

SPRINT Corp
Form 10-Q
August 05, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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

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: (800) 829-0965
Starburst II, Inc.

11501 Outlook Street, 4th Floor, Overland Park, Kansas, 66211

(Former name, former address and former fiscal year, if changed since last report)

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 Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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 JULY 29, 2013:

Sprint Corporation Common Stock

3,927,408,000

EXPLANATORY NOTE

On July 10, 2013, SoftBank Corp., a kabushiki kaisha organized under the laws of Japan, and certain of its wholly-owned subsidiaries (together, “SoftBank”) completed the merger contemplated by the Merger Agreement (SoftBank Merger). As a result of the SoftBank Merger, SoftBank owns approximately 78% of the outstanding voting common stock of Sprint Corporation (formerly known as Starburst II, Inc. prior to the consummation of the SoftBank Merger), Sprint Corporation became the parent company of Sprint Nextel Corporation and Sprint Nextel Corporation changed its name to Sprint Communications, Inc. In connection with the consummation of the SoftBank Merger, Sprint Corporation has become the successor registrant to Sprint Nextel Corporation pursuant to Rule 12g-3 under the Securities Exchange Act of 1934 (Exchange Act) and has become the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the consummation of the SoftBank Merger.

Sprint Communications, Inc. (formerly known as Sprint Nextel Corporation) is no longer subject to the reporting requirements under the Exchange Act. However, in order to provide continuity of information to investors, Sprint Corporation is supplementally providing disclosures regarding Sprint Communications, Inc. pursuant to the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial statements and Item 303 of Regulation S-K for Management's discussion and analysis of financial condition and results of operations. The information contained in Appendix A is incorporated by reference and should be read in conjunction with this Sprint Corporation quarterly report on Form 10-Q for the quarter ended June 30, 2013.

SPRINT CORPORATION

(formerly known as Starburst II, Inc.)

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PART I — SPRINT CORPORATION FINANCIAL INFORMATION
(formerly known as Starburst II, Inc.)

Item 1. Financial Statements (Unaudited)

SPRINT CORPORATION
(formerly known as Starburst II, Inc.)
CONSOLIDATED BALANCE SHEETS

	June 30, 2013	December 31, 2012
	(in thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$11,461	\$5,000
Interest receivable	6,458	5,856
Other receivables	3,491	—
Other current assets	27	—
Total current assets	21,437	10,856
Investment	3,101,000	2,929,000
Derivative	—	175,000
Total assets	\$3,122,437	\$3,114,856
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accrued expenses and other current liabilities	\$12,121	\$1,096
Income taxes payable	—	1,906
Total current liabilities	12,121	3,002
Deferred tax liabilities	2,471	1,400
Total liabilities	14,592	4,402
Commitments and contingencies (Note 6)		
Stockholder's equity:		
Class A common stock, \$.01 par value, 1,000 shares authorized; none issued and outstanding at June 30, 2013 and December 31, 2012	—	—
Class B common stock, \$.01 par value, 25,000,000 shares authorized; 3,106,000 shares issued and outstanding at June 30, 2013 and December 31, 2012		31
Additional paid-in capital	3,160,619	3,136,619
Accumulated deficit	(149,906) (26,542
Accumulated other comprehensive income	97,101	346
Total stockholder's equity	3,107,845	3,110,454
Total liabilities and stockholder's equity	\$3,122,437	\$3,114,856
See Notes to the Consolidated Financial Statements		

SPRINT CORPORATION
(formerly known as Starburst II, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013	
	(in thousands)		
Operating expenses	\$(21,887)	\$(35,654)
Other income (expense):			
Interest income	13,716		27,400
Change in fair value of derivative	(167,000)	(175,000)
Loss before income tax benefit	(175,171)	(183,254)
Income tax benefit	61,088		59,890
Net loss	\$(114,083)	\$(123,364)
Other comprehensive income:			
Unrealized gain on available-for-sale investment, net of \$62,972 and \$63,345 of deferred tax expense for the three and six-months ended June 30, 2013, respectively	96,062		96,755
Comprehensive loss	\$(18,021)	\$(26,609)
See Notes to the Consolidated Financial Statements			

SPRINT CORPORATION
(formerly known as Starburst II, Inc.)
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2013 (in thousands)
Cash flows from operating activities	
Net loss	\$(123,364)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Expenses incurred by SoftBank for the benefit of the Company	24,000
Deferred income taxes	(62,274)
Accretion of convertible bond discount	(11,900)
Change in fair value of derivative	175,000
Changes in assets and liabilities:	
Interest receivable from Sprint Nextel Corporation	(602)
Other receivables	(3,491)
Other current assets	(27)
Accrued expenses and other current liabilities	11,025
Income taxes payable	(1,906)
Net cash provided by operating activities	6,461
Net increase in cash and cash equivalents	6,461
Cash and cash equivalents at beginning of period	5,000
Cash and cash equivalents at end of period	\$11,461
Supplemental schedule of noncash investing and financing activities:	
Starburst II increased additional paid-in capital by \$24 million for expenses incurred by SoftBank on behalf and for the benefit of the Company.	
See Notes to the Consolidated Financial Statements	

SPRINT CORPORATION

(formerly known as Starburst II, Inc.)

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

(in thousands)

	Class A common stock		Class B common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholder's equity
	Shares	Par value	Shares	Par value				
Balances at December 31, 2012	—	\$ —	3,106	\$ 31	\$ 3,136,619	\$ (26,542)	\$ 346	\$3,110,454
Expenses incurred by SoftBank for the benefit of the Company	—	—	—	—	24,000	—	—	24,000
Net loss	—	—	—	—	—	(123,364)	—	(123,364)
Other comprehensive income, net of tax	—	—	—	—	—	—	96,755	96,755
Balances at June 30, 2013	—	\$ —	3,106	\$ 31	\$ 3,160,619	\$ (149,906)	\$ 97,101	\$3,107,845

See Notes to the Consolidated Financial Statements

SPRINT CORPORATION

(formerly known as Starburst II, Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND BUSINESS OPERATIONS

Starburst II, Inc. (Starburst II) was incorporated in Delaware on October 5, 2012 and established by SoftBank Corp., (SoftBank), a kabushiki kaisha organized under the laws of Japan and headquartered in Tokyo, for purposes of (i) directly owning Starburst III, Inc. (Merger Sub), (ii) acquiring a controlling interest in Sprint Nextel Corporation (Sprint Nextel) and (iii) undertaking the actions and completing the transactions contemplated by the merger (SoftBank Merger) contemplated by the Agreement and Plan of Merger, dated as of October 15, 2012, as amended as of November 29, 2012, April 12, 2013 and June 10, 2013 (as amended, the Merger Agreement) and the Bond Purchase Agreement (Bond Agreement), each as more fully described below. Starburst II means Starburst II and its consolidated subsidiary prior to the consummation of the SoftBank Merger. Starburst II was renamed Sprint Corporation following the consummation of the SoftBank Merger on July 10, 2013 as further described in Note 7, Subsequent Events. Sprint Corporation has also become the successor registrant to Sprint Nextel Corporation pursuant to Rule 12g-3 under the Securities Exchange Act of 1934 (Exchange Act) and has become the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the consummation of the SoftBank Merger. Any references to "we," "us," "our" or the "Company" refer to Sprint Corporation, the successor registrant to Sprint Nextel Corporation. These defined terms are only applicable to this Form 10-Q and not the appendix attached hereto.

Starburst I, Inc. (HoldCo) is a wholly owned subsidiary of SoftBank. Prior to completion of the SoftBank Merger, Starburst II was a wholly owned subsidiary of HoldCo and Merger Sub was a wholly owned subsidiary of Starburst II. On July 10, 2013, pursuant to the Bond Agreement and Merger Agreement, Merger Sub merged with and into Sprint Nextel, with Sprint Nextel surviving the SoftBank Merger as a wholly owned subsidiary of Starburst II. Upon consummation of the SoftBank Merger, Starburst II amended and restated its certificate of incorporation, which changed its name to Sprint Corporation and authorized for issuance 9,000,000,000 shares of \$0.01 par value per share voting common stock (Sprint Corporation Common Stock), 1,000,000,000 shares of non-voting common stock and 20,000,000 shares of preferred stock. All shares of Starburst II Class B common stock held by HoldCo were reclassified into Sprint Corporation Common Stock. See Note 7, Subsequent Events, for additional details on the consummation of the SoftBank Merger.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying unaudited consolidated financial statements include the accounts of Starburst II and Merger Sub, its wholly owned subsidiary, and have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. All intercompany accounts and transactions have been eliminated in consolidation and all normal recurring adjustments considered necessary for a fair presentation have been included. Certain disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been omitted. In connection with the SoftBank Merger, Sprint Corporation is considered the successor registrant to Sprint Nextel Corporation, which was renamed Sprint Communications, Inc. following the consummation of the SoftBank Merger. Sprint Corporation is deemed the successor to Sprint Nextel Corporation as the registrant and will be subject to the reporting requirements of the Exchange Act for all future SEC filings. These unaudited consolidated financial statements should be read in conjunction with the June 30, 2013 unaudited consolidated financial statements of Sprint Nextel Corporation included as Appendix A to this Form 10-Q and incorporated herein by reference. Use of Estimates — The preparation of the unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the reported amount of income and expense during the reporting period. Significant estimates include valuation of the Bond, as defined below, and the related embedded derivative.

Cash and cash equivalents — Cash equivalents generally include all demand deposit accounts and highly liquid investments with maturities at the time of purchase of three months or less. At times, bank deposits may be in excess of federally insured limits.

Investment and derivative — In connection with the Merger Agreement, Starburst II entered into the Bond Agreement, as amended on June 10, 2013, with Sprint Nextel pursuant to which Starburst II purchased from Sprint Nextel a convertible bond (Bond) in the principal amount of \$3.1 billion at par. The Bond was converted, subject to the provisions of the Bond Agreement, into an aggregate of 590,476,190 shares of Series 1 Sprint Nextel Corporation common Stock (Sprint Nextel Common Stock) at consummation of the SoftBank Merger on July 10, 2013. Interest on the Bond was due and payable in cash semi-annually in arrears on April 15 and October 15, beginning on April 15, 2013 through July 9, 2013, the day preceding the close and conversion of the Bond. On July 10, 2013, pursuant to the Bond Agreement, Starburst II received the final interest payment for the period from April 15, 2013 through and including July 9, 2013 in connection with the conversion of the Bond and consummation of the SoftBank Merger as further described in Note 7, Subsequent Events. Cash interest received totaled \$14.9 million during the six-month period ended June 30, 2013.

The Bond was a hybrid instrument consisting of an embedded derivative and the host contract. The economic characteristics and risks of the embedded derivative were not clearly and closely related to the economic characteristics and risks of the host contract. No fair value election was made with respect to the hybrid instrument in its entirety. Rather, the embedded derivative was bifurcated and reported at fair value with changes in fair value recognized in earnings (loss).

The host contract represented an available-for-sale investment and is carried at its estimated fair value. Unrealized gains and losses related to the host contract were recorded within accumulated other comprehensive income.

Fair Value of Financial Instruments — Current authoritative accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and requires disclosure regarding fair value measurements.

Cash, cash equivalents, interest receivable, other receivables, accrued expenses and other current liabilities are reflected in the unaudited consolidated financial statements at book value, which approximates fair value because of the short-term nature of these instruments.

The fair value of financial assets and liabilities are determined based on the fair value hierarchy established by authoritative guidance, which prioritizes the inputs to valuation techniques used to measure fair value for assets and liabilities into the following categories:

Quoted prices in active markets for identical assets or liabilities;

Observable market based inputs or unobservable inputs that are corroborated by market data; and

Unobservable inputs that are not corroborated by market data including management's estimate of assumptions that market participants would use in pricing the financial asset or liability.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Assessing the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Concentration of Credit Risk — Potential concentrations of credit risk from financial instruments consisted of cash, cash equivalents and the Bond at June 30, 2013.

New Accounting Pronouncements — In February 2013, the Financial Accounting Standards Board (FASB) issued authoritative guidance regarding Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which amends existing guidance and requires, in a single location, the presentation of the effects of certain significant amounts reclassified from each component of accumulated other

comprehensive income based on its source and Statement of Comprehensive Loss line items affected by the reclassification. The guidance was effective beginning in the first quarter 2013 and did not have a material effect on the unaudited consolidated financial statements as there were no amounts reclassified out of accumulated other comprehensive income during the period presented.

NOTE 3. FAIR VALUE MEASUREMENT

The carrying value and estimated fair value of cash equivalents, which consist of short-term money market funds, are classified in the quoted prices in active markets category of the fair value hierarchy. There were no transfers between the fair value categories during the six months ended June 30, 2013.

Management is responsible for determining appropriate valuation policies and procedures for fair value measurements based on unobservable inputs not corroborated by market data. Fair value calculations are generally prepared by third-party valuation experts who rely on assumptions and estimates provided by management, such as the development and determination of relevant unobservable inputs. Through regular interaction with the third-party valuation experts, management determines the valuation techniques used and inputs and outputs of the valuation models. Changes in these fair value measurements are analyzed each calendar quarter based on changes in estimates or assumptions and recorded as appropriate.

The estimated fair values of the host contract and embedded derivative are calculated by third-party valuation experts and determined under the income approach using relevant model-driven valuation techniques including discounted cash flow and binomial lattice models. This approach requires the use of significant inputs from observable market data as well as unobservable inputs supported by little or no market data, including various assumptions that management believes market participants would use in pricing the Bond. The significant observable and unobservable inputs used to value the host contract and the embedded derivative include Sprint Nextel's stock price, volatility, credit spread and certain other assumptions specifically related to the SoftBank Merger. On June 25, 2013, the Merger Agreement received approval from Sprint Nextel stockholders. No value was ascribed to the embedded derivative as of June 30, 2013 based principally on the probability of a successful SoftBank Merger outcome. On July 10, 2013, the Bond was converted into shares of Sprint Nextel Common Stock in connection with the consummation of the SoftBank Merger as further described in Note 7, Subsequent Events.

The following table summarizes, for assets measured at fair value, the respective fair value and the classification within the fair value hierarchy (in thousands):

	Carrying Value at June 30, 2013	Estimated Fair Value Using Input Type		
		Quoted Prices in Active Markets	Observable	Unobservable
Assets:				
Cash equivalents	\$11,461	\$11,461	\$—	\$—
Investment	3,101,000	—	—	3,101,000
Total assets measured at fair value	\$3,112,461	\$11,461	\$—	\$3,101,000

	Carrying Value at December 31, 2012	Estimated Fair Value Using Input Type		
		Quoted Prices in Active Markets	Observable	Unobservable
Assets:				
Cash equivalents	\$5,000	\$5,000	\$—	\$—
Investment	2,929,000	—	—	2,929,000
Derivative	175,000	—	—	175,000
Total assets measured at fair value	\$3,109,000	\$5,000	\$—	\$3,104,000

The following is a reconciliation of the estimated fair value of the Investment and Derivative for the six months ended June 30, 2013 (in thousands):

	Balances as of December 31, 2012	Net Purchases	Net Sales	Accretion of Bond Discount Recognized as Interest Income	Change in Value of Derivative	Appreciation Recognized through OCI	Transfers In (Out)	Balances as of June 30, 2013
Investment	\$ 2,929,000	\$—	\$—	\$ 11,900	\$—	\$ 160,100	\$—	\$3,101,000
Derivative	175,000	—	—	—	(175,000)	—	—	—
Total	\$ 3,104,000	\$—	\$—	\$ 11,900	\$(175,000)	\$ 160,100	\$—	\$3,101,000

NOTE 4. STOCKHOLDER'S EQUITY

Starburst II was authorized to issue up to 1,000 shares of Class A common stock and 25,000,000 shares of Class B common stock (collectively "Starburst II Common Stock"). The Class A and Class B common stock generally had the same economic and voting rights. Holders of Starburst II Common Stock were entitled to one vote for each share of Starburst II Common Stock held. On July 10, 2013, Starburst II amended and restated its certificate of incorporation in connection with the closing of the SoftBank Merger which authorized for issuance 9,000,000,000 shares of Sprint Corporation Common Stock, in addition to 1,000,000,000 shares of non-voting common stock and 20,000,000 shares of preferred stock. Holders of Sprint Corporation Common Stock are also entitled to one vote per share held.

NOTE 5. INCOME TAXES

The effective tax rate of 33% for the six months ended June 30, 2013 differs from the U.S. federal statutory income tax rate of 35% primarily due to certain permanently non-deductible expenses incurred during the period.

Deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their tax bases that will result in future taxable or deductible amounts. For acquisition-related costs incurred prior to the SoftBank Merger that are not immediately deductible for tax purposes, management has elected to record deferred tax assets, and a related valuation allowance, as appropriate, at the time the expenses are recognized after considering the likelihood the SoftBank Merger will be consummated and the expected structure of the SoftBank Merger. Cash paid for income taxes was \$4.3 million during the six-month period ended June 30, 2013.

Deferred income tax assets and liabilities are measured based on enacted tax laws and rates applicable to the periods in which the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount management believes is more likely than not to be realized.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Pursuant to the Merger Agreement, Starburst II issued a warrant (Warrant) to HoldCo to purchase up to 54,579,924 fully paid and nonassessable shares of Sprint Corporation Common Stock (subject to anti-dilution adjustments), at the exercise price of \$5.25 per share (subject to anti-dilution adjustments) in conjunction with the closing of the SoftBank Merger on July 10, 2013. The Warrant is exercisable at the option of HoldCo, in whole or in part, at any time after the issuance of the Warrant until the fifth anniversary of the issuance date.

Starburst II pledged a security interest in and continuing lien on substantially all of its assets as a guarantor to the SoftBank bridge financing in December 2012 pursuant to which the lenders agreed to provide SoftBank secured short-term debt financing under two facilities with a maturity date of December 17, 2013 for the purpose of consummating the SoftBank Merger. Starburst II was released of its obligations as guarantor in connection with the execution of certain amendments to the SoftBank bridge financing in June 2013.

In connection with the SoftBank Merger, certain suits, inquiries, proceedings or claims, either asserted or unasserted, including purported class actions typical to business combination transactions are possible or pending against the Company. The Company intends to defend the pending cases vigorously, and, because these cases are still in the preliminary stages, has not yet determined what effect the lawsuits will have, if any, on its financial position, results of operations or cash flows. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with the Company's beliefs, the Company expects that the outcome of such proceedings, individually or in the aggregate, will not have a material effect on the Company's financial position, results of operations or cash flows.

NOTE 7. SUBSEQUENT EVENTS

As of July 2013, all conditions to closing the SoftBank Merger were completed, and the SoftBank Merger was consummated on July 10, 2013. In accordance with the terms of the Merger Agreement, SoftBank caused HoldCo to contribute \$18.5 billion in cash to Starburst II on the closing date, of which \$1.9 billion remained in the cash balance of Sprint Corporation at closing. The cash contributed by HoldCo at closing was in addition to the equity contribution in October 2012 in the amount of \$3.1 billion made by HoldCo in connection with Starburst II's purchase of the Bond. The Bond was converted into shares of Sprint Nextel Common Stock prior to the consummation of the SoftBank Merger pursuant to the terms of the Bond Agreement.

Based on elections from holders of Sprint Nextel Common Stock received and the resulting effects of proration pursuant to the terms of the Merger Agreement, each share of Sprint Nextel Common Stock for which a stock election was made was converted into the right to receive one share of Sprint Corporation Common Stock, and each share of Sprint Nextel Common Stock for which a cash election or no election was made was converted into the right to receive a combination of cash and a fraction of a share of Sprint Corporation Common Stock. As a result of, and contemporaneously with, the completion of the SoftBank Merger, SoftBank owned approximately 78% of the outstanding voting common stock of Sprint Corporation on a fully diluted basis indirectly through HoldCo with Sprint Nextel stockholders owning the remaining 22%. The SoftBank Merger consideration totaled approximately \$22.3 billion consisting of cash consideration of \$16.6 billion, the estimated fair value of the 22% interest in Sprint Corporation, based on the closing share price on July 11, 2013, of \$5.3 billion, and equity awards of approximately \$400 million. The SoftBank Merger will be accounted for as a business combination with Sprint Corporation as the acquirer and Sprint Nextel Corporation as the acquiree. On July 9, 2013, Sprint completed the acquisition of all of the remaining equity interest in Clearwire Corporation (Clearwire) that Sprint did not previously own for cash consideration of approximately \$3.7 billion. The SoftBank Merger consideration will be allocated to assets acquired and liabilities assumed, inclusive of amounts related to Sprint Nextel's acquisition of Clearwire Corporation on July 9, 2013. The allocation of consideration paid will be based on management's judgment after evaluating several factors, including a preliminary valuation as of the date of the acquisition which is not yet complete, thus pro forma financial data reflective of that valuation is not yet available.

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

EXPLANATORY NOTE

On July 10, 2013, SoftBank Corp., a kabushiki kaisha organized under the laws of Japan, and certain of its wholly-owned subsidiaries (together, "SoftBank") completed the merger (SoftBank Merger) contemplated by the Agreement and Plan of Merger dated as of October 15, 2012, as amended as of November 29, 2012, April 12, 2013 and June 10, 2013 (as amended, the Merger Agreement) and the Bond Purchase Agreement (Bond Agreement). As a result of the SoftBank Merger, SoftBank owns approximately 78% of the outstanding voting common stock of Sprint Corporation (formerly known as Starburst II, Inc. prior to the consummation of the SoftBank Merger) Sprint Corporation became the parent company of Sprint Nextel Corporation and Sprint Nextel Corporation changed its name to Sprint Communications, Inc. In connection with the consummation of the SoftBank Merger, Sprint Corporation has become the successor registrant to Sprint Nextel Corporation pursuant to Rule 12g-3 under the Securities Exchange Act of 1934 (Exchange Act) and has become the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the consummation of the SoftBank Merger.

Sprint Communications, Inc. (formerly known as Sprint Nextel Corporation) is no longer subject to the reporting requirements under the Exchange Act. However, in order to provide continuity of information to investors, Sprint Corporation is supplementally providing disclosure regarding Sprint Communications, Inc. pursuant to the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial statements and Item 303 of Regulation S-K for Management's discussion and analysis of financial condition and results of operations. The information contained in Exhibit 99 should be read in conjunction with this Sprint Corporation quarterly report on Form 10-Q for the quarter ended June 30, 2013.

Overview — Starburst II was established by SoftBank on October 5, 2012 for the purpose of (i) directly owning Starburst III, Inc. (Merger Sub), (ii) acquiring a controlling interest in Sprint Nextel and (ii) undertaking the actions and completing the transactions contemplated by the SoftBank Merger. As of July 2013, all conditions to closing the SoftBank Merger were completed and the SoftBank Merger was consummated on July 10, 2013 (Merger Date). In accordance with the terms of the Merger Agreement, SoftBank caused Starburst I, Inc. (HoldCo) to contribute \$18.5 billion in cash to Starburst II on the Merger Date, of which \$1.9 billion remained in the cash balance of Sprint Corporation at closing. The cash contributed by HoldCo at closing was in addition to the equity contribution in October 2012 in the amount of \$3.1 billion made by HoldCo in connection with Starburst II's purchase of the convertible bond (Bond). The Bond was converted into shares of Sprint Nextel Common Stock prior to the consummation of the SoftBank Merger pursuant to the terms of the Bond Agreement.

Based on elections from holders of Sprint Nextel Common Stock received and the resulting effects of proration pursuant to the terms of the Merger Agreement, each share of Sprint Nextel Common Stock for which a stock election was made was converted into the right to receive one share of Sprint Corporation Common Stock, and each share of Sprint Nextel Common Stock for which a cash election or no election was made was converted into the right to receive a combination of cash and a fraction of a share of Sprint Corporation Common Stock. As a result of and contemporaneously with the completion of the SoftBank Merger, SoftBank owned approximately 78% of the outstanding voting common stock of Sprint Corporation on a fully diluted basis indirectly through HoldCo with Sprint Corporation stockholders owning the remaining 22%. The SoftBank Merger consideration totaled approximately \$22.3 billion consisting of cash consideration of \$16.6 billion, the estimated fair value of the 22% interest in Sprint Corporation, based on the closing share price on July 11, 2013, of \$5.3 billion, and equity awards of approximately \$400 million.

Results of Operations — Prior to the SoftBank Merger, Starburst II had not conducted or engaged in any activities or transactions other than those incident to their formation and the matters contemplated by the SoftBank Merger. For the three and six-month periods ended June 30, 2013, Starburst II recognized interest income of approximately \$13.7 million and \$27.4 million, respectively, all of which related to the Bond. In addition to SoftBank Merger-related operating expenses incurred directly by Starburst II of approximately \$6.9 million and \$11.7 million for the three and six-month periods ended June 30, 2013, respectively. Starburst II also recognized SoftBank Merger-related operating expenses during the respective periods of \$15.0 million and \$24.0 million, with a corresponding \$15.0 million and \$24.0 million increase to additional paid-in capital for expenses incurred by

SoftBank on behalf and for the benefit of Starburst II. Included in net loss for the three and six-month periods ended June 30, 2013, was a charge of \$167.0 million and \$175.0 million, respectively for the change in the estimated fair value of the embedded derivative related to the Bond. Starburst II reported a net loss of \$114.1 million after adjusting for the income tax benefit of \$61.1 million and a net loss of \$123.4 million after adjusting for the income tax benefit of \$59.9 million for the three and six-month periods ended June 30, 2013, respectively. There were no results for the comparative three and six-month periods ended June 30, 2012 as Starburst II had not been formed.

Liquidity and Capital Resources — Since the formation of Starburst II on October 5, 2012 and through June 30, 2013, SoftBank (through HoldCo) capitalized Starburst II with \$3.1 billion of cash which was used principally to purchase the Bond as contemplated by the SoftBank Transactions. Under the terms of the Merger Agreement, SoftBank (through HoldCo) funded Starburst II with additional capital of approximately \$18.5 billion at the effective time of the SoftBank Merger, of which approximately \$16.6 billion was distributed to Sprint Nextel stockholders as SoftBank Merger consideration with the remaining \$1.9 billion held in the cash balances of Sprint Corporation following closing of the SoftBank Merger.

Cash requirements prior to consummation of the SoftBank Merger were limited to certain general and SoftBank Merger-related operating expenses for which Starburst II funded principally using proceeds received from the Bond interest payments. Additionally, subsequent to June 30, 2013 and through the Merger Date, certain SoftBank Merger-related expenses continued to be incurred and directly funded by SoftBank on behalf and for the benefit of Starburst II. Such expenses were recognized as operating expenses of Starburst II with a corresponding increase to additional paid-in capital.

Off-Balance Sheet Arrangements — Starburst II has not entered into any off-balance sheet financing arrangements; however, Starburst II pledged a security interest in and continuing lien on substantially all of its assets as a guarantor to the SoftBank bridge financing in December 2012 pursuant to which the lenders agreed to provide SoftBank secured short-term debt financing under two facilities with a maturity date of December 17, 2013 for the purpose of consummating the SoftBank Transactions. Starburst II was released of its obligations as guarantor in connection with the execution of certain amendments to the SoftBank bridge financing in June 2013.

Future Contractual Obligations — Starburst II has no long-term debt, capital lease obligations, purchase obligations or other long-term liabilities. Starburst II has no operating lease obligations except for Starburst II's obligation under a license agreement with an affiliate of Sprint Nextel for certain office space in Overland Park, Kansas for an aggregate amount of approximately \$161,000 during the initial term of the agreement ending in September 2013.

Critical Accounting Policies and Estimates — Accounting policies applied are those that management believes best reflected the underlying business and economic events, consistent with accounting principles generally accepted in the United States. Inherent in such policies were certain key assumptions and estimates made by management.

Management periodically updated its estimates used in the preparation of the consolidated financial statements based on its latest assessment of the current and projected business and general economic environment.

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

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

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

- our ability to retain and attract subscribers; and to manage credit risks associated with our subscribers;
- the ability of our competitors to offer products and services at lower prices due to lower cost structures;

our ability to operationalize the anticipated benefits from the SoftBank Merger and the acquisition of Clearwire Corporation (Clearwire);

our ability to fully integrate the operations of Clearwire and utilize its spectrum;

the effects of vigorous competition on a highly penetrated market, including the impact of competition on the price we are able to charge subscribers for services and equipment we provide and on the geographic areas served by the Company's wireless networks;

the impact of equipment net subsidy costs; the impact of increased purchase commitments; the overall demand for our service offerings, including the impact of decisions of new or existing subscribers between our postpaid and prepaid service offerings and between our two network platforms; and the impact of new, emerging and competing technologies on our business;

our ability to provide the desired mix of integrated services to our subscribers;

the ability to generate sufficient cash flow to fully implement our network modernization plan, Network Vision, to improve and enhance our networks and service offerings, improve our operating margins, implement our business strategies and provide competitive new technologies;

the effective implementation of Network Vision, including timing, execution, technologies, costs, and performance of our network;

our ability to retain subscribers acquired during transactions and mitigate related increases in churn;

our ability to access additional spectrum capacity;

changes in available technology and the effects of such changes, including product substitutions and deployment costs;

our ability to obtain additional financing on terms acceptable to us, or at all;

volatility in the trading price of Sprint Corporation common stock, current economic conditions and our ability to access capital;

the impact of unrelated parties not meeting our business requirements, including a significant adverse change in the ability or willingness of such parties to provide devices or infrastructure equipment for our networks;

the costs and business risks associated with providing new services and entering new geographic markets;

the effects of mergers and consolidations and new entrants in the communications industry and unexpected announcements or developments from others in the communications industry;

unexpected results of litigation filed against us or our suppliers or vendors;

the impact of adverse network performance;

the costs or potential customer impacts of compliance with regulatory mandates including, but not limited to, compliance with the FCC's Report and Order to reconfigure the 800 MHz band and government regulation regarding "net neutrality" and conflict minerals;

equipment failure, natural disasters, terrorist acts or other breaches of network or information technology security;

one or more of the markets in which we compete being impacted by changes in political, economic or other factors such as monetary policy, legal and regulatory changes, or other external factors over which we have no control; and other risks referenced from time to time in this report and other filings of ours with the SEC, including in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2012 and in Part II, Item 1A "Risk Factors" of this Form 10-Q.

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

are not obligated to publicly release any revisions to forward-looking statements to reflect events after the date of this report, including unforeseen events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to the market risk associated with unfavorable movements in interest rates, foreign currencies, and equity prices. The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in those factors. There have been no material changes to our market risk policies or our market risk sensitive instruments and positions as described in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. Controls and Procedures

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

In connection with the preparation of this Form 10-Q as of June 30, 2013, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the disclosure controls and procedures were effective as of June 30, 2013 in providing reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure and in providing reasonable assurance that the information is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — SPRINT CORPORATION OTHER INFORMATION

(formerly known as Starburst II, Inc.)

EXPLANATORY NOTE

On July 10, 2013, SoftBank Corp., a kabushiki kaisha organized under the laws of Japan, and certain of its wholly-owned subsidiaries (together, “SoftBank”) completed the merger (SoftBank Merger) contemplated by the Agreement and Plan of Merger, dated as of October 15, 2012, as amended as of November 29, 2012, April 12, 2013 and June 10, 2013 (as amended, the Merger Agreement) and the Bond Purchase Agreement (Bond Agreement). As a result of the SoftBank Merger, SoftBank owns approximately 78% of the outstanding voting common stock of Sprint Corporation (formerly known as Starburst II, Inc. prior to the consummation of the SoftBank Merger), Sprint Corporation became the parent company of Sprint Nextel Corporation and Sprint Nextel Corporation changed its name to Sprint Communications, Inc. In connection with the consummation of the SoftBank Merger, Sprint Corporation has become the successor registrant to Sprint Nextel Corporation pursuant to Rule 12g-3 under the Securities Exchange Act of 1934 (Exchange Act) and has become the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the consummation of the SoftBank Merger.

Sprint Communications, Inc. (formerly known as Sprint Nextel Corporation) is no longer subject to the reporting requirements under the Exchange Act. However, in order to provide continuity of information to investors, Sprint Corporation is supplementally providing disclosures regarding Sprint Communications, Inc. pursuant to the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial statements and Item 303 of Regulation S-K for Management's discussion and analysis of financial condition and results of operations. The information contained in Appendix A should be read in conjunction with this Sprint Corporation quarterly report on Form 10-Q for the quarter ended June 30, 2013.

Item 1. Legal Proceedings

On January 6, 2011, the U.S. District Court for the District of Kansas denied the motion to dismiss a stockholder lawsuit, *Bennett v. Sprint Nextel Corp.*, that alleges that Sprint Nextel and three of its former officers violated Section 10(b) of the Securities Exchange Act of 1934 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 complaint was originally filed in March 2009 and is brought on behalf of alleged purchasers of Sprint Nextel stock from October 26, 2006 to February 27, 2008. The motion to certify the January 6, 2011 order for an interlocutory (or interim) appeal was denied, and discovery is continuing. The plaintiff moved to certify a class of bond holders as well as owners of common stock, and Sprint Nextel has opposed that motion. We believe the complaint is without merit and intend 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. Five related shareholder derivative suits were filed against Sprint Nextel 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 Sprint Nextel is in the discovery phase of the *Bennett* case. We do not expect the resolution of these matters to have a material adverse effect on our financial position or results of operations.

In addition, the Company has received several complaints purporting to assert claims on behalf of Sprint Nextel stockholders, alleging that members of the Sprint Nextel board of directors breached their fiduciary duties in agreeing to the SoftBank Merger, and otherwise challenging that transaction. There are five cases pending 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*

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. The plaintiffs in these cases filed an amended complaint and a motion for preliminary injunction on March 22, 2013. Plaintiffs filed a motion to certify the consolidated cases as a class action on March 29, 2013, and we have opposed that motion. 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). The Company intends to defend these cases vigorously, and, because these cases are still in the preliminary stages, has not yet determined what effect the lawsuits will have, if any, on its financial position or results of operations. On March 28, 2013, plaintiffs in the state actions filed a Consolidated Amended Petition under seal. On April 19, 2013, the federal court denied the Gerbino plaintiff's motion for expedited discovery and upheld the automatic stay of discovery under the federal securities laws. Following consolidation, the federal court granted in part motions to dismiss filed by defendants and entered an order staying all proceedings pending further action in the state court cases.

Sprint Nextel is also a defendant in several complaints filed by stockholders of Clearwire Corporation (Clearwire), asserting claims for breach of fiduciary duty by Sprint Nextel, and related claims and otherwise challenging the acquisition of Clearwire. There were five suits filed in Chancery Court in Delaware: Crest Financial Limited v. Sprint Nextel Corp., et al., filed on December 12, 2012; Katsman v. Prusch, et al., filed December 20, 2012; Feigeles, et al. v. Clearwire Corp., et al., filed December 28, 2012; and Litwin, et al. v. Sprint Nextel Corp., et al., filed January 2, 2013; and ACP Master, LTD, et al. v. Sprint Nextel Corp., et al., filed April 26, 2013. The Crest Financial suit was dismissed without prejudice by the plaintiff voluntarily on June 28, 2013. There is one case filed in state court in King County, Washington, in which Sprint Nextel is a party, and that case and two other cases in which neither Sprint Nextel nor the Company is a party have been stayed in favor of the Delaware proceedings: Rowe, et al. v. Clearwire Corp., et al., filed December 31, 2012; and Millen, et al. v. Clearwire Corp. et al., and Kuhnle, et al. v. Clearwire Corp., et al., both filed on December 20, 2012. The Company intends to defend these cases vigorously, and, because these cases are still in the preliminary stages, has not yet determined what effect the lawsuits will have, if any, on its 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 or our subsidiaries. If our interpretation of certain laws or regulations, including those related to various federal or state matters such as sales, use or property taxes, or other charges were found to be mistaken, it could result in payments by us. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with our beliefs, we expect that the outcome of such proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position or results of operations. During the quarter ended June 30, 2013, there were no material developments in the status of these legal proceedings.

Item 1A. Risk Factors

Please refer to Part I, Item 1A, "Risk Factors," in the Sprint Nextel Annual Report on Form 10-K for the year ended December 31, 2012 for information regarding known material risks that could affect our results of operations, financial condition and liquidity. In addition to those known material risks, in connection with and as a result of the completion of the recent transactions, we are subject to the following known material risks:

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

As a result of the SoftBank Merger, as of July 10, 2013, SoftBank beneficially owns approximately 78% of the Company's outstanding stock, on a fully diluted basis. 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 outstanding common stock of the Company 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. However, 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 directors qualify as "Independent Directors," as such term is defined in the New York Stock Exchange (NYSE) listing rules, our National Security Agreement, and applicable law. 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. 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 do not view as beneficial. As a result, the market price of our common stock could be adversely affected. In addition, the existence of a controlling stockholder of the Company 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.

Subject to limitations in our certificate of incorporation that limit SoftBank's ability to engage in a certain competing businesses in the United States 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.

Holders of our common stock may experience economic and voting dilution as a result of future issuances of capital stock.

The Company's certificate of incorporation authorizes the issuance of up to 9,000,000,000 shares of voting common stock and 1,000,000,000 shares of non-voting common stock. While we have no current plans to issue any of these shares, except in connection with the warrant issued in connection with the SoftBank Merger, employee benefit plans or other compensation arrangements, the issuance of shares of voting common stock would result in economic and voting dilution to all stockholders, and the issuance of shares of non-voting common stock would result in economic dilution to all stockholders. For example, we may use shares of our voting or non-voting common stock from time to time as consideration in connection with the acquisition of other companies, and we may grant or sell, or grant equity awards to acquire, shares of our voting or non-voting common stock (or instruments convertible into Sprint's non-voting common stock) to third parties, including members of our management or our directors.

Any inability to resolve favorably any disputes that may arise between the Company and SoftBank may result in a reduction in the value of Sprint's common stock.

Disputes may arise between SoftBank 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 the Company;
- the nature, quality and pricing of services SoftBank may agree to provide to the Company;
- arrangements with third parties that are exclusionary to SoftBank or the Company; and
- business opportunities that may be attractive to both SoftBank 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 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.

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.

We are a "controlled company" within the meaning of the NYSE listing 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."

As of July 10, 2013, SoftBank owned more than 50% of the total voting power of our common shares and, as a result, we are 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;
- 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 will 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 Committee of Foreign Investment in the United States (CFIUS) approval, CFIUS required that SoftBank and Sprint Nextel enter into a National Security Agreement, under which SoftBank and Sprint have agreed to implement certain measures to protect national security, certain of which may materially and adversely affect Sprint's operating results, due to increasing the cost of compliance with security measures, and limiting Sprint's control over certain U.S. facilities, contracts, personnel, vendor selection and operations.

Our ability to pay dividends depends on Sprint Communications' Inc.'s (Sprint Communications) performance and may be limited or otherwise restricted.

As of July 10, 2013, Sprint Communications is a wholly owned subsidiary of the Company, and our principal asset consists of the shares of Sprint Communications common stock. We currently do not intend to pay dividends, but should we wish to do so in the future, our ability to pay dividends is limited by Sprint Corporation's status as a holding company and depends on Sprint Communications's financial performance and its ability to pay dividends or otherwise make distributions to Sprint. In addition, under Delaware law, we are permitted to pay cash dividends on our capital stock only out of its surplus, which generally means the excess of its net assets over the aggregate par value of its issued stock. In the event we have no surplus, we are permitted to pay cash dividends out of our net profits for the year in which the dividend is declared or in the immediately preceding year. The payment of dividends on Sprint's common stock is at the discretion of Sprint's board of directors and depends on many factors, including Sprint Communications results of operations, financial condition, earnings, capital requirements, limitations under its debt agreements and other legal requirements.

Sprint Corporation common stock may trade at lower volumes and have reduced liquidity.

Sprint Corporation common stock may trade at lower volumes and have reduced liquidity than prior to the consummation of the SoftBank Merger because (a) the aggregate value of the publicly held Sprint Corporation common stock is substantially less than the aggregate value of the publicly held Sprint Nextel common stock outstanding immediately prior to the SoftBank Merger (as a result of the payment of the cash component of the merger consideration), and (b) all of the publicly held Sprint Corporation common stock are minority shares of a company controlled by SoftBank, which owns approximately 78% of the fully diluted equity of the Company following the effective time of the SoftBank Merger. In addition, other than our certificate of incorporation which provides that if the combined voting interest of Softbank and its controlled affiliates in Sprint exceeds 85%, then Softbank or a controlled affiliate will make an offer to acquire all the remaining shares of Sprint Corporation common stock at a price not less than the volume-weighted average closing price of Sprint Corporation common stock for the 20 consecutive trading days immediately preceding such offer, subject to applicable law, Softbank is generally not restricted from acquiring additional shares of Sprint Corporation common stock. See “—As long as SoftBank controls the Company, other holders of the Company's common stock will have limited ability to influence matters requiring stockholder approval and SoftBank's interest may conflict with yours.”

We may not realize the anticipated benefits of the acquisition of Clearwire .

The benefits that are expected to result from the acquisition of Clearwire, will depend, in part, on our ability to realize the anticipated growth opportunities and cost synergies as a result of the transaction.

Our ability to realize the growth opportunities and cost synergies from the Clearwire transaction depends on the successful integration of Clearwire. There is a significant degree of difficulty and management distraction inherent in the process of integrating an acquisition as sizable as Clearwire. The process of integrating operations, including spectrum, could cause an interruption of, or loss of momentum in, the activities of Clearwire and the Company. Members of our management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our company, service existing customers, attract new customers, and develop new strategies. If management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer. There can be no assurance that we will successfully or cost-effectively integrate Clearwire and its spectrum. The failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

Even if we are able to integrate Clearwire successfully, this integration may not result in the realization of the full benefits of the growth opportunities and cost synergies that we currently expect from this integration, and we cannot guarantee that these benefits will be achieved within anticipated time frames or at all. For example, we may not be able to eliminate duplicative costs. Moreover, we may incur substantial expenses in connection with the integration of Clearwire. While it is anticipated that certain expenses will be incurred to achieve cost synergies, such expenses are difficult to estimate accurately, and may exceed current estimates. Accordingly, the benefits from the acquisition of Clearwire may be offset by costs incurred to, or delays in, integrating the businesses and assets.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

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

SIGNATURE

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

SPRINT CORPORATION

(Registrant)

/s/ Ryan H. Siurek
Ryan H. Siurek
Vice President and Controller
(Principal Accounting Officer)

Dated: August 2, 2013

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Exhibit Index

Exhibit No.	Exhibit Description	Form	Incorporated by Reference		Filed/Furnished Herewith
			SEC File No.	Exhibit Filing Date	
(2) Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession					
2.1**	Agreement and Plan of Merger, dated as of October 15, 2012, by and among Sprint Nextel Corporation, SOFTBANK CORP., Starburst I, Inc., Starburst II, Inc. and Starburst III, Inc.	8-K	001-04721	2.1	10/15/2012
2.2	First Amendment to Agreement and Plan of Merger, dated November 29, 2012, by and among Sprint Nextel Corporation, SOFTBANK CORP., Starburst I, Inc., Starburst II, Inc. and Starburst III, Inc.	10-Q	001-04721	2.5	5/6/2013
2.3	Second Amendment to Agreement and Plan of Merger, dated April 12, 2013, by and among Sprint Nextel Corporation, SOFTBANK CORP., Starburst I, Inc., Starburst II, Inc. and Starburst III, Inc.	10-Q	001-04721	2.6	5/6/2013
2.3**	Third Amendment to Agreement and Plan of Merger, dated June 10, 2013, by and among Sprint Nextel Corporation, SOFTBANK CORP., Starburst I, Inc., Starburst II, Inc. and Starburst III, Inc.	8-K	001-04721	2.1	6/11/2013
2.4**	Agreement and Plan of Merger, dated as of December 17, 2012, by and among Sprint Nextel Corporation, Collie Acquisition Corp. and Clearwire Corporation.	8-K	001-04721	2.1	12/18/2012
2.5**	Second Amendment to Plan of Merger, dated May 21, 2013, by and among Sprint Nextel Corporation, Collie Acquisition Corp. and Clearwire Corporation	8-K	001-04721	2.1	5/22/2013
2.6**	Third Amendment to Plan of Merger, dated June 20, 2013, by and among Sprint Nextel Corporation, Collie Acquisition Corp. and Clearwire Corporation	8-K	001-04721	2.1	6/21/2013
(3) Articles of Incorporation and Bylaws					
3.1	Amended and Restated Certificate of Incorporation	8-K	001-04721	3.1	7/11/2013

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3.2	Amended and Restated Bylaws	8-K	001-04721	3.2	7/11/2013
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(10) Material Contracts

10.1	Form of Indemnification Agreement to be entered into by and between Sprint Corporation and certain of its directors	8-K	001-04721	10.1	7/11/2013
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10.2	Form of Indemnification Agreement to be entered into by and between Sprint Corporation and certain of its officers	8-K	001-04721	10.2	7/11/2013
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10.3	Form of Indemnification Agreement to be entered into by and between Sprint Corporation and certain individuals who serve as both a director and officer of Sprint Corporation	8-K	001-04721	10.3	7/11/2013
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Exhibit No.	Exhibit Description	Form	Incorporated by Reference		Filed/Furnished Herewith
			SEC File No.	Exhibit Filing Date	
10.5	Warrant Agreement for Sprint Corporation Common Stock, dated as of July 10, 2013	8-K	001-04721	10.6 7/11/2013	
(12) Statement re Computation of Ratios					
12	Computation of Ratio of Earnings to Fixed Charges				*
(31) and (32) Officer Certifications					
31.1	Certification of Chief Executive Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)				*
31.2	Certification of Chief Financial Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)				*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002				*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002				*
(101) Formatted in XBRL (Extensible Business Reporting Language)					
101.INS	XBRL Instance Document				*
101.SCH	XBRL Taxonomy Extension Schema Document				*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				*

*Filed or furnished, as required.

** Schedules and/or exhibits not filed will be furnished to the SEC upon request, pursuant to Item 601(b)(2) of Regulation S-K.

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Appendix A

EXPLANATORY NOTE

On July 10, 2013, SoftBank Corp., a kabushiki kaisha organized under the laws of Japan, and certain of its wholly-owned subsidiaries (together, “SoftBank”) completed the merger (SoftBank Merger) contemplated by the Agreement and Plan of Merger, dated as of October 15, 2012, as amended as of November 29, 2012, April 12, 2013 and June 10, 2013 (as amended, the Merger Agreement) and the Bond Purchase Agreement (Bond Agreement). As a result of the SoftBank Merger, SoftBank owns approximately 78% of the outstanding voting common stock of Sprint Corporation (formerly known as Starburst II, Inc. prior to the the consummation of the SoftBank Merger), Sprint Corporation became the parent company of Sprint Nextel Corporation and Sprint Nextel Corporation changed its name to Sprint Communications, Inc. In connection with the consummation of the SoftBank Merger, Sprint Corporation has become the successor registrant to Sprint Nextel Corporation under Rule 12g-3 of the Securities Exchange Act of 1934 (Exchange Act) and has become the entity subject to the reporting requirements of the Exchange Act for filings with the Securities and Exchange Commission (SEC) subsequent to the consummation of the SoftBank Merger.

As a result of the foregoing, Sprint Communications, Inc. is no longer subject to the reporting requirements under the Exchange Act. However, in order to provide continuity of information to investors, Sprint Corporation is supplementally providing disclosures regarding Sprint Communications, Inc. pursuant to the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial statements and Item 303 of Regulation S-K for Management's discussion and analysis of financial condition and results of operations. The information contained in this Appendix A should be read in conjunction with the Sprint Corporation quarterly report on Form 10-Q for the quarter ended June 30, 2013.

SPRINT COMMUNICATIONS, INC.
 (formerly known as Sprint Nextel Corporation)
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Item	PART I — SPRINT COMMUNICATIONS, INC. FINANCIAL INFORMATION (formerly known as Sprint Nextel Corporation)