this Evidence of Award, an RSU represents the right for you to receive from us one share of Common Stock.

2. Performance Adjustment

Except as otherwise provided herein, your Vested RSUs are subject to the Company's achievement against financial objectives, as established by the Compensation Committee of the Board of Directors of the Company, during the performance period of April 1, 2017 - March 31, 2020. As soon as reasonably practicable following the performance period, subject to the discretion of the Compensation Committee your Vested RSUs will be adjusted by multiplying that number of your Vested RSUs by a payout percentage (0% up through 200%) based on achievement of the objectives (the "Performance Adjustment"). The "Adjustment Date" means the date that the RSUs are adjusted in the plan records by our agent providing Plan recordkeeping services based on the Compensation Committee's approval of this performance adjustment.

3. Restriction Period

Subject to the terms and conditions of this Award, your RSUs will vest on the earlier of (a) May 24, 2020 and (b) the date vesting is accelerated as described in paragraph 4 below, conditioned on you continuously serving as our employee to such date (the "Vesting Date").

4 . Acceleration of Vesting

Unvested RSUs may vest before the time at which they would normally become vested - that is, the vesting of RSUs may accelerate. Your RSUs will vest, fully (or pro rata as indicated below), on your Separation from Service under the following circumstances:

| ***Event*** | ***Condition for Vesting Acceleration*** |
|---|---|
| Death | Your death. |
| Disability | You have a termination of employment that constitutes a Separation from Service under circumstances that make you eligible for benefits under the Sprint Long-Term Disability Plan. |
| Change in Control Involuntary Termination | You have a termination of employment that constitutes a Separation from Service during the CIC Severance Protection Period under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor), the CIC Severance Plan, or your employment agreement (if applicable). |
| Non-Change in Control | You have a termination of employment that constitutes a Separation from Service other than during the CIC Severance Protection Period |

| | |
|---|---|
| Involuntary Termination* | under circumstances that you receive severance benefits under the Sprint Separation Plan (or its successor) or your employment agreement (if applicable).* |
| Normal Retirement* | You have any other termination of employment without Cause that constitutes a Separation from Service on or after the later of your 65 th birthday and the second anniversary of the Date of Grant.* |

*The number of your RSUs that vests is your RSUs times the factor based on your period of employment from the Date of Grant, inclusive, through your Separation from Service in relation to the period of the Date of Grant, inclusive, through May 24, 2020, with the remainder of your RSUs forfeited as of your Separation from Service.

In the case of Death, Disability, or Change in Control Involuntary Termination, the RSUs vest and are delivered without Performance Adjustment as soon as practicable thereafter, subject to Section 7. In the case of Non-Change in Control Involuntary Termination or Normal Retirement, the RSUs vest and delivery is deferred until as soon as practicable after the Performance Adjustment, subject to Section 7.

Separation from Service is defined in the Plan. Generally, it means the last day of your relationship with us as an employee as reflected on our payroll records.

CIC Severance Plan means the Sprint Change in Control Severance Plan, as it may be amended from time to time, or any successor plan.

CIC Severance Protection Period is defined in the Plan. Generally, it means the time period commencing on the date of the first occurrence of a “Change in Control” and continuing until the earlier of (i) the 18-month anniversary of such date or (ii) the Participant’s death. For purposes of the RSUs under this Award, the CIC Severance Protection Period applies only with respect to a Change in Control occurring after the Date of Grant.

5. Forfeiture of RSUs

You will forfeit as of your Separation from Service RSUs that are not vested pursuant to the foregoing paragraphs. In addition, you will forfeit undelivered RSUs if (a) you breach a restrictive covenant in your employment agreement during the Restricted Period as defined in your employment agreement, or (b) if you do not have an employment agreement, you breach your obligation to refrain from Detrimental Activity as described in Exhibit A.

6. Dividends

If cash dividends are paid on the Common Stock underlying your RSUs (as adjusted under paragraph 2 if applicable and determined retrospectively), which you hold on the dividend record date (the “Dividend RSUs”), you will receive a cash payment equal to the amount of the dividend that would be paid on such Common Stock, subject to the vesting provisions (including any applicable proration) with respect to, and delivery at the same time as the shares underlying, your RSUs.

If non-cash dividends are paid on the Common Stock underlying your Dividend RSUs, the Board of Directors of the Company, or a sub-committee thereof, in its sole discretion, may (1) adjust your RSUs as described in paragraph 10 of this Evidence of Award, or (2) provide for distribution of the property distributed in the non-cash dividend. The additional RSUs or property distributed is subject to vesting provisions (including any applicable proration) with respect to, and delivery at the same time as the shares underlying, the original RSUs.

7. Delivery Date; Market Value Per Share

The Delivery Date (the date as of which we distribute to you the Common Stock underlying your RSUs, as adjusted if applicable) is the latest of the Vesting Date, the Adjustment Date if applicable, and the day after the Six-Month Payment Delay if that delay applies to your RSUs. We calculate your taxable income on the Delivery Date using the Market Value Per Share on the immediately preceding trading day, but we use the average of the high and low reported prices of our Common Stock instead of the closing price. We will distribute the Common Stock as soon as practicable after the Delivery Date, but in no event later than 45 days after the Delivery Date. Six-Month Payment Delay is defined in the Plan to mean the required delay in payment to a Participant who is a "specified employee" of amounts subject to Section 409A of the Internal Revenue Code (the "Code") that are paid upon Separation from Service.

8. Transfer of your RSUs and Designation of Beneficiaries

Your RSUs represent a contract between the Company and you, and your rights under the contract are not assignable to any other party during your lifetime nor do they give you a preferred claim to any particular assets or shares of the Company. Upon your death, shares of Common Stock underlying your RSUs will be delivered in accordance with the terms of the Award to any beneficiaries you name in a beneficiary designation or, if you make no designation, to your estate.

9. Plan Terms

All capitalized terms used in this Evidence of Award that are not defined in this Evidence of Award have the same meaning as those terms have in the Plan. The terms of the Plan are hereby incorporated by this reference. The Plan is available online at http://iconnect.corp.sprint.com/portal/iland/?dochome=iw&docpath=IntranetDirectory/LandingPage/20080605_1650_10367056#LTI .

10. Adjustment

In the event of any change in the number or kind of outstanding shares of our Common Stock by reason of a recapitalization, merger, consolidation, spin-off, reorganization, separation, liquidation, stock split, stock dividend, combination of shares or any other change in our corporate structure or shares of our Common Stock, an appropriate adjustment will be made consistent with applicable provisions of the Code and applicable Treasury Department rulings and regulations in the number and kind of shares subject to outstanding Awards and any other adjustments as the Board deems appropriate.

11. Amendment; Discretionary Nature of Plan

This Evidence of Award is subject to the terms of the Plan, as may be amended from time to time, except that the Award which is the subject of this Evidence of Award may not be materially impaired by any amendment or termination of the Plan approved after the Date of Grant without your written consent. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by us, in our sole discretion, at any time. The grant of RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs, other types of grants under the Plan, or benefits in lieu of such grants in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of RSUs granted, the payment of dividend equivalents, and vesting provisions.

12. Data Privacy

By accepting this Award, you (i) authorize us, and any agent of ours administering the Plan or providing Plan recordkeeping services, to disclose to us such information and data as we request in order to facilitate the grant of the RSUs and the administration of the Plan; (ii) waive any data privacy rights you may have with respect to such information; and (iii) authorize us to store and transmit such information in electronic form.

13. Governing Law and Exclusive Forum

This Evidence of Award will be governed by the laws of the State of Delaware and any dispute in connection therewith may only be brought in the state or federal courts in Delaware. No shares of Common Stock will be delivered to you upon the vesting of the RSUs unless our counsel is satisfied that such delivery will be in compliance with all applicable laws.

14. Severability

The various provisions of this Evidence of Award are severable, and any determination of invalidity or unenforceability of any one provision shall have no effect on the remaining provisions.

15. Taxes

You are liable for any and all taxes, including withholding taxes, arising out of this grant or the issuance of the Common Stock on vesting of RSUs. We are authorized to deduct the amount of the tax withholding from the amount payable to you upon settlement of the RSUs. We will withhold from the total number of shares of Common Stock you are to receive a number of shares the value of which is sufficient to satisfy any such withholding obligation at the minimum applicable withholding rate. In addition, if you become subject to FICA (Social Security or Medicare tax), but you are not yet entitled to delivery of the shares of Common Stock underlying the RSUs, you hereby authorize us to withhold the resulting FICA tax from other income payable to you.

16. Clawback

We may recover any compensation related to this Long-Term Incentive Plan award to the extent the Board of Directors of the Company determines that the value of that compensation is based on financial results or operating objectives impacted by your knowing or intentional fraudulent or illegal conduct and that such forfeiture or recovery is appropriate, or as may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

17. Entire Understanding

You hereby acknowledge that you have read the Sprint Corporation 2015 Amended and Restated Omnibus Incentive Plan Information Statement dated November, 2016 (the “Information Statement”) available on line at <link>. To the extent not inconsistent with the provisions of this Evidence of Award, the terms of the Information Statement and the Plan are hereby incorporated by reference. This Evidence of Award, along with the Information Statement and the Plan, contain the entire understanding of the parties.

*This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933*

Exhibit A - Obligation to Refrain from Detrimental Activities

If you have an employment agreement with us, the restrictive covenants in that agreement are incorporated by reference in this Evidence of Award, and your obligations to refrain from Detrimental Activities will be governed by your employment agreement rather than the obligations described in this Exhibit A.

If you do not have an employment agreement, in consideration of receiving the Award, you, the Participant, agree to the following obligations:

**1. Noncompetition**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Company (or his or her designee) directly or indirectly, engage in activities for or on behalf of a Competitor that are the same or similar in form or function to the services you provided in the last year of your employment to the Company or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. Your ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph. “Company Group” means the Company, any of its subsidiaries or any affiliates of the Company or its subsidiaries.

This paragraph (a) shall not prohibit you from engaging in the practice of law as an in-house counsel, sole practitioner or as a partner in (or as an employee of or counsel to) a corporation or law firm in accordance with applicable legal and professional standards. However, this exception does not apply to you if you are providing services to any person, partnership, firm, corporation, institution or other entity that is a Competitor, if such engagement or services being provided are not primarily the practice of law.

(b) A “Competitor” is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the “Territory”) that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of your termination or that were provided by the Company Group during the two-year period prior to your separation from service with the Company Group.

(c) You acknowledge and agree that due to the continually evolving nature of the Company Group’s industry, the scope of its business and/or the identities of Competitors may change over time. You further acknowledge and agree that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group’s legitimate interests.

(d) You covenant and agree that should a court at any time determine that any restriction or limitation in this Section 1 is unreasonable or unenforceable, it will be deemed

amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

**2. Non-Solicitation**

(a) During the period of your employment with us, and for a period ending twelve (12) months following a termination of your employment with us for any reason, you shall not, without the prior written consent of the Senior Vice President, Human Resources of the Corporation (or his or her designee) directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(1) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(2) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(3) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(4) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(5) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control

**3. Agreement to Refrain from Detrimental Activities.**

You shall indicate your agreement to the noncompetition and non-solicitation obligations in this Exhibit A in accordance with the instructions provided in the on-line grant acceptance process on the UBS One Source website ( https://onesource.ubs.com/CEFSWebApp/callpage.do?bookCode=S&page=login_header_new ), and your acceptance of the Award shall include your acceptance of these

obligations. You and the Corporation hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and executed the agreement in paper form.

**Exhibit 12**

## Computation of Ratio of Earnings to Fixed Charges

| | Successor | | | | | | | | Predecessor | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2016 | Year Ended March 31, 2017 | Year Ended March 31, 2016 | Year Ended March 31, 2015 | Three Months Ended March 31, 2014 | Year Ended December 31, 2013 | 87 Days Ended December 31, 2012 | 191 Days Ended July 10, 2013 | Year Ended December 31, 2012 |
| | *(in millions)* | | | | | | | | | |
| Earnings (loss): | | | | | | | | | | |
| Income (loss) from continuing operations before income taxes | $ 498 | $ (246) | $ (771) | $ (1,854) | $ (3,919) | $ (95) | $ (1,815) | $ (23) | $ 443 | $ (4,172) |
| Equity in losses of unconsolidated investments, net | 3 | — | 2 | — | — | — | — | — | 482 | 1,114 |
| Fixed charges | 845 | 903 | 3,561 | 3,212 | 2,969 | 747 | 1,367 | — | 1,501 | 2,365 |
| Interest capitalized | (15) | (10) | (44) | (51) | (56) | (13) | (30) | — | (29) | (278) |
| Amortization of interest capitalized | 33 | 33 | 131 | 133 | 133 | 33 | 56 | — | 71 | 81 |
| Earnings (loss), as adjusted | $ 1,364 | $ 680 | $ 2,879 | $ 1,440 | $ (873) | $ 672 | $ (422) | $ (23) | $ 2,468 | $ (890) |
| Fixed charges: | | | | | | | | | | |
| Interest expense | $ 613 | $ 615 | $ 2,495 | $ 2,182 | $ 2,051 | $ 516 | $ 918 | $ — | $ 1,135 | $ 1,428 |
| Interest capitalized | 15 | 10 | 44 | 51 | 56 | 13 | 30 | — | 29 | 278 |
| Portion of rentals representative of interest | 217 | 278 | 1,022 | 979 | 862 | 218 | 419 | — | 337 | 659 |
| Fixed charges | $ 845 | $ 903 | $ 3,561 | $ 3,212 | $ 2,969 | $ 747 | $ 1,367 | $ — | $ 1,501 | $ 2,365 |
| Ratio of earnings to fixed charges | 1.6 | — (1) | — (2) | — (3) | — (4) | — (5) | — (6) | — (7) | 1.6 (8) | — (9) |

(1) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $223 million for the three months ended June 30, 2016.
(2) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $682 million for the year ended March 31, 2017.
(3) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $1.8 billion for the year ended March 31, 2016.
(4) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $3.8 billion for the year ended March 31, 2015.
(5) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $75 million for the three months ended March 31, 2014.
(6) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $1.8 billion for the year ended December 2013.
(7) Successor earnings (loss), as adjusted, were inadequate to cover fixed charges by $23 million for the 87 days ended December 31, 2012.
(8) The income from continuing operations before income taxes for the 191 days ended July 10, 2013 included a pretax gain of $2.9 billion as a result of acquisition of our previously- held equity interest in Clearwire.
(9) Predecessor earnings (loss), as adjusted, were inadequate to cover fixed charges by $3.3 billion for the year ended December 31, 2012.

**Exhibit 31.1**

## CERTIFICATION

I, Marcelo Claure, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sprint Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ Marcelo Claure

Marcelo Claure
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Tarek Robbiati, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sprint Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ Tarek Robbiati

Tarek Robbiati
Chief Financial Officer

**Exhibit 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**As Adopted Pursuant to Section 906 of the**
**Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Sprint Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2017 , as filed with the Securities and Exchange Commission (the “Report”), I, Marcelo Claure, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2017

/s/ Marcelo Claure

Marcelo Claure
Chief Executive Officer

**Exhibit 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Sprint Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2017 , as filed with the Securities and Exchange Commission (the “Report”), I, Tarek Robbiati, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2017

/s/ Tarek Robbiati

Tarek Robbiati
Chief Financial Officer