

## Sprint Nextel Corporation

### NON-GAAP WIRELESS STATEMENTS OF OPERATIONS AND STATISTICS (Unaudited) <sup>(a)</sup> <sup>(1)</sup>

(millions)

**TABLE No. 6**

	Quarter Ended					Year To Date	
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	September 30, 2007	September 30, 2006
<b>Net Operating Revenues</b>							
Service	\$ 7,778	\$ 7,898	\$ 7,815	\$ 7,959	\$ 8,017	\$ 23,491	\$ 23,100
Equipment	662	612	645	794	836	1,919	2,378
Wholesale, affiliate and other	258	276	259	248	214	793	622
<b>Total Net Operating Revenues</b>	<b>8,698</b>	<b>8,786</b>	<b>8,719</b>	<b>9,001</b>	<b>9,067</b>	<b>26,203</b>	<b>26,100</b>
<b>Operating Expenses</b>							
Costs of services	2,166	2,144	2,110	2,120	2,085	6,420	5,938
Costs of products	1,195	1,257	1,381	1,275	1,227	3,833	3,652
Selling, general and administrative <sup>(2)</sup>	2,734	2,714	2,833	2,697	2,599	8,281	7,741
Merger & integration	76	122	59	86	42	257	105
Severance, exit costs and asset impairments <sup>(3)</sup>	119	85	141	73	41	345	102
Contingencies and other	-	5	18	5	1	23	(1)
Depreciation	1,308	1,272	1,229	1,327	1,336	3,809	3,905
Amortization	781	905	913	930	1,028	2,599	2,924
<b>Total operating expenses</b>	<b>8,379</b>	<b>8,504</b>	<b>8,684</b>	<b>8,513</b>	<b>8,359</b>	<b>25,567</b>	<b>24,366</b>
<b>Operating Income</b>	<b>\$ 319</b>	<b>\$ 282</b>	<b>\$ 35</b>	<b>\$ 488</b>	<b>\$ 708</b>	<b>\$ 636</b>	<b>\$ 1,734</b>

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	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	September 30, 2007	September 30, 2006
<b>NON GAAP RECONCILIATION</b>							
<b>Operating Income</b>	<b>\$ 319</b>	<b>\$ 282</b>	<b>\$ 35</b>	<b>\$ 488</b>	<b>\$ 708</b>	<b>\$ 636</b>	<b>\$ 1,734</b>
Special items before taxes							
Merger and integration expense <sup>(2)</sup>	76	122	59	86	42	257	105
Severance, exit costs and asset impairments <sup>(3)</sup>	119	85	141	73	41	345	102
Contingencies and other <sup>(5)</sup>	-	5	18	5	1	23	(1)
<b>Adjusted Operating Income</b>	<b>514</b>	<b>494</b>	<b>253</b>	<b>652</b>	<b>792</b>	<b>1,261</b>	<b>1,940</b>
Depreciation and amortization	2,089	2,177	2,142	2,257	2,364	6,408	6,829
<b>Adjusted OIBDA*</b>	<b>2,603</b>	<b>2,671</b>	<b>2,395</b>	<b>2,909</b>	<b>3,156</b>	<b>7,669</b>	<b>8,769</b>
Capital expenditures <sup>(b)</sup>	813	1,371	1,403	2,238	1,473	3,587	3,608
<b>Adjusted OIBDA* less Capex</b>	<b>\$ 1,790</b>	<b>\$ 1,300</b>	<b>\$ 992</b>	<b>\$ 671</b>	<b>\$ 1,683</b>	<b>\$ 4,082</b>	<b>\$ 5,161</b>
<b>Operating Income Margin <sup>(c)</sup></b>	<b>4.0%</b>	<b>3.5%</b>	<b>0.4%</b>	<b>6.0%</b>	<b>8.6%</b>	<b>2.6%</b>	<b>7.3%</b>
<b>Adjusted OIBDA Margin* <sup>(c)</sup></b>	<b>32.4%</b>	<b>32.7%</b>	<b>29.7%</b>	<b>35.5%</b>	<b>38.4%</b>	<b>31.6%</b>	<b>37.0%</b>

Certain prior period amounts have been reclassified to conform to the current period presentation. Service revenues and adjusted OIBDA are un-changed as a result of these conforming entries.

<sup>(a)</sup> Results for each of the periods reflected include the results of each of the acquired PCS Affiliates, Nextel Partners and Velocita from either the date of the acquisition or the start of the month closest to the acquisition date.

<sup>(b)</sup> Capital expenditures includes capex accruals

<sup>(c)</sup> Operating Income Margin and Adjusted OIBDA Margin excludes equipment revenue and revenue generated by the non-core line of business that has been normalized out of Adjusted OIBDA.

<sup>(d)</sup> Reflects the transfer of 170,000 subscribers from Affiliates to Post-Paid due to the acquisition of an Affiliate in the quarter ended September 30, 2007.

<sup>(1), (2), (3), (4), (5)</sup> See accompanying Notes to Financial Data.

**Sprint Nextel Corporation**  
NOTES TO FINANCIAL DATA (Unaudited)

- (1) Certain prior period amounts have been reclassified to conform to current period presentation.
- (2) In the third quarter and for the nine months ended September 30, 2007, we recorded merger and integration costs of \$135 million pre-tax (\$84 million, net of tax) and \$397 million pre-tax (\$244 million, net of tax), respectively. In the third quarter and for the nine months ended September 30, 2006, we recorded merger and integration costs of \$107 million pre-tax (\$66 million, net of tax) and \$296 million pre-tax (\$181 million, net of tax), respectively.

All merger costs were related to the Sprint-Nextel merger and/or the PCS Affiliates and Nextel Partners' acquisitions. Merger and integration costs are generally non-recurring in nature and primarily include costs to prepare systems for the launch of common customer interfacing systems, processes and other integration and planning activities, certain costs to provide wireless devices that operate seamlessly between the CDMA and iDEN networks, certain customer care costs, costs to retain employees, costs related to re-branding, and other costs. Merger and integration costs related to wireless devices that operate seamlessly between the CDMA and iDEN networks were \$36 million for the third quarter 2007 and \$113 million for the nine months ended September 30, 2007.

Merger and integration expenses which are solely and directly attributable to the Wireless segment have been allocated to that segment. These expenses are classified as selling, general and administrative, cost of products, or equipment revenues as appropriate on our consolidated statement of operations. Merger and integration expenses that are not solely and directly attributable to the Wireless segment are included in the Corporate segment and are classified as selling, general and administrative expenses on our consolidated statement of operations. In the second quarter of 2007, we reclassified certain historical merger and integration expenses from the Corporate segment to the Wireless segment to conform with the policies described above.

- (3) In the third quarter ended September 30, 2007, we recorded severance, exit costs and asset impairment charges of \$125 million pre-tax (\$78 million, net of tax), which consists of \$57 million (\$35 million, net of tax) work force reductions, lease termination charges, and \$68 million (\$43 million, net of tax) of asset impairments due to the abandonment of various assets during the period. For the nine months ended September 30, 2007, we recorded severance, exit costs and asset impairment charges of \$384 million pre-tax (\$239 million, net of tax), which consists of \$266 million related to work force reductions and lease termination charges, and \$118 million of asset impairments primarily related to the abandonment of various assets year to date. Severance, lease exit costs and asset impairment charges are allocated to the appropriate segment results.

In the third quarter ended September 30, 2006, we recorded severance, exit costs and asset impairment charges of \$50 million pre-tax (\$31 million, net of tax), which consists of \$31 million in severance and related costs associated with work force reductions of legacy Sprint employees and \$19 million of asset impairments primarily related to software asset impairment and abandonment. For the nine months ended September 30, 2006, we recorded severance, exit costs and asset impairment charges of \$128 million pre-tax (\$77 million, net of tax), which consists of about \$67 million in severance and related costs associated with work force reductions of legacy Sprint employees and \$61 million of asset impairments primarily related to software asset impairment and abandonment. Severance, exit costs and asset impairment charges are allocated to the appropriate

- (4) In May 2006, we entered into a separation and distribution agreement with Embarq Corporation, which consists primarily of the business that we had reported as the Local segment in our consolidated financial statements in prior periods, and, at the time, was a wholly owned subsidiary, and on May 17, 2006, we completed the spin off of Embarq. The results of the discontinued operations (net of tax), have been reclassified out of the operating results as of January 1, 2006.
- (5) Contingencies and other includes a charge associated with legal contingencies and net costs associated with the exit of a non-core line of business.

## \*FINANCIAL MEASURES

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Sprint Nextel provides financial measures generated using generally accepted accounting principles (GAAP) and using adjustments to GAAP (non-GAAP). The non-GAAP financial measures reflect industry conventions, or standard measures of liquidity, profitability or performance commonly used by the investment community for comparability purposes. These non-GAAP measures are not measurements under accounting principles generally accepted in the United States. These measurements should be considered in addition to, but not as a substitute for, the information contained in our financial statements prepared in accordance with GAAP. We have defined below each of the non-GAAP measures we use, but these measures may not be synonymous to similar measurement terms used by other companies.

Sprint Nextel provides reconciliations of these non-GAAP measures in its financial reporting. Because Sprint Nextel does not predict special items that might occur in the future, and our forecasts are developed at a level of detail different than that used to prepare GAAP-based financial measures, Sprint Nextel does not provide reconciliations to GAAP of its forward-looking financial measures.

The measures used in this release include the following:

**Adjusted Earnings (Loss) per Share (EPS)** is defined as income from continuing operations, before special items, net of tax and the diluted EPS calculated thereon. **Adjusted EPS before Amortization** is defined as income (loss) from continuing operations before special items and amortization, net of tax, and the diluted EPS calculated thereon. These non-GAAP measures should be used in addition to, but not as a substitute for, the analysis provided in the statement of operations. We believe that these measures are useful because they allow investors to evaluate our performance for different periods on a more comparable basis by excluding items that relate to acquired amortizable intangible assets and not to the ongoing operations of our businesses.

**Adjusted Net Income (Loss)** is defined as income (loss) from continuing operations before special items, net of tax. **Adjusted Net Income before Amortization** is defined as income (loss) from continuing operations before special items and amortization, net of tax. These non-GAAP measures should be used in addition to, but not as a substitute for, the analysis provided in the statement of operations. We believe that these measures are useful because they allow investors to evaluate our performance for different periods on a more comparable basis by excluding items that do not relate to the ongoing operations of our businesses.

**Adjusted Operating Income (Loss)** is defined as operating income (loss) before special items. This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in the statement of operations. We believe this measure is useful because it allows investors to evaluate our operating results for different periods on a more comparable basis by excluding special items.

**Adjusted OIBDA** is defined as operating income before depreciation, amortization, severance, exit costs and asset impairments, and special items. **Adjusted OIBDA Margin** represents Adjusted OIBDA divided by non-equipment net operating revenues for Wireless and Adjusted OIBDA divided by net operating revenues for Long Distance. These non-GAAP measures should be used in addition to, but not as a substitute for, the analysis provided in the statement of operations. We believe that Adjusted OIBDA and Adjusted OIBDA Margin provide useful information to investors because they are an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, spectrum acquisitions and other investments and our ability to incur and service debt.

While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Adjusted OIBDA and Adjusted OIBDA Margin are calculations commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the telecommunications industry.

**Free Cash Flow** is defined as the change in cash and cash equivalents less the change in debt, investment in certain securities, proceeds from common stock and other financing activities, net, from continuing operations. This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in the statement of cash flows. We believe that Free Cash Flow provides useful information to investors, analysts and our management about the cash generated by our core operations after interest and dividends and our ability to fund scheduled debt maturities and other financing activities, including discretionary refinancing and retirement of debt and purchase or sale of investments.

**Net Debt** is consolidated debt, including current maturities, less cash and cash equivalents, current marketable securities and restricted cash. This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in the balance sheet and statement of cash flows. We believe that Net Debt provides useful information to investors, analysts and credit rating agencies about the capacity of the company to reduce the debt load and improve its capital structure.