

SPRINT Corp
Form 10-KT
May 27, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended

or

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

For the transition period from January 1, 2014 to March 31, 2014

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. x

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

Large accelerated filer x Accelerated filer o

Non-accelerated filer (Do not check if smaller reporting company) o Smaller reporting company o

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

Aggregate market value of voting and non-voting common stock equity held by non-affiliates of Sprint Corporation at September 30, 2013 was \$4,502,963,862

COMMON SHARES OUTSTANDING AT MAY 19, 2014:

Sprint Corporation Common Stock 3,944,100,117

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SPRINT CORPORATION
SECURITIES AND EXCHANGE COMMISSION
TRANSITION REPORT ON FORM 10-K
PART I

Item 1. Business
FORMATION

Sprint Corporation, incorporated in 2012 under the laws of Delaware, is mainly a holding company, with its operations primarily conducted by its subsidiaries. Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "S."

On July 10, 2013, SoftBank Corp. and certain of its wholly-owned subsidiaries (together, "SoftBank") completed the merger (SoftBank Merger) with Sprint Nextel Corporation, a Kansas corporation organized in 1938 (Sprint Nextel), as contemplated by the Agreement and Plan of Merger, dated as of October 15, 2012 (as amended, the Merger Agreement) and the Bond Purchase Agreement, dated as of October 15, 2012 (as amended, the Bond Agreement). Pursuant to the Bond Agreement, Sprint Communications, Inc. issued a convertible bond (Bond) to Starburst II, Inc. (Starburst II), a wholly-owned subsidiary of SoftBank, with a principal amount of \$3.1 billion, interest rate of 1%, and maturity date of October 15, 2019, which was converted into 590,476,190 shares of Sprint Communications, Inc. common stock at \$5.25 per share immediately prior to the close of the SoftBank Merger. As a result of the SoftBank Merger, Starburst II became the parent company of Sprint Nextel. Immediately thereafter, Starburst II changed its name to Sprint Corporation and Sprint Nextel changed its name to Sprint Communications, Inc.

As a result of the completion of the SoftBank Merger in which SoftBank acquired an approximate 78% interest in Sprint Corporation, and subsequent open market stock purchases, SoftBank owns approximately 80% of the outstanding voting common stock of Sprint Corporation. The SoftBank Merger consideration totaled approximately \$22.2 billion, consisting primarily of cash consideration of \$14.1 billion, net of cash acquired of \$2.5 billion and the estimated fair value of the 22% interest in Sprint Corporation issued to the then existing stockholders of Sprint Communications, Inc. The preliminary allocation of consideration paid was based on management's judgment after evaluating several factors, including a preliminary valuation assessment. The close of the transaction provided additional equity funding of \$5.0 billion, consisting of \$3.1 billion received by Sprint Communications, Inc. in October 2012 related to the Bond, which automatically converted to equity immediately prior to the close of the SoftBank Merger, and \$1.9 billion cash consideration at closing of the SoftBank Merger.

Successor and Predecessor Periods and Reporting Obligations

In connection with the close of the SoftBank Merger (as described above), Sprint Corporation became the successor registrant to Sprint Nextel under Rule 12g-3 of the Securities Exchange Act of 1934 (Exchange Act) and is the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the close of the SoftBank Merger. The financial information herein, distinguishes between the predecessor period (Predecessor) relating to Sprint Communications for periods prior to the SoftBank Merger and the successor period (Successor) relating to Sprint Corporation, formerly known as Starburst II, for periods subsequent to the incorporation of Starburst II on October 5, 2012. In addition, in order to align with SoftBank's reporting schedule, our Board of Directors approved a change in our fiscal year end to March 31, effective March 31, 2014. As a result, this transition report is for the three-month transition period of January 1, 2014 through March 31, 2014. References herein to fiscal year 2014 refer to the twelve-month period ending March 31, 2015.

OVERVIEW

Sprint Corporation and its 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, inclusive of Successor and Predecessor periods, and references to "Sprint Communications" are to Sprint Communications, Inc. and its consolidated subsidiaries. Our operations are organized to meet the needs of our targeted

subscriber groups through focused communications solutions that incorporate the capabilities of our wireless and wireline services. We are the third largest wireless communications company in the U.S. based on wireless revenue, one of the largest providers of wireline long distance

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services, and one of the largest Internet carriers in the nation. Our services are provided through our ownership of extensive wireless networks, an all-digital global long distance network and a Tier 1 Internet backbone. We offer wireless and wireline voice and data transmission 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 networks that utilize third generation (3G) code division multiple access (CDMA) or Internet protocol (IP) technologies. We also offer fourth generation (4G) services utilizing Long Term Evolution (LTE) as well as Worldwide Interoperability for Microwave Access (WiMAX) technologies (which we expect to shut-down by the end of calendar year 2015). We utilize these networks to offer our wireless and wireline subscribers differentiated products and services whether through the use of a single network or a combination of these networks.

Recent Acquisitions

On May 17, 2013, Sprint Communications closed its transaction with United States Cellular Corporation (U.S. Cellular) to acquire personal communications services (PCS) spectrum and subscribers in parts of Illinois, Indiana, Michigan, Missouri and Ohio, including the Chicago and St. Louis markets, for \$480 million in cash. Sprint Communications agreed, in connection with the acquisition, to reimburse U.S. Cellular for certain network shut-down costs in these markets, the majority of which is expected to be paid by the end of 2016. These costs are expected to be approximately \$160 million on a net present value basis, but in no event will Sprint Communications' reimbursement obligation exceed \$200 million on an undiscounted basis. The additional spectrum will be used to supplement Sprint's coverage in these areas.

On July 9, 2013, Sprint Communications completed the acquisition of the remaining equity interests in Clearwire Corporation and its consolidated subsidiary Clearwire Communications LLC (together "Clearwire") that it did not previously own (Clearwire Acquisition) in an all cash transaction for approximately \$3.5 billion, net of cash acquired of \$198 million, which provides us with control of 2.5 gigahertz (GHz) spectrum and tower resources for use in conjunction with our network modernization plan. The consideration paid was preliminarily allocated to assets acquired and liabilities assumed based on their estimated fair values at the time of the Clearwire Acquisition. The allocation of consideration paid was based on management's judgment after evaluating several factors, including a preliminary valuation assessment.

See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and also refer to the Notes to the Consolidated Financial Statements for more information on the significant transactions noted above. Also see "Item 1A. Risk Factors" for risks related to the SoftBank Merger and Clearwire Acquisition.

Our Business Segments

We operate two reportable segments: Wireless and Wireline. For additional information regarding our segments, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and also refer to the Notes to the Consolidated Financial Statements.

Wireless

We offer wireless services on a postpaid and prepaid payment basis to retail subscribers and also on a wholesale and affiliate basis, which includes the sale of wireless services that utilize the Sprint network but are sold under the wholesaler's brand. We continue to support the open development of applications, content, and devices on the Sprint platform through products and services such as Sprint ID,TM which provides an easy way for users to discover content from leading brands and special interests as well as manage those experiences on certain Android devices, and Sprint Zone, which allows subscribers to not only manage their account and self-service functions via their device but facilitates discovery of new content and personalization through recommendations for applications and entertainment content. We also support Sprint Guardian,TM a collection of mobile safety and device security bundles that provide families relevant tools to help stay safe and secure, and Pinsight Media+TM, which gives advertisers the power to reach consumers on their mobile device by providing more relevant advertising based on information consumers choose to share about their location and mobile Web browsing history. 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 such as the Chrysler Group's UConnect®

Access in-vehicle communications system powered through our Sprint Velocity™ end-to-end telematics solution, which enables hand free phone calls and the ability to access music, navigation, and other applications and services through cell connections built into the vehicle. Other connected devices include original equipment manufacturer (OEM) devices and after-market in-vehicle connectivity and electric vehicle charging stations, point-of-sale systems, kiosks and vending machines, asset tracking, digital signage, security, smartgrid utilities, medical equipment, and a variety of other consumer electronics and appliances.

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Postpaid

In our postpaid portfolio, we recently launched the Sprint FamilySM plan, which is available to new and existing subscribers, and allows subscribers to create a Family group consisting of up to ten subscribers. The first subscriber pays \$55 per month for unlimited talk, text and 1GB of data. For each additional new Sprint subscriber that joins the Family group, the monthly wireless service fee decreases by \$5 per person within that Family group, up to a maximum monthly discount of \$30 per person. We offer each subscriber an option to purchase 3GB of data for an additional \$10 per month or unlimited data coupled with an annual upgrade option on certain devices for an additional \$20 per month. In order to be eligible for the right to upgrade, the subscriber must have purchased the unlimited data and annual upgrade option for the 12 consecutive months preceding the upgrade. Each Family subscriber can be billed separately and each member of the Family group can elect to receive their own personalized services. We expect most new subscribers to purchase an eligible wireless phone at full retail price under an installment contract payable over 24 months through the use of the Sprint Easy PaySM program. The terms of the new sales program will not require the subscriber to execute a traditional, two-year wireless service contract.

Our existing Unlimited, My WaySM and My All-inSM plans with the Unlimited GuaranteeSM continue to provide simplicity to subscribers. With our Unlimited Guarantee, subscribers are guaranteed unlimited talk (to any wireline or mobile phone), text and data while on the Sprint network for the life of the line of service. The Unlimited My Way plan features unlimited talk, text and data and up to 10 lines can be added all on the same account. The Unlimited My All-in plan features unlimited talk, text and data as well as 5GB of mobile hotspot usage. We also offer price plans tailored to business subscribers such as Business AdvantageSM, which allows for the flexibility to mix and match plans that include voice, voice and messaging, or voice, messaging and data to meet individual business needs and also allows the Any Mobile Anytime feature with certain plans.

Prepaid

Our prepaid portfolio currently includes multiple brands, each designed to appeal to specific subscriber segments. Sprint prepaid primarily serves subscribers who want plans that are affordable, simple and flexible without a long-term commitment. Boost Mobile primarily serves subscribers who need everything unlimited, including voice, text and data, with our Monthly Unlimited Shrinking Payments plan where bills are reduced after six on-time payments, and its most recently launched Monthly Unlimited Select plans, which offer subscribers unlimited text and talk with step pricing based on their preferred data usage. Virgin Mobile primarily serves subscribers who are device and data-oriented with our Beyond TalkTM plans and our broadband plan, Broadband2GoSM, which offer subscribers control, flexibility and connectivity through various communication vehicles. Virgin Mobile is also designated as a Lifeline-only Eligible Telecommunications Carrier in certain states and provides service for the Lifeline program under our Assurance Wireless brand. Assurance Wireless provides eligible subscribers, in certain states, who meet income requirements or are receiving government assistance, with a free wireless phone and 250 free minutes of local and long-distance monthly service.

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.

Services and Products

Data & Voice Services

Wireless data communications services include mobile productivity applications, such as Internet access, messaging and email services; wireless photo and video offerings; location-based capabilities, including asset and fleet management, dispatch services and navigation tools; and mobile entertainment applications, including the ability to view live television, listen to satellite radio, download and listen to music, and play games with full-color graphics and polyphonic and real-music sounds from a wireless handset.

Wireless voice communications services include basic local and long distance wireless voice services throughout the U.S., as well as voicemail, call waiting, three-way calling, caller identification, directory assistance and call

forwarding. We also provide voice and data services in numerous countries outside of the U.S. through roaming arrangements. We offer customized design, development, implementation and support for wireless services provided to large companies and government agencies.

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Products

Our services are provided using a broad array of device selections and applications and services that run on these devices to meet the growing needs of subscriber mobility. Our device portfolio includes many cutting edge devices from various OEMs. Our mobile broadband portfolio consists of devices such as hotspots, which allow the connection of multiple WiFi enabled devices to the Sprint platform. We have generally sold these devices at prices below our cost in response to competition to attract new subscribers and as retention inducements for existing subscribers. However, subscribers now have the option through Sprint Easy Pay to purchase eligible devices at full retail price, which allows them to pay in 24 monthly payments in exchange for reduced service pricing and no service contract, if certain conditions are met. Our Sprint platform can also be accessed through our portfolio of embedded tablets and laptops devices. In addition, we sell accessories, such as carrying cases, hands-free devices, batteries, battery chargers and other items to subscribers, and we sell devices and accessories to agents and other third-party distributors for resale.

Wireless Network Technologies

We deliver wireless services to subscribers primarily through our Sprint platform network. Our Sprint platform uses primarily 3G CDMA and 4G LTE wireless technologies. We continue to serve customers utilizing WiMAX technology but we expect to shut our WiMAX network down by the end of calendar year 2015. Our 3G CDMA wireless technology uses a single frequency band and a digital spread-spectrum technique that allows a large number of users to access the band by assigning a code to all voice and data bits, sending a scrambled transmission of the encoded bits over the air and reassembling the voice and data into its original format. Our 4G LTE wireless data communications technology utilizes an all-IP network to deliver high-speed data communications. To integrate voice into LTE, we expect to use Voice over LTE technology (VoLTE). We provide nationwide service through a combination of operating our own network in both major and smaller U.S. metropolitan areas and rural connecting routes, affiliations under commercial arrangements with third-party affiliates and roaming on other providers' networks. In October 2013, we announced Sprint SparkSM, which is an enhanced LTE network capability that analyzes our three spectrum bands of LTE and connects a device to the most optimal band available in the area. We expect the deployment period for this technology to correspond with the roll out of 4G LTE on our 800 MHz and 2.5 GHz spectrum bands. Our Nextel platform, which utilized integrated Digital Enhanced Network (iDEN) technology, was shut-down on June 30, 2013.

Sales, Marketing and Customer Care

We focus the marketing and sales of wireless services on targeted groups of retail subscribers: individual consumers, businesses and government.

We use a variety of sales channels to attract new subscribers of wireless services, including:

- direct sales representatives whose efforts are focused on marketing and selling wireless services primarily to mid-sized to large businesses and government agencies;
- retail outlets, owned and operated by us, that focus on sales to the consumer market;
- indirect sales agents and third-party retailers that primarily consist of local and national non-affiliated dealers and independent contractors that market and sell services to businesses and the consumer market, and are generally paid through commissions; and
- subscriber-convenient channels, including Internet sales and telesales.

We market our postpaid services under the Sprint[®] brand. We offer these services on a contract basis typically for a two-year period, with services billed on a monthly basis according to the applicable pricing plan. In addition, we offer these services on a monthly basis if the subscriber brings their own device, pays for the device up-front or takes advantage of our installment billing program, Sprint Easy Pay, to purchase the device. We market our prepaid services under the Sprint, Boost Mobile, Virgin Mobile, and Assurance Wireless brands as a means to provide value-driven prepaid service plans to particular markets. Our wholesale customers are resellers of our wireless services rather than end-use subscribers and market their products and services using their brands.

Although we market our services using traditional print and television advertising, we also provide exposure to our brand names and wireless services through various sponsorships, including the National Association for Stock Car Auto Racing (NASCAR[®]) and the National Basketball Association (NBA). The goal of these marketing initiatives is to increase brand awareness and sales.

Our customer management organization works to improve our subscribers' experience, with the goal of retaining subscribers of our wireless services. Customer service call centers receive and resolve inquiries from subscribers and proactively address subscriber needs.

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Competition

We believe that the market for wireless services has been and will continue to be characterized by competition on the basis of price, the types of services and devices offered, and quality of service. We compete with a number of wireless carriers, including three other national wireless companies: AT&T, Verizon Wireless (Verizon) and T-Mobile (together with us - "Big 4 carriers"). Our primary competitors offer voice, high-speed data, entertainment and location-based services and push-to-talk-type features that are designed to compete with our products and services. AT&T and Verizon also offer competitive wireless services packaged with local and long distance voice, high-speed Internet services and cable and have significant competitive advantages due to their large asset bases and greater scale. Our prepaid services compete with a number of carriers and resellers including TracFone Wireless, which offers competitively-priced calling plans that include unlimited local calling. Additionally, AT&T, T-Mobile and Verizon also offer competitive prepaid services and wholesale services to resellers. Competition will increase as a result of mergers and acquisitions, as new firms enter the market, and as a result of the introduction of other technologies such as LTE, the availability of additional commercial spectrum bands, such as the 600 MHz band, the AWS-3 band and the AWS-4 band, and the potential introduction of new services using unlicensed spectrum. Wholesale services and products also contribute to increased competition. In some instances, resellers that use our network and offer similar services compete against our offerings.

Most markets in which we operate have high rates of penetration for wireless services, thereby limiting the growth of subscribers of wireless services. As the wireless market has matured, it has become increasingly important to retain existing subscribers in addition to attracting new subscribers, particularly in less saturated growth markets such as those with non-traditional data demands. Wireless carriers are addressing the growth in non-traditional data needs by working with OEMs to integrate connected devices such as after-market in-vehicle connectivity and electric vehicle charging stations, point-of-sale systems, kiosks and vending machines, asset tracking, digital signage, security, smartgrid utilities, medical equipment and a variety of other consumer electronics and appliances, which utilize wireless networks to increase consumer and business mobility. In addition, we and our competitors continue to offer more service plans that combine voice and data offerings, plans that allow users to add additional mobile devices, including tablets, to their plans at attractive rates, plans with a higher number of bundled minutes included in the fixed monthly charge for the plan, plans that offer the ability to share minutes among a group of related subscribers, or combinations of these features. Consumers respond to these plans by migrating to those they deem most attractive. In addition, wireless carriers also try to appeal to subscribers by offering certain devices at prices lower than their acquisition cost. We may offer higher cost devices at greater discounts than our competitors, with the expectation that the loss incurred on the cost of the device will be offset by future service revenue. As a result, we and our competitors recognize point-of-sale losses that are not expected to be recovered until future periods when services are provided. During 2013, wireless carriers introduced new plans that allow subscribers to forgo traditional service contracts and device subsidies in exchange for lower monthly service fees, early upgrade options, or both. In addition, in the latter part of 2013, each of the Big 4 carriers launched early upgrade programs that include an option to purchase a device using an installment billing program. Under installment billing plans, many carriers, including Sprint, will recognize most of the future expected installment payments at the time of sale of the device. As compared to our traditional subsidized plans, this results in better alignment of equipment revenue with the cost of the device, which is expected to reduce the amount of subsidy recognized. See "Item 1A. Risk Factors—Certain subscribers are no longer required to sign service contracts for postpaid services, and we are beginning to offer subscribers equipment financing, which could result in higher churn and higher bad debt expense."

In addition, we have recently seen aggressive marketing efforts initiated by our competitors, including offering lucrative payments as an additional incentive for subscribers to switch carriers. We have begun to make similar offers available to subscribers, however, we do not expect these offers to have a material impact on earnings. Our ability to effectively compete in the wireless business is dependent upon our ability to retain existing and attract new subscribers in an increasingly competitive marketplace. See "Item 1A. Risk Factors—If we are not able to retain and attract wireless subscribers, our financial performance will be impaired."

Wireline

We provide a broad suite of wireline voice and data communications services to other communications companies and targeted business and consumer subscribers. In addition, we provide voice, data and IP communication services to our Wireless segment, and IP and other services to cable Multiple System Operators (MSOs). Cable MSOs resell our local and long distance services and use our back office systems and network assets in support of their telephone service provided over cable facilities primarily to residential end-use subscribers.

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Services and Products

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 DataLinkSM service, which uses our wireless networks to connect a subscriber location into their primarily wireline wide-area IP/MPLS data network, making it easy 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 services and de-emphasizing stand-alone voice services and non-IP-based data services. We also provide wholesale voice local and long distance services to cable MSOs, which they offer as part of their bundled service offerings, as well as traditional voice and data services for their enterprise use. However, the digital voice services we provide to our cable MSOs have become large enough in scale that they have decided to in-source these services and, as a result, we expect this business to continue to decline over time and be insignificant to the Wireline business by the end of fiscal year 2014. We also continue to provide voice services to residential consumers. Our Wireline segment markets and sells its services primarily through direct sales representatives.

Competition

Our Wireline segment competes with AT&T, Verizon Communications, CenturyLink, Level 3 Communications, Inc., other major local incumbent operating companies, and cable operators as well as a host of smaller competitors in the provision of wireline services. Over the past few years, our long distance voice services have experienced an industry-wide trend of lower revenue from lower prices and increased competition from other wireline and wireless communications companies, as well as cable MSOs and Internet service providers.

Some competitors are targeting the high-end data market and are offering deeply discounted rates in exchange for high-volume traffic as they attempt to utilize excess capacity in their networks. In addition, we face increasing competition from other wireless and IP-based service providers. Many carriers, including cable companies, are competing in the residential and small business markets by offering bundled packages of both local and long distance services. Competition in long distance is based on price and pricing plans, the types of services offered, customer service, and communications quality, reliability and availability. Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and pricing strategies. See "Item 1A. Risk Factors—Consolidation and competition in the wholesale market for wireline services, as well as consolidation of our roaming partners and access providers used for wireless services, could adversely affect our revenues and profitability" and "—The blurring of the traditional dividing lines among long distance, local, wireless, video and Internet services contributes to increased competition."

Legislative and Regulatory Developments

Overview

Communications services are subject to regulation at the federal level by the Federal Communications Commission (FCC) and in certain states by public utilities commissions (PUCs). The Communications Act of 1934 (Communications Act) preempts states from regulating the rates or entry of commercial mobile radio service (CMRS) providers, such as those in our Wireless segment, and imposes licensing and technical requirements, including provisions related to the acquisition, assignment or transfer of radio licenses. Depending upon state law, CMRS providers can be subject to state regulation of other terms and conditions of service. Our Wireline segment also is subject to federal and state regulation. Finally, since the SoftBank Merger, we have been subject to certain regulatory conditions imposed by the Committee on Foreign Investment in the United States (CFIUS) pursuant to a National Security Agreement (NSA) between SoftBank, Sprint, the Department of Justice, the Department of Homeland Security and the Department of Defense (the latter three collectively, the USG Parties).

The following is a summary of the regulatory environment in which we operate and does not describe all present and proposed federal, state and local legislation and regulations affecting the communications industry. Some legislation and regulations are the subject of judicial proceedings, legislative hearings and administrative proceedings that could change the way our industry operates. We cannot predict the outcome of any of these matters or their potential impact on our business. See "Item 1A. Risk Factors—Government regulation could adversely affect our prospects and results of operations; the FCC and state regulatory commissions may adopt new regulations or take other actions that could adversely affect our business prospects, future growth or results of operations." Regulation in the communications industry is subject to change, which could

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adversely affect us in the future. The following discussion describes some of the significant communications-related regulations that affect us, but numerous other substantive areas of regulation not discussed here may also influence our business.

Regulation and Wireless Operations

The FCC regulates the licensing, construction, operation, acquisition and sale of our wireless operations and wireless spectrum holdings. FCC requirements impose operating and other restrictions on our wireless operations that increase our costs. The FCC does not currently regulate rates for services offered by CMRS providers, and states are legally preempted from regulating such rates and entry into any market, although states may regulate other terms and conditions. The Communications Act and FCC rules also require the FCC's prior approval of the assignment or transfer of control of an FCC license, although the FCC's rules permit spectrum lease arrangements for a range of wireless radio service licenses, including our licenses, with FCC oversight. Approval from the Federal Trade Commission and the Department of Justice, as well as state or local regulatory authorities, also may be required if we sell or acquire spectrum interests. The FCC sets rules, regulations and policies to, among other things:

- grant licenses in the 800 megahertz (MHz) band, 900 MHz band, 1.9 GHz PCS band, 2.5 GHz band, and license renewals;
- rule on assignments and transfers of control of FCC licenses, and leases covering our use of FCC licenses held by other persons and organizations;
- govern the interconnection of our networks with other wireless and wireline carriers;
- establish access and universal service funding provisions;
- impose rules related to unauthorized use of and access to subscriber information;
- impose fines and forfeitures for violations of FCC rules;
- regulate the technical standards governing wireless services; and
- impose other obligations that it determines to be in the public interest

We hold 800 MHz, 900 MHz, 1.9 GHz and 2.5 GHz FCC licenses authorizing the use of radio frequency spectrum to deploy our wireless services.

800 MHz and 900 MHz License Conditions

Spectrum in our 800 MHz and 900 MHz bands originally was licensed in small groups of channels, therefore, we hold thousands of these licenses, which together allow us to provide coverage across much of the continental U.S. Our 800 MHz and 900 MHz licenses are subject to requirements that we meet population coverage benchmarks tied to the initial license grant dates. To date, we have met all of the construction requirements applicable to these licenses, except in the case of licenses that are not material to our business. Our 800 MHz and 900 MHz licenses have ten-year terms, at the end of which each license is subject to renewal requirements that are similar to those for our 1.9 GHz licenses described below.

1.9 GHz PCS License Conditions

All PCS licenses are granted for ten-year terms. For purposes of issuing PCS licenses, the FCC utilizes major trading areas (MTAs) and basic trading areas (BTAs) with several BTAs making up each MTA. Each license is subject to build-out requirements, which we have met in all of our MTA and BTA markets.

If applicable build-out conditions are met, these licenses may be renewed for additional ten-year terms. Renewal applications are not subject to auctions. If a renewal application is challenged, the FCC grants a preference commonly referred to as a license renewal expectancy to the applicant if the applicant can demonstrate that it has provided "substantial service" during the past license term and has substantially complied with applicable FCC rules and policies and the Communications Act. The licenses for the 10 MHz of spectrum in the 1.9 GHz band that we received as part of the FCC's Report and Order, described below, have ten-year terms and are not subject to specific build-out conditions, but are subject to renewal requirements that are similar to those for our PCS licenses.

2.5 GHz License Conditions

We own or lease spectrum located within the 2496 to 2690 MHz band, commonly referred to as the 2.5 GHz band, which is designated for Broadband Radio Services (BRS) and Educational Broadband Service (EBS). Most BRS and EBS licenses are allocated to specific geographic service areas. Other BRS licenses provide for 493 separate BTAs. Under current FCC rules, the BRS and EBS band in each territory is generally divided into 33 channels consisting of a

total of 186 MHz of spectrum, with an additional eight MHz of guard band spectrum, which further protects against interference from other license holders. Under current FCC rules, we can access BRS spectrum either through outright ownership of a BRS license issued by

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the FCC or through a leasing arrangement with a BRS license holder. The FCC rules generally limit eligibility to hold EBS licenses to accredited educational institutions and certain governmental, religious and nonprofit entities, but permit those license holders to lease up to 95% of their capacity for non-educational purposes. Therefore, we primarily access EBS spectrum through long-term leasing arrangements with EBS license holders. Generally, EBS leases entered into before January 10, 2005 may remain in effect for up to 15 years and may be renewed and assigned in accordance with the terms of those leases and the applicable FCC rules and regulations. The initial term of EBS leases entered into after January 10, 2005 is required by FCC rules to be coterminous with the term of the license. Our EBS spectrum leases typically have an initial term equal to the remaining term of the EBS license, with an option to renew the lease for additional terms, for a total lease term of up to 30 years. In addition, we generally have a right of first refusal for a period of time after our leases expire or otherwise terminate to match another party's offer to lease the same spectrum. Our leases are generally transferable, assuming we obtain required governmental approvals. Achieving optimal broadband network speeds, capacity and coverage using 2.5 GHz spectrum relies in significant part on operationalizing a complex mixture of BRS and EBS spectrum licenses and leases in the desired service areas, which is subject to the EBS licensing limitations described above and the technical limitations of the frequencies in the 2.5 GHz range. If we are unable to achieve optimal broadband network speeds, our targeted network improvement goals, particularly as to Sprint Spark, could be adversely affected.

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"). 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.

The minimum cash obligation under the Report and Order is \$2.8 billion. 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. Total payments directly attributable to our performance under the Report and Order, from the inception of the program through March 31, 2014, were approximately \$3.4 billion, of which primarily all payments incurred during the year ended December 31, 2013 and the three-month transition period ended March 31, 2014 related to FCC licenses. When incurred, substantially all costs are accounted for as additions to FCC licenses with the remainder as property, plant and equipment. Although costs incurred through March 31, 2014 have exceeded \$2.8 billion, not all of those costs have been reviewed and accepted as eligible by the transition administrator.

Completion of the 800 MHz band reconfiguration was initially required by June 26, 2008. The FCC continues to grant 800 MHz public safety licensees additional time to complete their band reconfigurations which, in turn, delays our access to some of our 800 MHz replacement channels. Accordingly, we will continue to transition to our 800 MHz replacement channels consistent with public safety licensees' reconfiguration progress. On May 24, 2012, the FCC revised its rules to authorize Sprint to deploy wireless broadband services, such as CDMA and LTE, on its 800 MHz spectrum, including channels that become available to Sprint upon completion of the 800 MHz band reconfiguration program. We anticipate that the continuing reconfiguration progress will be sufficient to support the 800 MHz portion of our network modernization. In January 2013, we submitted a request for declaratory ruling to the FCC requesting two items: (i) that it declare that Sprint will not owe any anti-windfall payment to the U.S. Treasury, because we have exceeded the \$2.8 billion of required expenditures, and (ii) that the FCC remove the \$850 million minimum for the letter of credit and allow further reductions based on quarterly estimates of remaining obligations. This request for declaratory ruling is pending before the FCC.

New Spectrum Opportunities and Spectrum Auctions

Several FCC proceedings and initiatives are underway that may affect the availability of spectrum used or useful in the provision of commercial wireless services, which may allow new competitors to enter the wireless market. While in general we cannot predict when or whether the FCC will conduct any spectrum auctions or if it will release additional spectrum that might be useful to wireless carriers, including us, in the future, the FCC has taken steps to

license spectrum designated for auction in the Middle Class Tax Relief and Job Creation Act of 2012. In particular, the FCC has initiated three proceedings to auction the advanced wireless services H Block, advanced wireless services in the 1.7 and 2 GHz bands (AWS-3), and to reallocate and auction broadcast spectrum in the 600 MHz Band. We did not participate in the H Block auction.

The FCC intends to commence the AWS-3 auction on November 13, 2014 and the 600 MHz Broadcast Incentive auction in mid-to-late 2015. The AWS-3 auction will likely be conducted under the FCC's standard

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auction procedures; however, the availability of this spectrum for commercial deployment depends on the time necessary for clearing or coordinating with federal government licensees currently using the 1.7 GHz AWS-3 uplink. For the 600 MHz Incentive Auction, the FCC has adopted rules that include “reserved” channels whereby, if certain auction conditions are met, Sprint would be eligible to bid for the reserved channels while carriers that exceed a certain threshold of low band spectrum holdings would not. Sprint would also be able to bid on the “unreserved” channels. Sprint evaluates all opportunities to acquire additional spectrum; however, it is premature to make any firm participation decisions at this time as the FCC is still considering the applicable auction processes and procedures.

911 Services

Pursuant to FCC rules, CMRS providers, including us, are required to provide enhanced 911 (E911) services in a two-tiered manner. Specifically, wireless carriers are required to transmit to a requesting public safety answering point (PSAP) both the 911 caller's telephone number and (a) the location of the cell site from which the call is being made, or (b) the location of the subscriber's handset using latitude and longitude, depending upon the capability of the PSAP. Implementation of E911 service must be completed within six months of a PSAP request for service in its area, or longer, based on the agreement between the individual PSAP and the carrier. The FCC is currently reviewing the accuracy standards for the provision of wireless 911 services indoors and may impose additional obligations.

National Security

National security and disaster recovery issues continue to receive attention at the federal, state and local levels. For example, Congress is expected to again consider cyber security legislation to increase the security and resiliency of the nation's digital infrastructure. In 2013, the President issued an executive order directing the Department of Homeland Security and other government agencies to take a number of steps to improve the security of the nation's critical infrastructure. The details surrounding the implementation of this order have not been resolved, however, and we cannot predict the cost impact of such measures. Moreover, the FCC continues to examine issues of network resiliency and reliability and may seek to impose additional regulations designed to reduce the severity and length of disruptions in communications. Again, we cannot predict the cost impact of any regulations the FCC adopts.

National Security Agreement

As a precondition to CFIUS approval of the SoftBank Merger, the USG Parties required that SoftBank and Sprint enter into the NSA, under which SoftBank and Sprint have agreed to implement certain measures to protect national security, certain of which may materially and adversely affect our operating results due to increasing the cost of compliance with security measures, and limiting our control over certain U.S. facilities, contracts, personnel, vendor selection and operations. If we fail to comply with our obligations under the NSA our ability to operate our business may be adversely affected.

Tower Siting

Wireless systems must comply with various federal, state and local regulations that govern the siting, lighting and construction of transmitter towers and antennas, including requirements imposed by the FCC and the Federal Aviation Administration. FCC rules subject certain cell site locations to extensive zoning, environmental and historic preservation requirements and mandate consultation with various parties, including State and Tribal Historic Preservation Offices, which can make it more difficult and expensive to deploy facilities. The FCC has, however, imposed a tower siting "shot clock" that requires local authorities to address tower applications within a specific timeframe, which can assist carriers in more rapid deployment of towers. The FCC antenna structure registration process also imposes public notice requirements when plans are made for construction of, or modification to, antenna structures required to be registered with the FCC, potentially adding to the delays and burdens associated with tower siting, including potential challenges from special interest groups. To the extent governmental agencies continue to impose additional requirements like this on the tower siting process, the time and cost to construct cell towers could be negatively impacted.

State and Local Regulation

While the Communications Act generally preempts state and local governments from regulating entry of, or the rates charged by, wireless carriers, certain state PUCs and local governments regulate customer billing, termination of service arrangements, advertising, certification of operation, use of handsets when driving, service quality, sales practices, management of customer call records and protected information and many other areas. Also, some state

attorneys general have become more active in bringing lawsuits related to the sales practices and services of wireless carriers. Varying practices among the states may make it more difficult for us to implement national sales and marketing programs. States also may impose their own universal service support requirements on wireless and other communications carriers, similar to the contribution requirements that have been established by the FCC, and some states are requiring wireless carriers to help fund

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additional programs, including the implementation of E911 and the provision of intrastate relay services for consumers who are hearing impaired. We anticipate that these trends will continue to require us to devote legal and other resources to work with the states to respond to their concerns while attempting to minimize any new regulation and enforcement actions that could increase our costs of doing business.

Regulation and Wireline Operations

Competitive Local Service

The Telecommunications Act of 1996 (Telecom Act), which was the first comprehensive update of the Communications Act, was designed to promote competition, and it eliminated legal and regulatory barriers for entry into local and long distance communications markets. It also required incumbent local exchange carriers (ILECs) to allow resale of specified local services at wholesale rates, negotiate interconnection agreements, provide nondiscriminatory access to certain unbundled network elements and allow co-location of interconnection equipment by competitors. The rules implementing the Telecom Act continue to be interpreted by the courts, state PUCs and the FCC. Thus, the scope of future local competition remains uncertain. These local competition rules impact us because we provide wholesale services to cable television companies that wish to compete in the local voice telephony market. Our communications and back-office services enable the cable companies to provide competitive local and long distance telephone services primarily in a VoIP format to their end-use customers.

Voice over Internet Protocol

We offer VoIP-based services to business subscribers and transport VoIP-originated traffic for various cable companies. The FCC issued an order in late 2010 reforming, among other things, its regulatory structure governing intercarrier compensation and again declined to classify VoIP services as either telecommunications services or information services. However, it prescribed the rates applicable to the exchange of traffic between a VoIP provider and a local exchange carrier providing service on the public switched telephone network (PSTN). The rate for toll VoIP-PSTN traffic is the interstate access rate applicable to non-VoIP traffic regardless of whether the traffic is interstate or intrastate. The rate for non-toll VoIP-PSTN traffic is the applicable reciprocal compensation rate. These rates will be reduced over the next several years as the industry transitions to bill-and-keep methodology for the exchange of all traffic. Providers of interconnected VoIP will continue to be required to contribute to the federal Universal Service Fund (USF), offer E911 emergency calling capabilities to their subscribers, and comply with the electronic surveillance obligations set forth in the Communications Assistance for Law Enforcement Act (CALEA). Because we provide VoIP services and transport VoIP-originated traffic, the FCC's rate prescription decision is expected to reduce our costs for such traffic over time as well as reduce disputes between carriers that often result in litigation.

International Regulation

The wireline services we provide outside the U.S. are subject to the regulatory jurisdiction of foreign governments and international bodies. In general, we are required to obtain licenses to provide wireline services and comply with certain government requirements.

Other Regulations

Network Neutrality

On December 22, 2010, the FCC adopted so-called net neutrality rules. The FCC rules for fixed broadband Internet access services consisted of: (a) an obligation to provide transparency to consumers regarding network management practices, performance characteristics, and commercial terms of service; (b) a prohibition on blocking access to lawful content, applications, services and devices; and (c) a prohibition on unreasonable discrimination. The FCC acknowledged, however, that mobile broadband faced different constraints and adopted lesser obligations for mobile providers. Accordingly, the rules for mobile broadband operators required that they: (a) provide transparency to consumers in the same manner as fixed providers; and (b) not block access to lawful websites and applications that compete with the provider's own voice or video telephony services. Other rules applicable to fixed broadband, including no blocking of other applications, services or devices, and the prohibition of "unreasonable discrimination," did not apply to mobile providers. On January 14, 2014, the U.S. Court of Appeals for the District of Columbia Circuit vacated the FCC's "no-blocking" rule for fixed and mobile operators and the "no unreasonable discrimination" rule for fixed providers. The court left in place the "transparency" rule applicable to both fixed and mobile operators. On May

15, 2014, the FCC adopted a Notice of Proposed Rulemaking seeking to largely reenact the vacated rules on alternative legal grounds. Because the net neutrality rules applicable to mobile broadband were relatively narrow and because we have deployed open mobile operating platforms on our devices, such as the Android platform created in conjunction with Google and the Open Handset Alliance, the rules, if reenacted by the FCC under a permissible legal

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foundation or otherwise brought back into force, should not adversely affect the operation of our broadband networks or significantly constrain our ability to manage the networks and protect our users from harm caused by other users and devices.

Truth in Billing and Consumer Protection

The FCC's Truth in Billing rules generally require both wireline and wireless telecommunications carriers, such as us, to provide full and fair disclosure of all charges on their bills, including brief, clear, and non-misleading plain language descriptions of the services provided. In response to a petition from the National Association of State Utility Consumer Advocates, the FCC found that state regulation of CMRS rates, including line items on consumer bills, is preempted by federal statute. This decision was overturned by the U.S. Court of Appeals for the Eleventh Circuit and the Supreme Court denied further appeal. As a consequence, states may attempt to impose various regulations on the billing practices of wireless carriers. In addition, the FCC has opened several proceedings to address issues of consumer protection, including the use of early termination fees, the FCC has opened an investigation into "bill shock" concerning overage charges for voice, data and text usage, and has proposed new rules to address cramming. The wireless industry has proactively addressed many of these consumer issues by adopting industry best practices such as the addition of free notifications for voice, data, messaging and international roaming to address the FCC's bill shock proceeding. If these FCC proceedings or individual state proceedings create changes in the Truth in Billing rules, our billing and customer service costs could increase.

Access Charge Reform

ILECs and competitive local exchange carriers (CLECs) impose access charges for the origination and termination of long distance calls upon wireless and long distance carriers, including our Wireless and Wireline segments. Also, interconnected local carriers, including our Wireless segment, pay to each other reciprocal compensation fees for terminating interconnected local calls. In addition, ILECs and CLECs charge other carriers special access charges for access to dedicated facilities that are paid by both our Wireless and Wireline segments. These fees and charges are a significant cost for our Wireless and Wireline segments. In November 2011, the FCC adopted comprehensive intercarrier compensation reforms, including a multi-year transition to a system of bill-and-keep for terminating switched access charges. These reforms have decreased and are expected to continue to decrease our terminating switched access expense over time.

In 2012, the FCC released an order freezing the existing special access pricing flexibility "triggers," and another order requiring parties to submit information needed to assess the level of competition in the special access market. The FCC also has initiated a further notice of proposed rulemaking to consider whether special access pricing flexibility rules need to be changed, and whether the terms and conditions governing the provision of special access are just and reasonable. In 2013, the FCC issued a proposed mandatory data collection effort which is expected to be completed in 2014. We continue to advocate for special access reform but cannot predict when these proceedings will be completed or the outcome of these proceedings.

Universal Service Reform

Communications carriers contribute to and receive support from various USFs established by the FCC and many states. The federal USF program funds services provided in high-cost areas, reduced-rate services to low-income consumers, and discounted communications and Internet services for schools, libraries and rural health care facilities. The USF is funded from assessments on communications providers, including our Wireless and Wireline segments, based on FCC-prescribed contribution factors applicable to our interstate and international end-user revenues from telecommunications services and interconnected VoIP services. Similarly, many states have established their own USFs to which we contribute. The FCC has considered changing its USF contribution methodology, and may replace the interstate telecommunications revenue-based assessment with one based on either connections (telephone numbers or connections to the public network) or by expanding the revenue base to include data revenues. The latter approach in particular could impact the amount of our assessments. The FCC issued a notice of proposed rulemaking on USF reform in April 2012, but has not announced an estimated timeline for adoption of an order in this proceeding. In addition, the FCC issued a decision redefining the manner in which carriers certify their compliance with USF obligations on facilities used in the provision of information services beginning in 2014. The FCC's new service-by-service certification process may increase our cost of complying with the FCC's USF obligations and/or

our USF contribution obligations in some circumstances. This order has been challenged on appeal and various carriers have sought reconsideration of the decision before the FCC. As permitted, we assess subscribers a fee to recover our USF contributions.

Virgin Mobile was designated as a Lifeline-only Eligible Telecom Carrier (ETC) in 41 jurisdictions as of March 31, 2014, and provides service under our Assurance Wireless brand. Lifeline ETC applications are planned in other jurisdictions as well. Changes in the Lifeline program and enforcement actions by the FCC and other regulatory/legislative bodies could negatively impact growth in the Assurance Wireless and wholesale subscriber base and/or the profitability of the Assurance Wireless and wholesale business overall.

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Electronic Surveillance Obligations

The CALEA requires telecommunications carriers, including us, to modify equipment, facilities and services to allow for authorized electronic surveillance based on either industry or FCC standards. Our CALEA obligations have been extended to data and VoIP networks, and we are in compliance with these requirements. Certain laws and regulations require that we assist various government agencies with electronic surveillance of communications and provide records concerning those communications. We do not disclose customer information to the government or assist government agencies in electronic surveillance unless we have been provided a lawful request for such information. If our obligations under these laws and regulations were to change or were to become the focus of any inquiry or investigation, it could require us to incur additional costs and expenses, which could adversely affect our financial condition or results of operation.

Environmental Compliance

Our environmental compliance and remediation obligations relate primarily to the operation of standby power generators, batteries and fuel storage for our telecommunications equipment. These obligations require compliance with storage and related standards, obtaining of permits and occasional remediation. Although we cannot assess with certainty the impact of any future compliance and remediation obligations, we do not believe that any such expenditures will adversely affect our financial condition or results of operations.

Patents, Trademarks and Licenses

We own numerous patents, patent applications, service marks, trademarks and other intellectual property in the U.S. and other countries, including "Sprint[®]," "Nextel[®]," "Direct Connect[®]," "Boost Mobile[®]," and "Assurance Wireless[®]." Our services often use the intellectual property of others, such as licensed software, and we often license copyrights, patents and trademarks of others, like "Virgin Mobile." In total, these licenses and our copyrights, patents, trademarks and service marks are of material importance to our business. Generally, our trademarks and service marks endure and are enforceable so long as they continue to be used. Our patents and licensed patents have remaining terms generally ranging from one to 19 years. We occasionally license our intellectual property to others, including licenses to others to use the "Sprint" trademark.

We have received claims in the past, and may in the future receive claims, that we, or third parties from whom we license or purchase goods or services, have infringed on the intellectual property of others. These claims can be time-consuming and costly to defend, and divert management resources. If these claims are successful, we could be forced to pay significant damages or stop selling certain products or services or stop using certain trademarks. We, or third parties from whom we license or purchase goods or services, also could enter into licenses with unfavorable terms, including royalty payments, which could adversely affect our business.

Access to Public Filings and Board Committee Charters

Important information is routinely posted on our website at www.sprint.com. Public access is provided to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed with or furnished to the SEC under the Exchange Act. These documents may be accessed free of charge on our website at the following address: <http://www.sprint.com/investors>. These documents are available as soon as reasonably practicable after filing with the SEC and may also be found at the SEC's website at www.sec.gov. Information contained on or accessible through our website or the SEC's website is not part of this transition report on Form 10-K.

Our Code of Ethics, the Sprint Code of Conduct (Code of Conduct), our Corporate Governance Guidelines and the charters of the following committees of our board of directors: the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating and Corporate Governance Committee may be accessed free of charge on our website at the following address: www.sprint.com/governance. Copies of any of these documents can be obtained free of charge by writing to: Sprint Shareholder Relations, 6200 Sprint Parkway, Mailstop KSOPHF0302-3B424, Overland Park, Kansas 66251 or by email at shareholder.relations@sprint.com. If a provision of the Code of Conduct required under the NYSE corporate governance standards is materially modified, or if a waiver of the Code of Conduct is granted to a director or executive officer, a notice of such action will be posted on our website at the following address: www.sprint.com/governance. Only the Audit Committee may consider a waiver of the Code of Conduct for an executive officer or director.

Employee Relations

As of March 31, 2014, we had approximately 36,000 employees.

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Executive Officers of the Registrant

The following people are serving as our executive officers as of May 23, 2014. These executive officers were elected to serve until their successors have been elected. There is no familial relationship between any of our executive officers and directors.

Name	Business Experience	Current Position Held Since	Age
Daniel R. Hesse	President and Chief Executive Officer. Before becoming the President and Chief Executive Officer in December 2007, Mr. Hesse was Chairman, President, and Chief Executive Officer of Embarq Corporation. He served as Chief Executive Officer of Sprint's Local Telecommunications Division from June 2005 until the Embarq spin-off in May 2006. Before that, Mr. Hesse served as Chairman, President and Chief Executive Officer of Terabeam Corp., a wireless telecommunications service provider and technology company, from 2000, until 2004. Prior to serving at Terabeam Corp., Mr. Hesse spent 23 years at AT&T during which he held various senior management positions, including President and Chief Executive Officer of AT&T Wireless Services. He serves on the board of directors of the National Board of Governors of the Boys and Girls Clubs of America and the University of Notre Dame's Mendoza College of Business. He previously served on the board of directors of Clearwire Corporation.	2007	60
Joseph J. Euteneuer	Chief Financial Officer. Mr. Euteneuer served as Executive Vice President and Chief Financial Officer of Qwest, a wireline telecom company, from September 2008 until April 2011. Previously, Mr. Euteneuer served as Executive Vice President and Chief Financial Officer of XM Satellite Radio Holdings Inc., a satellite radio provider, from 2002 to 2008 after it merged with SIRIUS Satellite Radio, Inc. Prior to joining XM, Mr. Euteneuer held various management positions at Comcast Corporation and its subsidiary, Broadnet Europe. He began his career in public accounting in 1978 with Deloitte and has also worked at PricewaterhouseCoopers. He is a Certified Public Accountant.	2011	58
John Saw Ph.D.	Chief Network Officer. Dr. Saw is responsible for network engineering, deployment and operations. Prior to this, he was Senior Vice President, Technology Architecture. Before Sprint's acquisition of Clearwire, Dr. Saw was Chief Technology Officer of Clearwire Corp. He joined Clearwire as its second employee in 2003 and was instrumental in scaling the company's technical expertise and organization. He has held leadership roles at a variety of telecom companies. Dr. Saw has also published more than 15 technical papers and holds six U.S. patents in wireless technologies. He currently serves on the advisory boards to the Global TDD LTE Initiative, an international industry consortium, and the School of Electrical Engineering and Computer Science at Washington State University.	2014	52
Stephen Bye	Chief Technology Officer. Mr. Bye is responsible for Sprint's access and roaming, network planning, technology research & development, corporate strategy, development and engineering and spectrum. He has more than 22 years of engineering, operations, product development, business planning and marketing experience with telecom, cable and wireless service providers. Prior to joining Sprint in 2011, Mr. Bye was Vice President of	2014	46

Wireless at Cox Communications from 2006 to 2011, where he was responsible for the marketing, product development and management engineering, IT network deployment, customer and network operations support and day-to-day management of its wireless business. He has also held executive positions with AT&T, inCode Wireless, BellSouth International, Optus Communications and Telstra.

President - Retail Sales and Chief Service & Information Technology Officer. Mr. Johnson served as Chief Service Officer of Sprint since October 2007 and his role was expanded to Chief Service and Information Technology Officer in August 2011. He served as President-Northeast Region from September 2006 to October 2007. He served as Senior Vice President-Consumer Sales, Service and Repair from August 2005 to August 2006. He served as Senior Vice President-National Field Operations of Nextel from February 2002 to July 2005.

Robert L. Johnson

2011

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Name	Business Experience	Current Position Held Since	Age
Jeffery D. Hallock	Chief Marketing Officer. Mr. Hallock served as Senior Vice President for Marketing and Media from 2012 until 2013, Vice President for National Channels from 2009 until 2011, Vice President for Marketing Acquisition and Base from 2006 until 2009. He held the position of Vice President and Senior Director for Product Marketing from 1999 until 2005. Mr. Hallock started with Sprint in 1996 and held leadership positions as a Director of Business Development and Manager of marketing in emerging markets and e-commerce from 1996 until 1999.	2013	44
Steven L. Elfman	President - Network, Technology and Operations. Mr. Elfman served as President and Chief Operating Officer of Motricity, a mobile data technology company, from January 2008 to May 2008 and as Executive Vice President of Infospace Mobile (currently Motricity) from July 2003 to December 2007. He was an independent consultant working with Accenture Ltd., a consulting company, from May 2003 to July 2003. He served as Executive Vice President of Operations of Terabeam Corporation, a communications company, from May 2000 to May 2003, and he served as Chief Information Officer of AT&T Wireless from June 1997 to May 2000.	2008	59
Matthew Carter	President - Enterprise Solutions. Mr. Carter served as Senior Vice President, Boost Mobile from April 2008 until January 2010 and as Senior Vice President, Base Management at Sprint from December 2006 until April 2008. Prior to joining Sprint, he served as Senior Vice President of Marketing at PNC Financial Services. He is a member of the board of directors at USG Corporation (NYSE: USG), a leading building products company, and the Apollo Group (NASDAQ: APO), a leading education services corporation. He also serves on the board of trustees for The Bishop's School, an independent, college preparatory day school for students in grades six through 12 in La Jolla, Calif.	2010	53
Dow Draper	President - Prepaid. Mr. Draper manages the sales and marketing for Sprint's prepaid brands, Virgin Mobile USA, Boost Mobile and Assurance Wireless. Previously, he was Senior Vice President and General Manager of Retail for CLEAR, the retail brand of Clearwire, where he oversaw the brand's sales, marketing, customer care and product development. He served in various executive positions at Clearwire since 2009. Before joining Clearwire, Mr. Draper held various roles at Alltel Wireless, including senior vice president of Voice & Data Solutions and senior vice president of Financial Planning and Analysis. He has also held various roles at Western Wireless and McKinsey and Company.	2013	44
Charles R. Wunsch	Senior Vice President - General Counsel and Corporate Secretary. Mr. Wunsch was appointed Senior Vice President, General Counsel and Corporate Secretary in October 2008. He served as our Vice President for corporate transactions and business law and has served in various legal positions at the Company since 1990. He was previously an associate and partner at the law firm Watson, Ess, Marshall, and Enggas.	2008	58
Michael C. Schwartz	Senior Vice President - Corporate and Business Development. Mr. Schwartz served as as Vice President, Marketing, Corporate Development and	2013	49

Regulatory at Telesat Canada, a satellite communications company, from 2007 to 2012. Previously, Mr. Schwartz served as Senior Vice President of Marketing and Corporate Development of SES New Skies, a satellite company. Prior to joining SES New Skies, he served as Chief Development and Financial Officer of Terabeam Corporation, responsible for business and corporate development as well as financial operations. He also was a co-founder and president of an Internet infrastructure company, and held two senior positions at AT&T Wireless Services, including Vice President of Acquisitions and Development.

Paul W. Schieber, Jr. Controller. Mr. Schieber previously served in various positions at Sprint since 1991. Most recently he served as Vice President, Access and Roaming Planning, where he was responsible for managing Sprint's roaming costs as well as its wireless and wireline access costs. Prior to that, Mr. Schieber held various leadership roles in Sprint's Finance organization including heading up Sprint's internal audit function as well as serving in various Vice President - Finance roles. He was also a director in Sprint's Tax department and a director on its Mergers and Acquisitions team. Before joining Sprint, Mr. Schieber was a senior manager with public accounting firm Ernst & Young, where he worked as an auditor and a tax consultant. In addition, he served as corporate controller for a small publicly held company. 2013 56

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Item 1A. Risk Factors

In addition to the other information contained in this transition report on Form 10-K, the following risk factors should be considered carefully in evaluating us. Our business, financial condition, liquidity or results of operations could be materially adversely affected by any of these risks.

If we are not able to retain and attract wireless subscribers, our financial performance will be impaired.

We are in the business of selling communications services to subscribers, and our success is based on our ability to retain current subscribers and attract new subscribers. If we are unable to retain and attract wireless subscribers, our financial performance will be impaired and we could fail to meet our financial obligations. Beginning in 2008 through March 31, 2014, we have experienced net decreases in our total retail postpaid subscriber base of approximately 12.3 million subscribers (excluding the impact of our acquisitions).

Our ability to retain our existing subscribers and to compete successfully for new subscribers and reduce our rate of churn depends on, among other things:

- our ability to anticipate and respond to various competitive factors, including our successful execution of marketing and sales strategies; the acceptance of our value proposition; service delivery and customer care activities, including new account set up and billing; and credit and collection policies;

- our ability to operationalize the anticipated benefits from the SoftBank Merger and the Clearwire Acquisition;

- our successful deployment of new technologies and services;

- actual or perceived quality and coverage of our networks;

- public perception about our brands;

- our ability to anticipate and develop new or enhanced technologies, products and services that are attractive to existing or potential subscribers;

- our ability to access additional spectrum; and

- our ability to maintain our current mobile virtual network operator (MVNO) relationships and to enter into new arrangements with MVNOs.

Our ability to retain subscribers may be negatively affected by industry trends related to subscriber contracts. For example, we and some of our competitors no longer require consumers to enter into annual service contracts for postpaid service. In addition, we have recently seen aggressive marketing efforts initiated by our competitors, including offering substantive additional incentives for subscribers to switch carriers. These types of changes could negatively affect our ability to retain subscribers and could lead to an increase in our churn rates if we are not successful in providing an attractive product and service mix.

Moreover, service providers frequently offer wireless equipment, such as devices, below acquisition cost as a method to retain and attract subscribers that enter into wireless service agreements for periods usually extending 12 to 24 months. Equipment cost in excess of the revenue generated from equipment sales is referred to in the industry as equipment net subsidy and is generally recognized as an expense when title of the device passes to the dealer or end-user subscriber. The cost of multi-functional devices, such as smartphones, including the iPhone®, has increased significantly in recent years as a result of enhanced capabilities and functionality. At the same time, wireless service providers continue to compete on the basis of price, including the price of devices offered to subscribers, which has resulted in increased equipment net subsidy. In 2011, we entered into a purchase commitment with Apple, Inc. that increases the average equipment net subsidy for postpaid devices resulting in a reduction to consolidated results from operations and reduced cash flow from operations associated with initiation of service for these devices until such time that retail service revenues associated with subscribers acquiring these devices exceeds such costs.

We expect to incur expenses to attract new subscribers, improve subscriber retention and reduce churn, but there can be no assurance that our efforts will result in new subscribers or a lower rate of subscriber churn. Subscriber losses and a high rate of churn could adversely affect our business, financial condition and results of operations because they result in lost revenues and cash flow. Although attracting new subscribers and retention of existing subscribers are important to the financial viability of our business, there is an added focus on retention because the cost of adding a new subscriber is higher than the cost associated with retention of an existing subscriber.

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Competition and technological changes in the market for wireless services could negatively affect our average revenue per subscriber, subscriber churn, operating costs and our ability to attract new subscribers, resulting in adverse effects on our revenues, cash flows, growth and profitability.

We compete with a number of other wireless service providers in each of the markets in which we provide wireless services, and we expect competition may increase if additional spectrum is made available for commercial wireless services and as new technologies are developed and launched. As smartphone penetration increases, we continue to expect an increased usage of data on our network. Competition in pricing and service and product offerings may also adversely impact subscriber retention and our ability to attract new subscribers, with adverse effects on our results of operations. A decline in the average revenue per subscriber coupled with a decline in the number of subscribers would negatively impact our revenues, cash flows and profitability, which, in turn, could adversely impact our ability to meet our financial obligations.

The wireless communications industry is experiencing significant technological change, including improvements in the capacity and quality of digital technology and the deployment of unlicensed spectrum devices. These developments cause uncertainty about future subscriber demand for our wireless services and the prices that we will be able to charge for these services. As services, technology and devices evolve, we also expect continued pressure on voice, text and other service revenue. Spending by our competitors on new wireless services and network improvements could enable our competitors to obtain a competitive advantage with new technologies or enhancements that we do not offer. Rapid changes in technology may lead to the development of wireless communications technologies, products or alternative services that are superior to our technologies, products or services or that consumers prefer over ours. If we are unable to meet future advances in competing technologies on a timely basis, or at an acceptable cost, we may not be able to compete effectively and could lose subscribers to our competitors.

Some competitors and new entrants may be able to offer subscribers network features or products and services not offered by us, coverage in areas not served by our wireless networks or pricing plans that are lower than those offered by us, all of which would negatively affect our average revenue per subscriber, subscriber churn, ability to attract new subscribers, and profitability.

The success of our network modernization plans will depend on the timing, extent and cost of implementation; access to spectrum; the performance of third-parties and related parties; upgrade requirements; and the availability and reliability of the various technologies required to provide such modernization.

We must continually invest in our wireless network in order to continually improve our wireless service to meet the increasing demand for usage of our data and other non-voice services and remain competitive.

Improvements in our service depend on many factors, including our ability to adapt to future changes in technologies and continued access to and deployment of adequate spectrum, including any leased spectrum. We must maintain and expand our network capacity and coverage as well as the associated wireline network needed to transport voice and data between cell sites. If we are unable to obtain access to additional spectrum to increase capacity or to deploy the services subscribers desire on a timely basis or at acceptable costs while maintaining network quality levels, our ability to retain and attract subscribers could be adversely affected, which would negatively impact our operating margins.

If we fail to provide a competitive network, our ability to provide wireless services to our subscribers, to retain and attract subscribers and to maintain and grow our subscriber revenues could be adversely affected. For example, achieving optimal broadband network speeds, capacity and coverage using 2.5 GHz spectrum relies in significant part on operationalizing a complex mixture of BRS and EBS spectrum licenses and leases in the desired service areas given the EBS licensing limitations described above and the technical limitations of the frequencies in the 2.5 GHz range. If we are unable to do so, our targeted network improvement goals, particularly as to Sprint Spark, could be affected.

Using a new and sophisticated technology on a very large scale entails risks. For example, deployment of new technology from time to time has, and in the future may, adversely affect the performance of existing services on our networks and result in increased churn. Should implementation of our upgraded network be delayed or costs exceed expected amounts, our margins could be adversely affected and such effects could be material. Should the delivery of

services expected to be deployed on our upgraded network be delayed due to technological constraints, performance of third-party suppliers, zoning and leasing restrictions or permit issues or other reasons, the cost of providing such services could become higher than expected, ultimately increasing our cost to subscribers and resulting in decisions to purchase services from our competitors, which would adversely affect our revenues, profitability and cash flow from operations.

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Current economic and market conditions, our recent financial performance, our high debt levels, and our debt ratings could negatively impact our access to the capital markets resulting in less growth than planned or failure to satisfy financial covenants under our existing debt agreements.

We expect to incur additional debt in the future for a variety of reasons, such as refinancing our maturing debt, financing our network modernization plan or other working capital needs, including equipment net subsidies, future investments or acquisitions. Our ability to obtain additional financing will depend on, among other factors, current economic and market conditions, our financial performance, our high debt levels, and our debt ratings. Some of these factors are beyond our control, and we may not be able to obtain additional financing on terms acceptable to us or at all. Failure to obtain suitable financing when needed could, among other things, result in our inability to continue to expand our businesses and meet competitive challenges, including implementation of our network modernization plan on our current timeline.

Instability in the global financial markets may result in periodic volatility in the credit, equity and fixed income markets. This volatility could limit our access to the credit markets, leading to higher borrowing costs or, in some cases, the inability to obtain financing on terms that are acceptable to us or at all.

We have incurred substantial amounts of indebtedness to finance operations and other general corporate purposes. Our consolidated principal amount of indebtedness was \$31.4 billion at March 31, 2014. As a result, we are highly leveraged and will continue to be highly leveraged. Accordingly, our debt service requirements are significant in relation to our revenues and cash flow. This leverage exposes us to risk in the event of downturns in our businesses (whether through competitive pressures or otherwise), in our industry or in the economy generally, and may impair our operating flexibility and our ability to compete effectively, particularly with respect to competitors that are less leveraged.

The debt ratings for our outstanding notes are currently below the "investment grade" category, which results in higher borrowing costs than investment grade debt as well as reduced marketability of our debt. Our debt ratings could be further downgraded for various reasons, including if we incur significant additional indebtedness or if we do not generate sufficient cash from our operations, which would likely increase our future borrowing costs and could adversely affect our ability to obtain additional capital.

Our unsecured revolving bank credit facility, secured equipment credit facility and unsecured loan agreement with Export Development Canada (EDC Agreement) require us to maintain a certain covenant leverage ratio. This ratio is dependent on EBITDA, which in turn depends, among other things, on our ability to generate subscribers and reduce churn. For example, our continuing failure to retain and attract wireless subscribers, particularly adding higher APRU postpaid device (versus tablet) subscribers, may make it difficult for us to generate sufficient EBITDA to maintain our covenant leverage ratio. In that case, we may not continue to satisfy this required ratio or receive waivers from our lenders, and we would be in default under these agreements, which could trigger defaults under our other debt obligations, which in turn could result in the maturities of certain debt obligations being accelerated.

In addition to the covenants in the revolving bank credit facility, the EDC Agreement and our secured equipment credit facility, certain indentures governing our notes issued by our subsidiaries limit, among other things, our ability to incur additional debt, pay dividends, create liens and sell, transfer, lease or dispose of assets. Such restrictions could adversely affect their ability to access the capital markets or engage in certain transactions.

The trading price of our common stock has been and may continue to be volatile and may not reflect our actual operations and performance.

Market and industry factors may adversely impact the market price of our common stock, regardless of our actual operations and performance. Stock price volatility and sustained decreases in our share price could subject our stockholders to losses and may adversely impact our ability to issue equity. The trading price of our common stock has been, and may continue to be, subject to fluctuations in response to various factors, some of which are beyond our control, including, but not limited to:

quarterly announcements and variations in our results of operations or those of our competitors, either alone or in comparison to analysts' expectations or prior company estimates, including announcements of subscriber counts, rates of churn, and operating margins that would result in downward pressure on our stock price;

•

the cost and availability or perceived availability of additional capital and market perceptions relating to our access to capital;

• announcements by us or our competitors, or market speculation, of acquisitions, spectrum acquisitions, new products, technologies, significant contracts, commercial relationships or capital commitments;

• market and pricing risks due to concentrated ownership of stock;

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the performance of SoftBank and SoftBank's ordinary shares or speculation about the possibility of future actions SoftBank may take in connection with us;

disruption to our operations or those of other companies critical to our network operations;

our ability to develop and market new and enhanced technologies, products and services on a timely and cost-effective basis, including implementation of our network modernization;

recommendations by securities analysts or changes in their estimates concerning us;

the incurrence of additional debt, dilutive issuances of our stock, short sales or hedging of, and other derivative transactions, in our common stock;

any significant change in our board of directors or management;

litigation;

changes in governmental regulations or approvals; and

perceptions of general market conditions in the technology and communications industries, the U.S. economy and global market conditions.

Consolidation and competition in the wholesale market for wireline services, as well as consolidation of our roaming partners and access providers used for wireless services, could adversely affect our revenues and profitability.

Our Wireline segment competes with AT&T, Verizon Communications, CenturyLink, Level 3 Communications Inc., other major local incumbent operating companies, and cable operators, as well as a host of smaller competitors. Some of these companies have high-capacity, IP-based fiber-optic networks capable of supporting large amounts of voice and data traffic. Some of these companies claim certain cost structure advantages that, among other factors, may allow them to offer services at lower prices than we can. In addition, consolidation by these companies could lead to fewer companies controlling access to more cell sites, enabling them to control usage and rates, which could negatively affect our revenues and profitability.

We provide wholesale services under long-term contracts to cable television operators, which enable these operators to provide consumer and business digital telephone services. These contracts may not be renewed as they expire.

Increased competition and the significant increase in capacity resulting from new technologies and networks may drive already low prices down further. AT&T and Verizon Communications continue to be our two largest competitors in the domestic long distance communications market. We and other long distance carriers depend heavily on local access facilities obtained from incumbent local exchange carriers (ILECs) to serve our long distance subscribers, and payments to ILECs for these facilities are a significant cost of service for our Wireline segment. The long distance operations of AT&T and Verizon Communications have cost and operational advantages with respect to these access facilities because those carriers serve significant geographic areas, including many large urban areas, as the ILECs.

In addition, our Wireless segment could be adversely affected by changes in rates and access fees that result from consolidation of our roaming partners and access providers, which could adversely affect our revenues and profitability.

The blurring of the traditional dividing lines among long distance, local, wireless, video and Internet services contributes to increased competition.

The blurring of the traditional dividing lines among long distance, local, wireless, video and Internet services are increasingly becoming blurred. In addition, the dividing lines between voice and data services are also becoming blurred. Through mergers, joint ventures and various service expansion strategies, major providers are striving to provide integrated services in many of the markets we serve. This trend is also reflected in changes in the regulatory environment that have encouraged competition and the offering of integrated services. We expect competition to continue to intensify as a result of the entrance of new competitors or the expansion of services offered by existing competitors, and the rapid development of new technologies, products and services. We cannot predict which of many possible future technologies, products, or services will be important to maintain our competitive position or what expenditures we will be required to make in order to develop and provide these technologies, products or services. To the extent we do not keep pace with technological advances or fail to timely respond to changes in the competitive environment affecting our industry, we could lose market share or experience a decline in revenue, cash flows and net income. As a result of the financial strength and benefits of scale enjoyed by some of our competitors, they may be able to offer

services at lower prices than we can, thereby adversely affecting our revenues, growth and profitability.

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If we are unable to improve our results of operations, we face the possibility of charges for impairments of long-lived assets.

We review our long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount may not be recoverable. If we continue to have operational challenges, including obtaining and retaining subscribers, our future revenues and cash flows may not be sufficient to recover the carrying value of our long-lived assets, and we could record asset impairments that are material to our results of operations and financial condition. If we continue to have challenges retaining subscribers and as we modernize our network, management may conclude, in future periods, that certain equipment assets will never be either deployed or redeployed, in which case cash and/or non-cash charges that could be material to our consolidated financial statements would be recognized.

We have entered into or may enter into agreements with various parties for certain business operations. Any difficulties experienced by us in these arrangements could result in additional expense, loss of subscribers and revenue, interruption of our services or a delay in the roll-out of new technology.

We have entered into or may enter into agreements with various parties for the day-to-day execution of services, provisioning, maintenance, and modernization of our wireless and wireline networks, the development and maintenance of certain systems necessary for the operation of our business, and for network equipment, handsets, devices, and other equipment. We expect our dependence on key suppliers to continue as more advanced technologies are developed.

We also have or may enter into agreements with various parties to provide customer service and related support to our wireless subscribers and outsourced aspects of our wireline network and back office functions. In addition, we have lease and sublease agreements with various parties for space on communications towers. As a result, we must rely on various parties to perform certain of our operations and, in certain circumstances, interface with our subscribers. If these various parties were unable to perform to our requirements, we may not be able to pursue alternative strategies which could adversely affect our business. Even if we are able to pursue alternative strategies, we could experience delays, interruptions, additional expenses and loss of subscribers.

The products and services utilized by us and our suppliers and service providers may infringe on intellectual property rights owned by others.

Some of our products and services use intellectual property that we own. We also purchase products from suppliers, including device suppliers, and outsource services to service providers, including billing and customer care functions, that incorporate or utilize intellectual property. We and some of our suppliers and service providers have received, and may receive in the future, assertions and claims from third parties that the products or software utilized by us or our suppliers and service providers infringe on the patents or other intellectual property rights of these third parties. These claims could require us or an infringing supplier or service provider to cease certain activities or to cease selling the relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources. If these claims are successful, we could be forced to pay significant damages or stop selling certain products or services or stop using certain trademarks, which could adversely affect our results of operations.

Government regulation could adversely affect our prospects and results of operations; the FCC and state regulatory commissions may adopt new regulations or take other actions that could adversely affect our business prospects, future growth or results of operations.

The FCC and other federal, state and local, as well as international, governmental authorities have jurisdiction over our business and could adopt regulations or take other actions that would adversely affect our business prospects or results of operations.

The licensing, construction, operation, sale and interconnection arrangements of wireless telecommunications systems are regulated by the FCC and, depending on the jurisdiction, international, state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how radio spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, and resolution of issues of interference between spectrum bands.

The FCC grants wireless licenses for terms of generally ten years that are subject to renewal and revocation. There is no guarantee that our licenses will be renewed. Failure to comply with FCC requirements applicable to a given license could result in revocation of that license and, depending on the nature of the non-compliance, other Sprint licenses.

The FCC recently revised its transactional “spectrum screen” that it uses to identify prospective wireless transactions that may require additional competitive scrutiny. If a proposed transaction would exceed the spectrum

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screen threshold, the FCC undertakes a more detailed analysis of relevant market conditions in the impacted geographic areas to determine whether the transaction would reduce competition without offsetting public benefits. The revised screen now includes substantial portions of the 2.5 GHz band previously excluded from the screen and that are licensed or leased to Sprint in numerous markets. As a result, future Sprint spectrum acquisitions may exceed the spectrum screen trigger for additional FCC review. Such additional review could extend the duration of the regulatory review process and there can be no assurance that such transactions will ultimately be completed in whole or in part.

Depending on their outcome, the FCC's ongoing proceedings regarding regulation of special access rates could affect the rates paid by our Wireless and Wireline segments for special access services in the future. Similarly, depending on their outcome, the FCC's proceedings on the regulatory classification of VoIP services and a pending appeal of the FCC's 2011 order reforming universal service for high cost area and intercarrier compensation could affect the intercarrier compensation rates and the level of Universal Service Fund (USF) contributions paid by us.

Various states are considering regulations over terms and conditions of service, including certain billing practices and consumer-related issues that may not be pre-empted by federal law. If imposed, these regulations could make it more difficult and expensive to implement national sales and marketing programs and could increase the costs of our wireless operations.

Degradation in network performance caused by compliance with government regulation, such as "net neutrality," loss of spectrum or additional rules associated with the use of spectrum in any market could result in an inability to attract new subscribers or higher subscriber churn in that market, which could adversely affect our revenues and results of operations. Furthermore, additional costs or fees imposed by governmental regulation could adversely affect our revenues, future growth and results of operations.

Changes to the federal Lifeline Assistance Program could negatively impact the growth of the Assurance Wireless™ and wholesale subscriber base and the profitability of the Assurance Wireless and wholesale business overall.

Virgin Mobile USA, L.P., our wholly-owned subsidiary, offers service to low-income subscribers eligible for the federal Lifeline Assistance program under the brand Assurance Wireless. Assurance Wireless provides a monthly discount to eligible subscribers in the form of free blocks of minutes and text messages. Moreover, some of our wholesale customers also offer service to subscribers eligible for the federal Lifeline Assistance program. This discount is subsidized by the Low-Income Program of the federal USF and administered by the Universal Service Administrative Company. In 2012, the FCC adopted reforms to the Low Income program to increase program effectiveness and efficiencies. More stringent eligibility and certification requirements have made it more difficult for Lifeline service providers to sign up and retain Lifeline subscribers. Some regulators and legislators have questioned the structure of the current program, and the FCC is continuing to review and implement measures to improve the program, including enforcement action involving alleged rule violations, and roll-out of the National Lifeline Accountability Database. Changes in the Lifeline program as a result of the ongoing FCC proceeding or new legislation, or potential enforcement action, could negatively impact growth in the Assurance Wireless and wholesale subscriber base and/or the profitability of the Assurance Wireless and wholesale business overall.

If our business partners and subscribers fail to meet their contractual obligations, it could negatively affect our results of operations.

The current economic environment has made it difficult for businesses and consumers to obtain credit, which could cause our suppliers, distributors and subscribers to have problems meeting their contractual obligations with us. If our suppliers are unable to fulfill our orders or meet their contractual obligations with us, we may not have the services or devices available to meet the needs of our current and future subscribers, which could cause us to lose current and potential subscribers to other carriers. In addition, if our distributors are unable to stay in business, we could lose distribution points, which could negatively affect our business and results of operations. If our subscribers are unable to pay their bills or potential subscribers feel they are unable to take on additional financial obligations, they may be forced to forgo our services, which could negatively affect our results of operations.

Our reputation and business may be harmed and we may be subject to legal claims if there is loss, disclosure or misappropriation of or access to our subscribers' or our own information or other breaches of our information security.

We make extensive use of online services and centralized data processing, including through third-party service providers. The secure maintenance and transmission of customer information is an important element of our operations. Our information technology and other systems that maintain and transmit customer information, including location or personal information, or those of service providers, may be compromised by a malicious third-party penetration of our network security, or that of a third-party service provider, or impacted by advertent or inadvertent actions or inactions by our

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employees, or those of a third-party service provider. Cyber attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access, have increased in frequency, scope and potential harm in recent years. While, to date, we have not been subject to cyber attacks or other cyber incidents which, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we take to reduce the risk of cyber incidents and protect our information technology and networks may be insufficient to repel a major cyber attack in the future. As a result, our subscribers' information may be lost, disclosed, accessed, used, corrupted, destroyed or taken without the subscribers' consent.

In addition, we and third-party service providers process and maintain our proprietary business information and data related to our business-to-business customers or suppliers. Our information technology and other systems that maintain and transmit this information, or those of service providers, may also be compromised by a malicious third-party penetration of our network security or that of a third-party service provider, or impacted by intentional or inadvertent actions or inactions by our employees or those of a third-party service provider. We also purchase equipment from third parties that could contain software defects, Trojan horses, malware, or other means by which third parties could access our network or the information stored or transmitted on such networks or equipment. As a result, our business information, or subscriber or supplier data may be lost, disclosed, accessed, used, corrupted, destroyed or taken without consent.

Any major compromise of our data or network security, failure to prevent or mitigate the loss of our services or customer information and delays in detecting any such compromise or loss could disrupt our operations, impact our reputation and subscribers' willingness to purchase our service and subject us to additional costs and liabilities, including litigation, which could be material.

Any acquisitions, strategic investments or mergers may subject us to significant risks, any of which may harm our business.

As part of our long term strategy, we regularly evaluate potential acquisitions, strategic investments and mergers and actively engage in discussions with potential counterparties. Over time, we may acquire, make investments in, or merge with companies that complement or expand our business. Some of these potential transactions could be significant relative to the size of our business and operations. Acquisitions would involve a number of risks and present financial, managerial and operational challenges, including:

- diversion of management attention from running our existing business;
- possible material weaknesses in internal control over financial reporting;
- increased expenses including legal, administrative and compensation expenses related to newly hired employees;
- increased costs to integrate the networks, spectrum, technology, personnel, subscriber base and business practices of the company involved in the acquisition, strategic investment or merger with our business;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with such transactions;
- potential adverse effects on our reported operating results due to possible write-downs of goodwill and other intangible assets associated with acquisitions;
- significant transaction expenses in connection with any such transaction, whether consummated or not;
- risks related to our ability to obtain any required regulatory approvals necessary to consummate any such transaction;
 - acquisition financing may not be available on reasonable terms or at all and any such financing could
 - significantly increase our outstanding indebtedness or otherwise affect our capital structure or credit ratings;
 - and

any acquired or merged business, technology, service or product may significantly under-perform relative to our expectations, and we may not achieve the benefits we expect from our transaction.

Certain of these risks may also apply to the recently consummated Clearwire Acquisition. For any or all of these reasons, our pursuit of an acquisition, investment or merger may cause our actual results to differ materially from those anticipated.

Our business could be negatively impacted by threats and other disruptions.

Major equipment failures, natural disasters, including severe weather, terrorist acts or breaches of network or information technology security that affect our wireline and wireless networks, including transport facilities,

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switches, routers, microwave links, cell sites or other equipment or third-party owned local and long-distance networks on which we rely, could have a material adverse effect on our operations.

These events could disrupt our operations, require significant resources, result in a loss of subscribers or impair our ability to attract new subscribers, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We may be required to recognize an impairment of our goodwill or indefinite-lived intangible assets, which could have a material adverse effect on our financial position and results of operations.

As a result of the SoftBank Merger and the remeasurement of assets acquired and liabilities assumed in connection with the transaction, Sprint recognized goodwill at its estimate of fair value of approximately \$6.4 billion, which has been entirely allocated to the wireless segment. Since goodwill is reflected at its estimate of fair value, there is no excess fair value over book value as of the date of the close of the SoftBank Merger. Additionally, we recorded \$41.7 billion of indefinite-lived intangible assets as of the close of the Merger. We are required to perform goodwill impairment tests for goodwill and indefinite-lived intangible assets at least annually and whenever events or circumstances indicate that the carrying value exceed fair value. If any circumstances were to occur, such as a decline in stock price, a reduction in consumer demand, or for any other reason we were to experience a significant decrease in sales or an increase in costs, which had a negative impact on our estimated cash flows associated with our Wireless segment, our analysis of goodwill and indefinite-lived intangible assets may conclude that the carrying value exceeds the estimated fair value of the assets. If this were to occur, we would be required to recognize an impairment which could adversely affect our financial position and results of operations.

Certain subscribers are no longer required to sign service contracts for postpaid services, and we are beginning to offer subscribers equipment financing, which could result in higher churn and higher bad debt expense.

Our new Framily plan allows certain subscribers to purchase a new eligible device under an installment contract payable over 24 months through the use of the Sprint Easy Pay program. Alternatively, subscribers on our Framily plan may use their own Sprint-certified device. Subscribers who take advantage of Framily or Sprint Easy Pay are no longer required to sign service contracts to obtain postpaid service. This new service plan and the Sprint Easy Pay program may not meet our subscribers' or potential subscribers' needs, expectations, or demands. In addition, subscribers on the Framily plan or Sprint Easy Pay can discontinue their service at any time without penalty, other than the obligation of any residual commitment they may have for unpaid service or for amounts due under the installment contract for the device. We could experience reduced revenues and increased marketing costs to acquire new subscribers if we experience a churn rate higher than we expect, which could reduce our margins. Our operational and financial performance may be adversely affected if we are unable to grow our customer base and achieve the customer penetration levels that we anticipate with this business model.

Subscribers who have financed their devices through Sprint Easy Pay have the option to pay for their devices in installments over a period of up to 24 months. This program subjects us to increased risks relating to consumer credit issues, which could result in increases to our bad debt expense and write-offs of installment billing receivables. These arrangements may be particularly sensitive to changes in general economic conditions, and any declines in the credit quality of our subscriber base could have a material adverse effect on our financial position and results of operations.

Controlled Company Risks

As long as SoftBank controls us, other holders of our common stock will have limited ability to influence matters requiring stockholder approval and SoftBank's interest may conflict with ours and other stockholders.

SoftBank beneficially owns approximately 80% of the outstanding common stock of Sprint. As a result, until such time as SoftBank and its controlled affiliates hold shares representing less than a majority of the votes entitled to be cast by the holders of our outstanding common stock at a stockholder meeting, SoftBank generally will have the ability to control the outcome of any matter submitted for the vote of our stockholders, except in certain circumstances set forth in our certificate of incorporation or bylaws.

In addition, pursuant to our bylaws, we are subject to certain requirements and limitations regarding the composition of our board of directors. Many of those requirements and limitations expire on or prior to July 10, 2016. Thereafter, for so long as SoftBank and its controlled affiliates hold shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of our common stock at a stockholder meeting, SoftBank will be able to

freely nominate and elect all the members of our board of directors, subject only to a requirement that a certain number of

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directors qualify as "Independent Directors," as such term is defined in the NYSE listing rules, and applicable laws. The directors elected by SoftBank will have the authority to make decisions affecting the capital structure of the Company, including the issuance of additional capital stock or options, the incurrence of additional indebtedness, the implementation of stock repurchase programs and the declaration of dividends.

The interests of SoftBank may not coincide with the interests of our other stockholders or with holders of our indebtedness. SoftBank's ability, subject to the limitations in our certificate of incorporation and bylaws, to control all matters submitted to our stockholders for approval limits the ability of other stockholders to influence corporate matters and, as a result, we may take actions that our stockholders or holders of our indebtedness do not view as beneficial. As a result, the market price of our common stock or terms upon which we issue indebtedness could be adversely affected. In addition, the existence of a controlling stockholder of Sprint may have the effect of making it more difficult for a third-party to acquire, or discouraging a third-party from seeking to acquire, the Company. A third-party would be required to negotiate any such transaction with SoftBank, and the interests of SoftBank with respect to such transaction may be different from the interests of our other stockholders or with holders of our indebtedness. In addition, the performance of SoftBank and SoftBank's ordinary shares or speculation about the possibility of future actions SoftBank may take in connection with us may adversely affect our share price or the trading price of our debt securities.

Subject to limitations in our certificate of incorporation that limit SoftBank's ability to engage in certain competing businesses in the U.S. or take advantage of certain corporate opportunities, SoftBank is not restricted from competing with us or otherwise taking for itself or its other affiliates certain corporate opportunities that may be attractive to the Company.

SoftBank's ability to eventually control our board of directors may make it difficult for us to recruit independent directors.

For so long as SoftBank and its controlled affiliates hold shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of our common stock at a stockholders' meeting, SoftBank will be able to elect all of the members of our board of directors commencing three years following the effective time of the SoftBank Merger. Further, the interests of SoftBank and our other stockholders may diverge. Under these circumstances, persons who might otherwise accept an invitation to join our board of directors may decline.

Any inability to resolve favorably any disputes that may arise between the Company and SoftBank or its affiliates may adversely affect our business.

Disputes may arise between SoftBank or its affiliates and the Company in a number of areas, including:

- business combinations involving the Company;
- sales or dispositions by SoftBank of all or any portion of its ownership interest in us;
- the nature, quality and pricing of services SoftBank or its affiliates may agree to provide to the Company;
- arrangements with third parties that are exclusionary to SoftBank or its affiliates or the Company; and
- business opportunities that may be attractive to both SoftBank or its affiliates and the Company.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

The agreements between the Company and SoftBank or its affiliates may be amended upon agreement between the parties. While the Company is controlled by SoftBank, it may not have the leverage to negotiate amendments to these agreements if required on terms as favorable to us as those that we would negotiate with an unaffiliated third-party.

We are a "controlled company" within the meaning of the NYSE rules and, as a result, rely on exemptions from certain corporate governance requirements that provide protection to stockholders of companies that are not "controlled companies."

SoftBank owns more than 50% of the total voting power of our common shares and, accordingly, we have elected to be treated as a "controlled company" under the NYSE corporate governance standards. As a controlled company, we are exempt under the NYSE standards from the obligation to comply with certain NYSE corporate governance requirements, including the requirements:

- that a majority of our board of directors consists of independent directors;

that we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

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that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
 that an annual performance evaluation of the nominating and governance committee and compensation committee be performed.

As a result of our use of the "controlled company" exemptions, holders of our common stock and debt securities, may not have the same protection afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Regulatory authorities have imposed measures to protect national security and classified projects as well as other conditions that could have an adverse effect on Sprint.

As a precondition to approval of the SoftBank Merger, certain U.S. Government agencies required that SoftBank and Sprint enter into certain agreements, including a National Security Agreement (NSA) under which SoftBank and Sprint have agreed to implement certain measures to protect national security, certain of which may materially and adversely affect our operating results due to increasing the cost of compliance with security measures, and limiting our control over certain U.S. facilities, contracts, personnel, vendor selection and operations. If we fail to comply with our obligations under the NSA or other agreements, our ability to operate our business may be adversely affected.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters are located in Overland Park, Kansas and consist of about 3,853,000 square feet. Our gross property, plant and equipment at March 31, 2014 totaled \$18.7 billion, as follows:

	March 31, 2014 (in billions)
Wireless	\$16.1
Wireline	1.3
Corporate and other	1.3
Total	\$18.7

Properties utilized by our Wireless segment generally consist of base transceiver stations, switching equipment and towers, as well as leased and owned general office facilities and retail stores. We lease space for base station towers and switch sites for our wireless network.

Properties utilized by our Wireline segment generally consist of land, buildings, switching equipment, digital fiber optic network and other transport facilities. We have been granted easements, rights-of-way and rights-of-occupancy by railroads and other private landowners for our fiber optic network.

Item 3. 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 plaintiff seeks class action status for purchasers of Sprint Communications common stock from October 26, 2006 to February 27, 2008. On January 6, 2011, the Court denied the motion to dismiss. Subsequently, our motion to certify the January 6, 2011 order for an interlocutory appeal was denied, and discovery is continuing. The plaintiff moved to certify a class of bondholders as well as owners of common stock, and on March 27, 2014, the court certified a class including bondholders as well as stockholders. On April 11, 2014 we filed a petition to appeal that certification order to the Tenth Circuit Court of Appeals. Sprint Communications believes the complaint is without merit and intends to continue to defend the matter vigorously. We do not expect the resolution of this matter to have a material adverse effect on our financial position or results of operations.

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In addition, five related stockholder derivative suits 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 are essentially stayed while the Bennett case is in the discovery phase. 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, Inc. has received a complaint purporting to assert claims on behalf of Sprint Communications, Inc. stockholders, alleging that members of the board of directors breached their fiduciary duties in agreeing to the SoftBank Merger, and otherwise challenging that transaction. There were initially five cases consolidated in state court in Johnson County, Kansas: *UFCW Local 23 and Employers Pension Fund, et al. v. Bennett, et al.*, filed on October 25, 2012; *Iron Workers Mid-South Pension Fund, et al. v. Hesse, et al.*, filed on October 25, 2012; *City of Dearborn Heights Act 345 Police and Fire Retirement System v. Sprint Nextel Corp., et al.*, filed on October 29, 2012; *Testani, et al. v. Sprint Nextel Corp., et al.*, filed on November 1, 2012; and *Patten, et al. v. Sprint Nextel Corp., et al.*, filed on November 1, 2012. Plaintiffs did not challenge the amended SoftBank Merger transaction, but sought an award of attorneys fees for their challenge of the original SoftBank Merger transaction. The court denied that motion and the consolidated state cases were dismissed with prejudice. There are two cases filed in federal court in the District of Kansas, entitled *Gerbino, et al. v. Sprint Nextel Corp., et al.*, filed on November 15, 2012, and *Steinberg, et al. v. Bennett, et al.*, filed on May 16, 2013 (and now consolidated with Gerbino); those cases were stayed pending the resolution of the state cases, and those cases were dismissed on May 16, 2014.

Sprint Communications, Inc. is also a defendant in a complaint filed by stockholders of Clearwire Corporation, 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. We have moved to dismiss the suit, and a decision on that motion is pending. The plaintiffs in the ACP Master, LTD suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock, and discovery is proceeding in that case. Sprint Communications, Inc. intends to defend the ACP Master, LTD case vigorously, and, because this case is still in the preliminary stage, we have not yet determined what effect the lawsuit will have, if any, on our financial position or results of operations.

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. 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 three months ended March 31, 2014, there were no material developments in the status of these legal proceedings.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Common Share Data

Our common stock is traded under the stock symbol "S" on the New York Stock Exchange (NYSE). From January 1, 2012 through July 10, 2013, the stock that traded was the Series 1 common stock of Sprint Communications, Inc., which was formerly known as Sprint Nextel Corporation. On July 10, 2013, the SoftBank Merger closed, and after that date, the stock that trades on the NYSE is the common stock of Sprint Corporation. We currently have no non-voting common stock outstanding. The high, low and end of period common stock prices, as reported on the NYSE composite, were as follows:

	Three-month Transition Period								
	Ended March 31, 2014 Market Price			2013 Market Price			2012 Market Price		
	High	Low	End of Period	High	Low	End of Period	High	Low	End of Period
Common stock									
First quarter	N/A	N/A	N/A	\$6.22	\$5.52	\$6.21	\$3.03	\$2.10	\$2.85
Second quarter	N/A	N/A	N/A	7.50	6.12	7.02	3.33	2.30	3.26
Third quarter	N/A	N/A	N/A	7.26	5.61	6.22	5.76	3.15	5.52
Fourth quarter	N/A	N/A	N/A	11.47	5.92	10.75	6.04	4.79	5.67
Transition period	\$10.69	\$7.42	\$9.19	N/A	N/A	N/A	N/A	N/A	N/A

Number of Stockholders of Record

As of May 19, 2014, we had approximately 30,000 common stock record holders.

Dividends

We did not declare any dividends on our common stock for all periods presented in the consolidated financial statements. We are currently restricted from paying cash dividends by the terms of our revolving bank credit facility as described under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Issuer Purchases of Equity Securities

None.

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Performance Graph

The graph below compares the cumulative total shareholder return for the Company's common stock with the S&P® 500 Stock Index and the Dow Jones U.S. Telecommunications Index for the five fiscal years ended December 31 plus the three-month transition period ended March 31, 2014. Because Sprint Corporation common stock did not commence trading until after the SoftBank Merger, the graph below reflects the cumulative total shareholder return on the Series 1 common stock of Sprint Communications, Inc., our predecessor, through July 10, 2013 and, thereafter, reflects the total shareholder return on the common stock of Sprint Corporation. The graph assumes an initial investment of \$100 on December 31, 2008 and, if any, the reinvestment of all dividends.

Value of \$100 Invested on December 31, 2008

	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	3/31/2014
Sprint Corporation	\$ 100.00	\$ 200.00	\$ 231.15	\$ 127.87	\$ 309.84	\$ 587.43	\$ 502.19
S&P 500 Index	\$ 100.00	\$ 126.46	\$ 145.51	\$ 148.59	\$ 172.37	\$ 228.19	\$ 232.32
Dow Jones U.S. Telecom Index	\$ 100.00	\$ 109.85	\$ 129.35	\$ 134.48	\$ 159.75	\$ 182.32	\$ 182.97

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Item 6. Selected Financial Data

The Company's financial statement presentations distinguish between the predecessor period (Predecessor) relating to Sprint Communications (formerly known as Sprint Nextel Corporation) for periods prior to the SoftBank Merger and the successor period (Successor) relating to Sprint Corporation, formerly known as Starburst II, for periods subsequent to the incorporation of Starburst II on October 5, 2012. The Successor financial information includes the activity and accounts of Sprint Corporation as of and for the three-month transition period ended March 31, 2014 and the year ended December 31, 2013, which includes the activity and accounts of Sprint Communications, inclusive of the consolidation of Clearwire Corporation, prospectively following completion of the SoftBank Merger, beginning on July 11, 2013. The accounts and operating activity for the Successor periods from October 5, 2012 (date of inception) to December 31, 2012, the three-month period ended March 31, 2013 and from January 1, 2013 to July 10, 2013 consist solely of the activity of Starburst II prior to the close of the SoftBank Merger, which primarily related to merger expenses that were incurred in connection with the SoftBank Merger (recognized in selling, general and administrative expense) and interest income related to the \$3.1 billion Bond issued to Starburst II by Sprint Nextel Corporation. The Predecessor financial information represents the historical basis of presentation for Sprint Communications for all periods prior to the SoftBank Merger. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional discussions on our trends and combined information. The selected financial data presented below is not comparable for all periods presented primarily as a result of transactions such as the SoftBank Merger and acquisitions of Clearwire and certain assets of U.S. Cellular in 2013 and the acquisitions of Virgin Mobile USA, Inc. (Virgin Mobile) and third-party affiliates in 2009. All acquired companies' results of operations subsequent to their acquisition dates are included in our consolidated financial statements. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional discussions on our trends and combined information.

	Successor		Predecessor		Years Ended December 31,					
	Three Months Ended March 31,	Years Ended December 31,	191 Days Ended July 10, 2013	Three Months Ended March 31,	Years Ended December 31,					
	2014	2013	2013	2012	2012	2011	2010	2009		
(in millions, except per share amounts)										
Results of Operations										
Net operating revenues	\$8,875	\$—	\$16,891	\$—	\$18,602	\$8,793	\$35,345	\$33,679	\$32,563	\$32,260
Depreciation	868	—	2,026	—	3,098					