

SPRINT Corp  
Form 10-Q  
November 06, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2013

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File number 1-04721

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SPRINT CORPORATION  
(Exact name of registrant as specified in its charter)

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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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

COMMON SHARES OUTSTANDING AT NOVEMBER 1, 2013:

Sprint Corporation Common Stock	3,932,164,011
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## PART I —FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

## SPRINT CORPORATION

## CONSOLIDATED BALANCE SHEETS

	Successor September 30, 2013 (in millions, except share and per share data)	December 31, 2012	Predecessor December 31, 2012
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$6,058	\$ 5	\$ 6,351
Restricted cash	3,050	—	—
Short-term investments	1,436	—	1,849
Accounts and notes receivable, net of allowance for doubtful accounts of \$95, \$0 and \$183	3,193	6	3,658
Device and accessory inventory	1,028	—	1,200
Deferred tax assets	167	—	1
Prepaid expenses and other current assets	498	—	700
Total current assets	15,430	11	13,759
Investments	137	3,104	1,053
Property, plant and equipment, net	15,312	—	13,607
Intangible assets			
Goodwill	6,819	—	359
FCC licenses and other	41,459	—	20,677
Definite-lived intangible assets, net	8,483	—	1,335
Other assets	337	—	780
Total assets	\$87,977	\$ 3,115	\$ 51,570
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$3,777	\$ —	\$ 3,487
Accrued expenses and other current liabilities	6,042	4	5,008
Current portion of long-term debt, financing and capital lease obligations	1,131	—	379
Total current liabilities	10,950	4	8,874
Long-term debt, financing and capital lease obligations	32,420	—	23,962
Deferred tax liabilities	14,263	1	7,047
Other liabilities	3,861	—	4,600
Total liabilities	61,494	5	44,483
Commitments and contingencies			
Stockholders' equity:			
Common stock (Successor), voting, par value \$0.01 per share, 9.0 billion authorized, 3.931 billion issued at September 30, 2013	39	—	—
Common stock (Predecessor), voting, par value \$2.00 per share, 6.5 billion authorized, 3.010 billion issued at December 31, 2012	—	—	6,019
Paid-in capital	27,289	3,137	47,016
Accumulated deficit	(849)	(27)	(44,815)
Accumulated other comprehensive income (loss)	4	—	(1,133)

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Total stockholders' equity	26,483	3,110	7,087
Total liabilities and stockholders' equity	\$87,977	\$ 3,115	\$ 51,570
See Notes to the Consolidated Financial Statements			

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## SPRINT CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Successor		Predecessor			
	Nine Months Ended September 30, 2013	Three Months Ended September 30, 2013	191 Days Ended July 10, 2013	10 Days Ended 2013	Nine Months Ended September 30, 2012	Three Months Ended September 30, 2012
	(in millions, except per share amounts)					
Net operating revenues	\$7,749	\$7,749	\$18,602	\$932	\$26,340	\$8,763
Net operating expenses:						
Cost of services and products (exclusive of depreciation and amortization included below)	4,342	4,342	10,545	567	15,189	5,093
Selling, general and administrative	2,295	2,259	5,067	289	7,208	2,391
Severance, exit costs and asset impairments	103	103	652	(5)	290	22
Depreciation	942	942	3,098	113	4,820	1,411
Amortization	461	461	147	8	230	77
Other, net	—	—	(22)	—	(282)	—
	8,143	8,107	19,487	972	27,455	8,994
Operating loss	(394)	(358)	(885)	(40)	(1,115)	(231)
Other (expense) income:						
Interest expense	(416)	(416)	(1,135)	(275)	(996)	(377)
Equity in losses of unconsolidated investments, net	—	—	(482)	(23)	(927)	(208)
Gain on previously-held equity interests	—	—	2,926	2,926	—	—
Other income, net	18	165	19	2	144	96
	(398)	(251)	1,328	2,630	(1,779)	(489)
(Loss) income before income taxes	(792)	(609)	443	2,590	(2,894)	(720)
Income tax expense	(30)	(90)	(1,601)	(1,508)	(110)	(47)
Net (loss) income	\$(822)	\$(699)	\$(1,158)	\$1,082	\$(3,004)	\$(767)
Basic net (loss) income per common share	\$(0.25)	\$(0.18)	\$(0.38)	\$0.35	\$(1.00)	\$(0.26)
Diluted net (loss) income per common share	\$(0.25)	\$(0.18)	\$(0.38)	\$0.30	\$(1.00)	\$(0.26)
Basic weighted average common shares outstanding	3,318	3,802	3,027	3,086	3,001	3,003
Diluted weighted average common shares outstanding	3,318	3,802	3,027	3,640	3,001	3,003
Other comprehensive (loss) income, net of tax:						
Net unrealized holding gains (losses) on securities and other	\$4	\$4	\$(12)	\$(47)	\$(5)	\$1
Net unrecognized net periodic pension and other postretirement benefits	—	—	35			