

Sprint Intends to Write Down Long-Distance Assets, Cut Jobs

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Sprint Corp. said it is cutting 700 jobs in its business-services division, which is being restructured to focus on offerings that include wireless services.

The Overland Park, Kan., telecommunications company also said it will take a third-quarter charge to write down the value of its long-distance assets. The company is trying to reduce dependence on long-distance services, which are suffering from price declines across the telecom industry. Sprint is seeking to make increasingly profitable wireless services a greater part of its sales.

Sprint didn't give an estimate for the third-quarter asset-impairment charge, but UBS analyst John Hodulik predicted it could be as much as \$2.5 billion.

Sprint is the latest of its peers to announce a long-distance write-down. AT&T Corp. said earlier this month it will take a charge of \$11.4 billion in the third quarter to write down assets. MCI Inc. also has taken large charges to write down its long-distance assets.

Excluding the asset-impairment charge, restructuring and other items, Sprint said third-quarter earnings will exceed the average Wall Street estimate of 21 cents a share. Sprint will post the results tomorrow. Any third-quarter restructuring charge won't include costs from the 700 job cuts in Sprint's business division. Those cuts will be across the country at all levels of management, a company spokesman said. Sprint has about 60,000 employees.

Steep price declines in long distance as well as unfavorable regulations prompted Sprint's decision to restructure its business-services division, said Howard Janzen, Sprint Business Solutions president, in an interview.

"The problem with the stand-alone wireline business is, the only way to win is on price," said Mr. Janzen.

Sprint wants to use its wireless assets -- rather than price alone -- to differentiate itself from competitors, he said. The company will continue to serve current customers, but will seek to sell new customers a combination of wireless and wireline services, or wireless services alone, Mr. Janzen said.

The two largest U.S. players in the market for business long-distance services -- AT&T and MCI -- don't have wireless operations.

The competition in long distance has intensified during the past 12 months, with MCI cutting prices to assuage customers skittish about its bankruptcy, AT&T saying it would no longer lose deals on price, and regional Bells starting to sell long-distance to midsize and large businesses.

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