

**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 December 31, 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

(State or other jurisdiction of incorporation or organization)

46-1170005

(I.R.S. Employer Identification No.)

6200 Sprint Parkway, Overland Park, Kansas

(Address of principal executive offices)

66251

(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

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.

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 (Do not check if smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Aggregate market value of voting and non-voting common stock equity held by non-affiliates of the predecessor Sprint Nextel Corporation at June 30, 2013 was \$21,191,577,948

COMMON SHARES OUTSTANDING AT FEBRUARY 17, 2014 :

Sprint Corporation Common Stock	3,935,879,158
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SPRINT CORPORATION
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SPRINT CORPORATION
SECURITIES AND EXCHANGE COMMISSION
ANNUAL 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 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 have approved a change in our fiscal year end to March 31, effective March 31, 2014. As a result, we expect to file an additional Annual Report on Form 10-K for the transition period from January 1, 2014 to March 31, 2014.

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 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 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[™], 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[™], a collection of mobile safety and device security bundles that provide families relevant tools to help stay safe and secure, and Pinsight Media+[™], 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.

Postpaid

In our postpaid portfolio, we recently launched the Sprint FramilySM plan, which is available to new and existing subscribers, and allows subscribers to create a Framily 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 Framily group, the monthly wireless service fee decreases by \$5 per person within that Framily group, up to a maximum monthly discount of \$30 per person. Subscribers can 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 Framily subscriber is billed separately and each member of the Framily 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 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. Boost Mobile serves subscribers who are voice and text messaging-centric with its popular Monthly Unlimited plan with Shrinkage service where bills are reduced after six on-time payments. Virgin Mobile serves subscribers who are device and data-oriented with our Beyond Talk[™] 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.

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 the Sprint Family plan or 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 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 Nextel platform, which utilized integrated Digital Enhanced Network (iDEN) technology, was shut-down on June 30, 2013. Our Sprint platform uses primarily 3G CDMA and 4G LTE wireless technologies. The WiMAX technology is in the process of being replaced by LTE, which is expected to be complete by the end of 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.

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 generally 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. As a result of the shut-down of the Nextel platform, our efforts prospectively have been to focus on profitable growth through service provided on an enhanced wireless network on the Sprint platform. We market our prepaid services under the 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.

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 previously unavailable spectrum bands, such as the AWS-4 spectrum 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 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 device subsidies in exchange for lower monthly service fees, early upgrade options, or both. In addition, in the later part of 2013, each of the Big 4 carriers launched early upgrade programs that include the device installment payment model. The objective of these plans is to attract subscribers away from device subsidies in exchange for greater upgrade flexibility and data usage options. Under installment billing plans, many carriers, like Sprint, will recognize most of the future expected installment payments for the device on an upfront basis. This accounting treatment allows the carriers to better match equipment revenue with the cost of the device and minimizes the amount of subsidy recognized. On January 10, 2014, Sprint replaced its recently launched Sprint One UpSM Plan, a device upgrade and installment payment plan, with the Framily plan. During 2013, the impact to our consolidated financial statements from our installment billing plan was not material.

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. If, in response to these

competitor pressures, we decide to make similar offers to our subscribers, then we would expect EBITDA to be negatively impacted in the period of subscriber acquisition. 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.

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. 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 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 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.

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 December 31, 2013 , were approximately \$3.3 billion , of which primarily all payments incurred during the year ended December 31, 2013 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 December 31, 2013 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 are not participating in the H Block auction.

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 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. The court's decision left open the possibility that the FCC could alter its legal foundation and reenact the vacated rules. 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 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 December 31, 2013, 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.

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 annual 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 December 31, 2013, we had approximately 38,000 employees.

Item 1A. Risk Factors

In addition to the other information contained in this annual 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 December 31, 2013, we have experienced net decreases in our total retail postpaid subscriber base of approximately 11.9 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.

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.

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.

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 \$31.5 billion at December 31, 2013. 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.

An unsecured revolving bank credit facility and an unsecured loan agreement with Export Development Canada (EDC Agreement) requires us to maintain a certain covenant leverage ratio. If we do not continue to satisfy this required ratio or receive waivers from our lenders, we will be in default under the revolving bank credit facility and the EDC Agreement, 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 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;
- 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 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.

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 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 agreements with unrelated 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 agreements with unrelated 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 agreements with unrelated 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 unrelated parties for space on communications towers. As a result, we must rely on unrelated parties to perform certain of our operations and, in certain circumstances, interface with our subscribers. If these unrelated 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.

Depending on their outcome, the FCC's 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 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, communications 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 exceeds 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.

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 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 may adversely affect our business.

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 us;
- 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.

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;
- 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 Committee of Foreign Investment in the United States (CFIUS) approval of the SoftBank Merger, CFIUS required that SoftBank and Sprint enter into 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, 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 December 31, 2013 totaled \$18.0 billion , as follows:

	2013	
	<i>(in billions)</i>	
Wireless	\$	15.5
Wireline		1.2
Corporate and other		1.3
Total	\$	18.0

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 Sprint Communications has opposed that motion. 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.

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. 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 are stayed pending the resolution of the state cases. Plaintiffs in the state cases have indicated that they do not intend to challenge the

transaction as completed. The Company intends to defend these cases vigorously, and we do not expect the resolution of these matters to have a material effect on our financial position or results of operations.

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. There were initially 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; *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. All suits except the *ACP Master, LTD* suit have been voluntarily dismissed by the plaintiffs. The plaintiffs in the *ACP Master, LTD* suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. There were three cases filed in state court in King County, Washington, and those cases have been dismissed with prejudice. Sprint Communications, Inc. intends to defend the *ACP Master, LTD* cases vigorously, and, because these cases are still in the preliminary stages, we have not yet determined what effect the lawsuits 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 quarter ended December 31, 2013, there were no material developments in the status of these legal proceedings.

Item 4. *Mine Safety Disclosures*

None.

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:

	2013 Market Price			2012 Market Price		
	High	Low	End of Period	High	Low	End of Period
Common stock						
First quarter	\$ 6.22	\$ 5.52	\$ 6.21	\$ 3.03	\$ 2.10	\$ 2.85
Second quarter	7.50	6.12	7.02	3.33	2.30	3.26
Third quarter	7.26	5.61	6.22	5.76	3.15	5.52
Fourth quarter	11.47	5.92	10.75	6.04	4.79	5.67

Number of Stockholders of Record

As of February 17, 2014, we had approximately 30,000 common stock record holders.

Dividends

We did not declare any dividends on our common stock in 2013 or 2012. 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.

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 year ended December 31, 2013, which includes the activity and accounts of Sprint Communications, inclusive of the consolidation of Clearwire 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 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 relating to 2013.

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 relating to 2013.

	Successor		Predecessor					
	Years Ended December 31,		191 Days ended	Years Ended December 31,				
	2013	2012	July 10,	2013	2012	2011	2010	2009
			<i>(in millions, except per share amounts)</i>					
Results of Operations								
Net operating revenues	\$ 16,891	\$ —	\$ 18,602	\$ 35,345	\$ 33,679	\$ 32,563	\$ 32,260	
Depreciation	2,026	—	3,098	6,240	4,455	5,074	5,827	
Amortization	908	—	147	303	403	1,174	1,589	
Operating (loss) income	(970)	(33)	(885)	(1,820)	108	(595)	(1,398)	
Net loss	(1,860)	(27)	(1,158)	(4,326)	(2,890)	(3,465)	(2,436)	
Loss per Share and Dividends ⁽¹⁾								
Basic and diluted loss per common share	\$ (0.54)		\$ (0.38)	\$ (1.44)	\$ (0.96)	\$ (1.16)	\$ (0.84)	
Financial Position								
Total assets	\$ 86,095	\$ 3,115	N/A	\$ 51,570	\$ 49,383	\$ 51,654	\$ 55,424	
Property, plant and equipment, net	16,164	—	N/A	13,607	14,009	15,214	18,280	
Intangible assets, net	56,272	—	N/A	22,371	22,428	22,704	23,462	
Total debt, capital lease and financing obligations (including equity unit notes)	33,011	—	N/A	24,341	20,274	20,191	21,061	
Stockholders' equity	25,584	3,110	N/A	7,087	11,427	14,546	18,095	
Cash Flow Data								
Net cash (used in) provided by operating activities	\$ (61)	\$ —	\$ 2,671	\$ 2,999	\$ 3,691	\$ 4,815	\$ 4,891	
Capital expenditures	3,847	—	3,140	4,261	3,130	1,935	1,603	

(1) We did not declare any dividends on our common shares in any of the periods reported.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**OVERVIEW****Business Strategies and Key Priorities**

Sprint 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. The communications industry has and will continue to compete on the basis of the network quality, types of services and devices offered, and price. We are currently undergoing a significant multi-year program to upgrade our existing wireless communication network, including the decommissioning of our Nextel platform, which was successfully shut-down on June 30, 2013 (see "Overview - Network Modernization"). To support our business strategy and expected capital requirements, we entered into a \$3.0 billion unsecured revolving bank credit facility and raised debt financing of approximately \$9.0 billion in 2013. Additionally, we raised equity funding of approximately \$5.0 billion in 2013, including the conversion of the \$3.1 billion convertible bond (Bond) Sprint Communications, Inc. issued to Starburst II, Inc. (Starburst II), a wholly-owned subsidiary of SoftBank, in 2012 and an additional \$1.9 billion equity contribution provided by SoftBank in connection with the SoftBank Merger defined below (see "Significant Transactions"). In 2012, we raised debt financing of approximately \$8.9 billion in addition to entering into a \$1.0 billion secured equipment credit facility, which was fully drawn as of December 31, 2013 (see "Liquidity and Capital Resources").

Wireless segment earnings represented over 90% of our total consolidated segment earnings as of December 31, 2013. Within the Wireless segment, postpaid wireless service revenue represents the most significant contributors to earnings and are driven not only by the number of postpaid subscribers to our services, but also the average revenue per user (ARPU).

The following table shows the trend of our end of period postpaid subscribers by platform for the past five years.

	As of December 31,				
	2013	2012	2011	2010	2009
	<i>(in thousands)</i>				
Sprint platform	30,149	30,245	28,729	27,446	26,712
Nextel platform	—	1,632	4,285	5,666	7,255
Transactions	688	—	—	—	—
Total end of period postpaid subscribers	<u>30,837</u>	<u>31,877</u>	<u>33,014</u>	<u>33,112</u>	<u>33,967</u>

On June 30, 2013, we completed the successful shut-down of the Nextel platform. Despite the overall reduction in postpaid subscribers, primarily as a result of our action to shut-down the Nextel platform, we experienced growth in net operating revenue during the twelve month periods ended 2013 and 2012 as compared to 2011, primarily as a result of the continued adoption of smartphones and the premium data add-on charge. Prospectively, we expect to continue to focus on profitable growth through service provided on an enhanced wireless network while continuing to achieve our key priorities.

Our business strategy is to be responsive to changing customer mobility demands by being innovative and differentiated in the marketplace. Our future growth plans and strategy revolve around continuing to achieve the following three key priorities:

- Improve the customer experience;
- Strengthen our brands; and
- Generate operating cash flow.

To simplify and improve the customer experience, we continue to offer Ready NowSM, which educates our subscribers on how to use their mobile devices before they leave the store. For our business customers, we aim to increase their productivity by providing differentiated services that utilize the advantages of combining wireline IP networks with wireless technology. This differentiation enables us to retain and acquire both wireline, wireless and combined wireline-wireless subscribers on our networks. We have also continued to focus on further improving

customer care. We implemented initiatives that are designed to improve call center processes and procedures, and standardized our performance measures through various metrics, including customer satisfaction ratings with respect to customer care, first call resolution, and calls per subscriber.

We continue to strengthen our brand through offering a broad selection of some of the most desired and iconic devices, while focusing on continued enhancements to our network and our upgrade to LTE. We distinguish the Sprint brand from other wireless providers through our offerings of unlimited talk, text and data - guaranteed for life and the recently launched Sprint FamilySM plan that allows subscribers to forgo traditional subsidized devices in exchange for lower monthly service fees, early upgrade options, or both.

In addition to our brand and customer-oriented goals, we continue to focus on generating increased operating cash flow through competitive rate plans for postpaid and prepaid subscribers, multi-branded strategies, and effectively managing our cost structure. Certain strategic decisions, such as our network modernization plan and the availability of the iPhone[®], which on average carries a higher equipment net subsidy, have resulted in a reduction in cash flows from operations. We also expect that the Family plan will require a greater use of operating cash flows as compared to our traditional subsidized plans because the subscriber is financing the device over 24 months. However, we believe these actions will generate long-term benefits, including growth in valuable postpaid subscribers, a reduction in variable cost of service per unit and long-term accretion to cash flows from operations. See "Liquidity and Capital Resources" for more information.

Significant Transactions

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.

On July 10, 2013, SoftBank Corp. and certain of its wholly-owned subsidiaries (together, "SoftBank") completed the merger (SoftBank Merger) with Sprint Nextel Corporation (Sprint Nextel) 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 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 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 closing of the SoftBank Merger, and \$1.9 billion cash consideration at closing of the SoftBank Merger.

In connection with the close of the SoftBank Merger, 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.

Network Modernization

We are in the process of modernizing our network to allow the consolidation and optimization of our 800 megahertz (MHz), 1.9 GHz and 2.5 GHz spectrum into our base stations. Prior to the closing of the Clearwire Acquisition, this initiative to modernize our network (Network Vision) encompassed all of our approximately 38,000 CDMA cell sites. The Network Vision project, which commenced in late 2011, includes the deployment of enhanced 3G and 4G LTE technology using our 1.9 GHz spectrum and the deployment of voice technology on our 800 MHz spectrum on the majority of those 38,000 sites. We expect to be substantially complete with Network Vision by the middle of 2014. In addition to Network Vision, we recently commenced deployment of 4G LTE technology on our 800 MHz spectrum and we will continue to expand 4G LTE on our 2.5 GHz spectrum, which we expect will further enhance the quality of our network. We are also modifying our existing backhaul architecture to enable increased capacity to our network at a lower cost by utilizing Ethernet as opposed to our existing time division multiplexing (TDM) technology. We expect to incur termination costs associated with our TDM contractual commitments with third-party vendors ranging between approximately \$175 million to \$225 million, the majority of which we expect to record through the first quarter of 2016.

Some of our subscribers are experiencing network service disruptions during the construction phase of Network Vision, which has contributed to the elevated postpaid churn rates in the third and fourth quarters of 2013 (refer to the churn results table within "Results of Operations"). Based on our experience in several large markets that have reached near completion of Network Vision construction, we have observed that churn elevates during the construction phase and then gradually improves to pre-construction levels over a period of several months following the achievement of substantial completion in the market. Our expectation is that our voice and 3G modernization effort, which we believe is a major driver of the recently elevated churn rates, will be substantially complete by mid-2014. Based on the observed performance trends for the several larger markets that are now complete, we expect churn results will continue to be negatively impacted by our Network Vision project, with gradual improvement beginning in the latter part of 2014.

As of the date of the Clearwire Acquisition, Clearwire had deployed WiMAX technology on approximately 17,000 cell towers and was in the process of deploying 4G LTE technology using the 2.5GHz spectrum on approximately 5,000 of these sites, which has now been completed. We plan to expand the 2.5 GHz 4G LTE deployment to approximately 5,000 more legacy Clearwire sites. In addition, we plan to cease using WiMAX technology by the end of 2015. We have also evaluated our consolidated cell tower portfolio, including the 17,000 cell towers obtained in the Clearwire Acquisition, and identified approximately 6,000 redundant sites that we expect to decommission and terminate the underlying leases. We expect lease exit costs recorded in future periods associated with these sites to range between approximately \$50 million to \$100 million on a net present value basis. The timing of lease exit charges will be dependent upon the date we cease utilizing these sites without future economic benefit.

We expect the majority of the efforts to roll out 4G LTE on our 800 MHz and 2.5 GHz spectrum bands to be completed by the end of 2015. 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. The cost to complete these initiatives to modernize our network will be significant. We expect capital expenditures of approximately \$8 billion in 2014.

Ultimately, we expect these initiatives to bring financial benefit to the Company through migration to one common network, which is expected to reduce network maintenance and operating costs through capital efficiencies, reduced energy costs, lower roaming expenses, backhaul savings, and reduction in total cell sites as well as improvements to the quality of service to subscribers. Our expectation of financial savings is affected by multiple variables, including our expectation of the timeliness of modernization across our existing network footprint, which

is managed by Sprint but is partly dependent upon three primary original equipment manufacturers (OEMs), each of which has responsibility for a geographical territory across the U.S.

The Network Vision project and the related shut-down of the Nextel platform has resulted in incremental charges, beginning in 2012, including, but not limited to, an increase in depreciation associated with existing assets related to both the Nextel and Sprint platforms due to changes in our estimates of the remaining useful lives of long-lived assets, changes in the expected timing and amount of asset retirement obligations, and lease exit and other contract termination costs. The Nextel platform was successfully shut-down on June 30, 2013, and the remaining infrastructure is expected to be completely decommissioned by the end of 2016.

Installment Billing Programs

During 2013, wireless carriers introduced new plans that allow subscribers to forgo traditional device subsidies in exchange for lower monthly service fees, early upgrade options, or both. In the later part of 2013, the Big 4 carriers each launched early upgrade programs that include the device installment payment model. The objective of these plans is to attract subscribers away from device subsidies in exchange for greater upgrade flexibility and data usage options. On January 10, 2014, Sprint replaced its recently launched Sprint One UpSM Plan, a device installment payment plan, with the Framily plan and introduced Sprint Easy Pay for installment billing.

Under the Framily plan and Sprint Easy Pay installment billing program, we expect to recognize most of the future expected installment payments for the device on an upfront basis. This accounting treatment allows Sprint to better align the equipment revenue with the cost of the device, and minimizes the amount of subsidy recognized in our operating results. Additionally, Sprint is offering lower monthly service fees without a contract as an incentive to attract subscribers to the Framily plan. With the roll-out of the Sprint Framily plan and the Sprint Easy Pay installment billing program, we do expect declines in Sprint platform postpaid ARPU to continue throughout 2014, but also expect reduced subsidy expenses to more than offset these declines. Therefore, the combination of these two items is an expected net positive contribution to earnings before interest, taxes, depreciation and amortization (EBITDA). During 2013, the impact of installment billing plans on our consolidated financial statements was not material. For 2014, we expect the Framily plan and Sprint Easy Pay to be accretive to earnings as compared to our traditional plans, with the magnitude of the impact being dependent upon the rate of subscriber adoption. We also expect that the Framily plan and Sprint Easy Pay will require a greater use of operating cash flows in the earlier part of the installment contract, if the subscriber pays less upfront than traditional plans, because the subscriber is financing the device over 24 months.

RESULTS OF OPERATIONS

As discussed above, both the Clearwire Acquisition and the SoftBank Merger were completed in July 2013. As a result of these transactions, the assets and liabilities of Sprint Communications and Clearwire were preliminarily adjusted to estimated fair value on the respective closing dates. The Company's financial statement presentations distinguish 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. The Successor financial information includes the activity and accounts of Sprint Corporation as of and for the year ended December 31, 2013, which includes the activity and accounts of Sprint Communications, inclusive of the consolidation of Clearwire Corporation, prospectively for the 174-day period following completion of the SoftBank Merger (Post-merger period), 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 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. The Predecessor financial information represents the historical basis of presentation for Sprint Communications for all periods prior to the SoftBank Merger.

As a result of the SoftBank Merger, and in order to present Management's Discussion and Analysis in a way that offers investors a more meaningful period to period comparison, in addition to presenting and discussing our historical results of operations as reported in our consolidated financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP), we have combined the 2013 Predecessor financial information with the 2013 Successor financial information, on an unaudited combined basis. The unaudited combined data consists of Predecessor information for the 191-day period ended July 10, 2013 and Successor information for the year ended December 31, 2013. The combined information for the year ended

December 31, 2013 does not comply with U.S. GAAP and is not intended to represent what our consolidated results of operations would have been if the Successor had actually been formed on January 1, 2013 and acquired the Predecessor as of such date, nor have we made any attempt to either include or exclude expenses or income that would have resulted had the SoftBank Merger actually occurred on January 1, 2013.

The following discussion covers results for the Successor year ended December 31, 2013 and the Predecessor years ended December 31, 2012 and 2011. Results for the unaudited combined year ended December 31, 2013 versus the Predecessor year ended December 31, 2012 are also discussed, to the extent necessary, to provide an analysis of results on comparable periods although the basis of presentation may not be comparable due to the application of the acquisition method of accounting. Additionally, in certain sections we discuss the activity of the Predecessor 191-day period ended July 10, 2013 to the extent it provides useful information for the activity during that period. The results for the Successor 87-day period ended December 31, 2012 were considered insignificant and are not comparable to the Successor year ended December 31, 2013 as the Successor entity was established on October 5, 2012 for the sole purpose of completing the SoftBank Merger. Results for this 87-day period primarily reflected merger expenses that were incurred (recognized in selling, general and administrative expense) and interest income related to the \$3.1 billion Bond issued in connection with the SoftBank Merger. We have provided information regarding certain of the elements of the acquisition method of accounting affecting the 2013 Successor period results to enable further comparability.

Acquisition Method of Accounting Effects to the Successor Period Ending December 31, 2013

The allocation of the consideration transferred to assets acquired and liabilities assumed were based on preliminary estimated fair values as of the date of the SoftBank Merger, as described further in the Notes to the Consolidated Financial Statements. As a result, the following are reflected in our results of operations for the Successor period ended December 31, 2013 as compared to the Predecessor periods ended December 31, 2012 and 2011 :

- Reduced postpaid wireless revenue and wireless cost of service of approximately \$59 million each as a result of preliminary purchase accounting adjustments to deferred revenue and deferred costs, respectively;
- Reduced prepaid wireless revenue of approximately \$96 million as a result of preliminary purchase accounting adjustments to eliminate deferred revenue;
- Increased rent expense of \$55 million, which is included in cost of service, primarily attributable to the write-off of deferred rents associated with our operating leases, offset by the amortization of our net unfavorable leases recorded in purchase accounting;
- Increased cost of products sold of approximately \$31 million as a result of preliminary purchase price account adjustments to accessory inventory;
- Reduced depreciation expense of approximately \$400 million as a result of preliminary purchase accounting adjustments reflecting a net decrease to property, plant and equipment;
- Incremental amortization expense of approximately \$772 million, which is primarily attributable to the recognition of customer relationships of approximately \$6.9 billion ; and
- The purchase accounting adjustment to unrecognized net periodic pension and other post-retirement benefits resulting in a decrease in pension expense of approximately \$46 million which was primarily reflected in selling, general and administrative expense.

Predecessor 191-Day Period Ended July 10, 2013

Significant changes in the underlying trends affecting the Company's consolidated results of operations and net loss for the 191 days ended July 10, 2013 were as follows:

- We recorded a gain on previously-held Clearwire equity interests of approximately \$2.9 billion for the difference between the estimated fair value of the equity interests owned prior to the acquisition (\$5.00 per share offer price less an estimated control premium of approximately \$0.60) and the carrying value of approximately \$325 million for those previously-held equity interests; and

- Increased income tax expense was primarily attributable to taxable temporary differences as a result of the \$2.9 billion gain on the previously-held equity interests in Clearwire, which was principally attributable to the increase in the fair value of Federal Communications Commission (FCC) licenses held by Clearwire and from amortization of FCC licenses. FCC licenses are amortized over 15 years for income tax purposes but, because these licenses have an indefinite life, they are not amortized for financial statement reporting purposes.

Consolidated Results of Operations

The following table provides the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013 and 87 days ended December 31, 2012, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011. The Predecessor information represents the historical basis of presentation for Sprint Communications for all periods prior to the SoftBank Merger. The Successor period includes the operating activity of Sprint Corporation for the years ended December 31, 2013 and 2012 as well as Sprint Communications, inclusive of Clearwire, prospectively from the date of the SoftBank Merger on July 10, 2013 through December 31, 2013.

	Combined		Successor		Predecessor		
	Year Ended December 31,	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,		
	2013	2013	2012	2013	2012	2011	
<i>(in millions)</i>							
Wireless segment earnings	\$ 4,948	\$ 2,178	\$ —	\$ 2,770	\$ 4,147	\$ 4,267	
Wireline segment earnings	494	222	—	272	649	800	
Corporate, other and eliminations	(33)	(34)	(33)	1	7	5	
Consolidated segment earnings (loss)	5,409	2,366	(33)	3,043	4,803	5,072	
Depreciation	(5,124)	(2,026)	—	(3,098)	(6,240)	(4,455)	
Amortization	(1,055)	(908)	—	(147)	(303)	(403)	
Other, net	(1,085)	(402)	—	(683)	(80)	(106)	
Operating (loss) income	(1,855)	(970)	(33)	(885)	(1,820)	108	
Interest expense	(2,053)	(918)	—	(1,135)	(1,428)	(1,011)	
Equity in losses of unconsolidated investments, net	(482)	—	—	(482)	(1,114)	(1,730)	
Gain on previously-held equity interests	2,926	—	—	2,926	—	—	
Other income (expense), net	92	73	10	19	190	(3)	
Income tax expense	(1,646)	(45)	(4)	(1,601)	(154)	(254)	
Net loss	\$ (3,018)	\$ (1,860)	\$ (27)	\$ (1,158)	\$ (4,326)	\$ (2,890)	

Depreciation Expense

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Depreciation expense decreased \$4.2 billion, or 68%, for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 primarily due to comparing results for the shortened Post-merger period to a period consisting of a full calendar year. In addition, the decrease in depreciation expense was driven by accelerated depreciation expense recognized in 2012 from our network modernization described below, with no such accelerated depreciation in the Successor year ended December 31, 2013 and asset revaluations as a result of the SoftBank Merger. These decreases were partially offset by increased depreciation expense on assets acquired as a result of the Clearwire Acquisition and asset additions primarily related to network initiatives.

Depreciation expense increased \$1.8 billion, or 40%, in 2012 compared to 2011. Our network modernization resulted in incremental charges during the period of implementation including, but not limited to, an increase in depreciation associated with existing assets related to both the Nextel and Sprint platforms, due to changes in our estimates of the remaining useful lives of long-lived assets, and the expected timing and amount of asset retirement obligations. In 2012, the incremental effect of accelerated depreciation due to our network

initiatives was approximately \$2.1 billion, of which the majority related to the shut-down of the Nextel platform. The increase related to accelerated depreciation was slightly offset by a net decrease in depreciation as a result of assets that became fully depreciated or were retired.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, the decrease in depreciation expense for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 was partially offset by increased depreciation expense primarily due to network asset additions in the Predecessor 191-day period. The incremental effect of accelerated depreciation expense totaled approximately \$800 million for the 191 days ended July 10, 2013, which was primarily related to the shut-down of the Nextel platform on June 30, 2013.

Amortization Expense

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Amortization expense increased \$605 million, or 200%, for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012, primarily due to the recognition of definite-lived intangible assets related to customer relationships of approximately \$6.9 billion as a result of the SoftBank Merger. Customer relationship intangible assets are amortized using the sum-of-the-months'-digits method, which results in higher amortization rates in early periods that will decline over time.

Amortization expense declined \$100 million, or 25%, in 2012 compared to 2011 primarily due to the absence of amortization for customer relationship intangible assets related to the 2006 acquisition of Nextel Partners, Inc. and the 2009 acquisition of Virgin Mobile USA, Inc., which became fully amortized in the second quarter 2011.

Other, net

The following table provides additional information of items included in "Other, net" for the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011.

	Combined	Successor	Predecessor		
	Year Ended December 31, 2013	Year Ended December 31, 2013	191 Days Ended July 10, 2013	Years Ended December 31, 2012 2011	
			<i>(in millions)</i>		
Severance, exit costs and asset impairments	\$ (961)	\$ (309)	\$ (652)	\$ (298)	\$ (106)
Spectrum hosting contract termination	—	—	—	236	—
Gains from asset dispositions and exchanges	—	—	—	29	—
Other	(124)	(93)	(31)	(47)	—
Total	\$ (1,085)	\$ (402)	\$ (683)	\$ (80)	\$ (106)

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

"Other, net" represented an expense of \$402 million for the Successor year ended December 31, 2013 and an expense of \$80 million and \$106 million in the Predecessor years ended December 31, 2012 and 2011, respectively. Severance, exit costs, and asset impairments of \$309 million for the Successor year ended December 31, 2013 included \$219 million of severance primarily associated with reductions in force and \$56 million of lease exit costs primarily associated with the decommissioning of the Nextel platform. In addition, we recognized \$53 million of payments that will continue to be made under our backhaul access contracts for which we will no longer be receiving any economic benefit, and of which \$19 million was recognized as "Cost of services and products." Severance, exit costs, and asset impairments in 2012 included lease exit costs of \$196 million associated with taking certain Nextel platform sites off-air in the second and third quarter 2012 and asset impairments, consisting of \$18 million of assets associated with a decision to utilize fiber backhaul rather than microwave backhaul and \$66 million of capitalized assets that we no longer intend to deploy as a result of the termination of the spectrum hosting arrangement with LightSquared. In addition, we had asset impairments of \$18 million in 2012 primarily related to assets that are no longer necessary for management's strategic plans and were primarily related to network asset equipment. Severance, exit costs, and asset impairments in 2011 included \$28 million of severance

and exit costs associated with actions taken in the fourth quarter 2011 and \$78 million of asset impairments primarily related to assets that are no longer necessary for management's strategic plans and were primarily related to network asset equipment.

Gains from asset dispositions and exchanges in 2012 were primarily related to spectrum exchange transactions. The spectrum hosting contract termination in 2012 was due to the recognition of \$236 million of the total \$310 million paid by LightSquared in 2011 as operating income in "Other, net" due to the termination of our spectrum hosting arrangement with LightSquared.

The \$93 million reflected in "Other" for the Successor year ended December 31, 2013 included \$100 million of business combination fees paid to unrelated parties in connection with the transactions with SoftBank and Clearwire and are classified within selling, general and administrative expense in our consolidated statement of comprehensive income (loss). This is partially offset by \$7 million of reimbursements related to 2012 hurricane-related charges recorded as a contra expense in cost of services in our consolidated statement of comprehensive income (loss). The amount reflected in "Other" for 2012 consisted of \$45 million of hurricane-related costs and \$19 million of expenses associated with business combinations partially offset by \$17 million in benefits resulting from favorable developments relating to access cost disputes with certain exchange carriers.

Predecessor Period of 191 Days Ended July 10, 2013

Exit costs in the Predecessor 191-day period ended July 10, 2013 included lease exit costs of \$478 million primarily associated with taking certain Nextel platform sites off-air by June 30, 2013 and \$151 million related to payments that will continue to be made under our backhaul access contracts for which we will no longer be receiving any economic benefit. Of the \$151 million of future payments, \$35 million was recognized as "Cost of services and products" and \$116 million (solely attributable to Wireless) was recognized in "Severance, exit costs and asset impairments." We also recognized \$58 million of severance related to reductions in force in the Predecessor 191-day period ended July 10, 2013. "Other" for the Predecessor 191-day period ended July 10, 2013 included \$53 million of business combination fees paid to unrelated parties as described above, partially offset by a favorable ruling by the Texas Supreme Court in connection with the taxation of E911 services, which resulted in a non-cash benefit of \$22 million.

Interest Expense

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Interest expense decreased \$510 million, or 36%, for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012. The decrease was primarily due to comparing a shortened Post-merger period to a Predecessor period representing a full calendar year. This decrease was partially offset by interest expense increases as a result of the debt assumed in the Clearwire Acquisition and new debt issuances in September and December 2013. See "Liquidity and Capital Resources" for more information on the Company's financing activities.

Taking into account the Clearwire and SoftBank transactions, the Company's consolidated debt balance was approximately \$33.0 billion as of December 31, 2013. The effective interest rate, which includes capitalized interest, for the Combined year ended December 31, 2013 was 7.7% based on a weighted average long-term debt balance of \$27.5 billion. The effective interest rate, which includes capitalized interest, on the weighted average long-term debt balances of \$22.0 billion and \$19.1 billion was 7.8% and 7.4% for the Predecessor years ended 2012 and 2011, respectively. See "Liquidity and Capital Resources" for more information on the Company's financing activities.

Interest expense increased \$417 million, or 41%, in 2012 as compared to 2011, primarily due to increased weighted average long-term debt balances as a result of 2011 and 2012 debt issuances, partially offset by 2011 and 2012 debt repayments, in addition to increased effective interest rates combined with reductions in the amount of interest capitalized primarily related to spectrum licenses.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, the interest expense increase for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 was partially due to reductions in the amount of interest capitalized related to spectrum licenses.

Equity in Losses of Unconsolidated Investments, net**Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011**

As a result of the Clearwire Acquisition on July 9, 2013 and the resulting consolidation of Clearwire results of operations into the accounts of the Company, the Successor period results of operations do not reflect any equity in losses of unconsolidated investments. The equity in losses of unconsolidated investments, net in the Predecessor periods primarily consists of our proportionate share of losses from our equity method investment in Clearwire. Sprint's equity in losses from Clearwire for the years ended December 31, 2012 and 2011 included \$204 million and \$135 million, respectively, in pre-tax impairment reflecting Sprint's reduction in the carrying value of its investment in Clearwire to an estimated fair value. Equity in losses from Clearwire in 2012 and 2011 also included charges of approximately \$41 million and \$361 million, respectively, which were associated with Clearwire's write-off of certain network and other assets that no longer met its strategic plans. In addition, the year ended December 31, 2011 also included a dilution loss of approximately \$27 million primarily associated with the reduction of our non-controlling economic interest related to Clearwire's equity issuance.

Other income (expense), net

The following table provides additional information on items included in "Other income (expense), net" for the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013 and 87 days ended December 31, 2012, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011.

	Combined			Successor			Predecessor		
	Year Ended December 31,	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,				
	2013	2013	2012	2013	2012	2011			
	<i>(in millions)</i>								
Interest income	\$ 69	\$ 36	\$ 10	\$ 33	\$ 65	\$ 36			
Gain (loss) on early retirement of debt	44	56	—	(12)	81	(33)			
Other, net	(21)	(19)	—	(2)	44	(6)			
Total	\$ 92	\$ 73	\$ 10	\$ 19	\$ 190	\$ (3)			

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

"Other income (expense), net" represented income of \$73 million and \$10 million for the Successor year ended December 31, 2013 and 87 days ended December 31, 2012, as compared to income of \$190 million and expense of \$3 million in the Predecessor years ended December 31, 2012 and 2011, respectively. Other, net in the Successor year ended December 31, 2013 primarily consisted of \$159 million of income related to the recognition of the remaining unaccreted convertible bond discount. In addition, the Successor year ended December 31, 2013 included a \$175 million loss related to the embedded derivative associated with the convertible bond. Gain on early retirement of debt in the Successor year ended December 31, 2013 was a result of early retirement of the Clearwire Communications LLC and Clearwire Finance, Inc. 12% secured notes due 2015 and 12% secured notes due 2017 and in the Predecessor year ended December 31, 2012 was attributable to the early redemption of Nextel Communications, Inc. debt. Loss on early retirement of debt in 2011 was due to the redemption of all outstanding Sprint Capital Corporation 8.375% senior notes.

Income Tax Expense

The Successor period income tax expense for the year ended December 31, 2013 of \$45 million represented a consolidated effective tax rate of approximately 3%. The Predecessor period income tax expense for the years ended December 31, 2012 and 2011 of \$154 million and \$254 million, respectively, represented a consolidated effective tax rate of approximately 4% and 10%, respectively. The income tax expense for the Successor and Predecessor periods presented was primarily attributable to taxable temporary differences from amortization of FCC licenses and included a \$708 million, \$1.8 billion, and \$1.2 billion net increase to the valuation allowance for federal and state deferred tax assets primarily related to net operating loss carryforwards generated during the respective periods. The expense for the 191 days ended July 10, 2013 of approximately \$1.6 billion was primarily attributable to the recognition of tax expense on the \$2.9 billion gain on previously-held equity interests in Clearwire in addition to the Predecessor period items noted above. The income tax expense for 2012 also included a

\$69 million tax benefit resulting from the resolution of various federal and state income tax uncertainties. The income tax expense for 2011 also includes a \$59 million expense resulting from changes in corporate state income tax laws. We do not expect to record significant tax benefits on future net operating losses until circumstances justify the recognition of such benefits. Additional information related to items impacting the effective tax rates can be found in the Notes to the Consolidated Financial Statements.

Segment Earnings - Wireless

Wireless segment earnings are a function of wireless service revenue, the sale of wireless devices and accessories, costs to acquire subscribers, network and interconnection costs to serve those subscribers and other Wireless segment operating expenses. The costs to acquire our subscribers include the net cost at which we sell our devices, referred to as equipment net subsidies, as well as the marketing and sales costs incurred to attract those subscribers. Network costs primarily represent switch and cell site costs and interconnection costs, which generally consist of per-minute usage fees and roaming fees paid to other carriers. The remaining costs associated with operating the Wireless segment include the costs to operate our customer care organization and administrative support. Wireless service revenue, costs to acquire subscribers, and variable network and interconnection costs fluctuate with the changes in our subscriber base and their related usage, but some cost elements do not fluctuate in the short term with these changes.

As shown by the table above under "Results of Operations," Wireless segment earnings represented approximately 90% of our total consolidated segment earnings (loss) for the Successor 2013 period. The wireless industry is subject to competition to retain and acquire subscribers of wireless services. Most markets in which we operate have high rates of penetration for wireless services. Wireless carriers accordingly must attract a greater proportion of new subscribers from competitors rather than from first-time subscribers. Within the Wireless segment, postpaid wireless services represent the most significant contributors to earnings, and are driven by the number of postpaid subscribers to our services, as well as ARPU. Wireless segment earnings have declined over the last several years, primarily resulting from subscriber losses associated with our Nextel platform offerings as well as increased equipment net subsidy from smartphones. Most recently, our decision to shut-down the Nextel platform accelerated the loss of subscribers on that platform; however, we focused our efforts on recapturing these subscribers on our Sprint platform, resulting in the recapture of approximately 2.6 million Nextel platform postpaid subscribers beginning with the first quarter 2011 through June 30, 2013, which was when the Nextel platform was shut-down. In addition, we have taken initiatives to strengthen the Sprint brand, continue to increase market awareness of the improvements that have been achieved in the customer experience, and provide a competitive portfolio of devices and service plans for subscriber selection.

In late 2013, we introduced new service plans, which include device payment through installment billing, that allow subscribers to forgo traditional device subsidies in exchange for lower monthly service fees, early upgrade options, or both. If the adoption rates of these plans increase as we expect throughout our base of subscribers, we expect to see a decline in ARPU in 2014 due to lower service pricing associated with our Family plan as compared to our traditional plans. However, we expect reduced subsidy expense associated with our Family plan to more than offset these declines. We also expect the number of tablet and connected device subscribers as a percentage of the total postpaid subscriber base to increase in 2014, which would have a dilutive effect on ARPU.

The following table provides an overview of the results of operations of our Wireless segment for the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011.

	Combined	Successor	Predecessor		
	Year Ended December 31,	Year Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
Wireless Segment Earnings	2013	2013	2013	2012	2011
	<i>(in millions)</i>				
Sprint platform	\$ 23,225	\$ 10,983	\$ 12,242	\$ 22,264	\$ 20,052
Nextel platform	217	—	217	1,455	2,582
Total postpaid	23,442	10,983	12,459	23,719	22,634
Sprint platform	4,867	2,265	2,602	4,380	3,325
Nextel platform	50	—	50	525	1,170
Total prepaid	4,917	2,265	2,652	4,905	4,495
Other ⁽¹⁾	359	331	28	—	—
Retail service revenue	28,718	13,579	15,139	28,624	27,129
Wholesale, affiliate and other	545	266	279	483	261
Total service revenue	29,263	13,845	15,418	29,107	27,390
Cost of services (exclusive of depreciation and amortization)	(9,045)	(4,342)	(4,703)	(9,017)	(8,907)
Service gross margin	20,218	9,503	10,715	20,090	18,483
Service gross margin percentage	69 %	69 %	69 %	69 %	67 %
Equipment revenue	3,504	1,797	1,707	3,248	2,911
Cost of products	(9,475)	(4,603)	(4,872)	(9,905)	(8,057)
Equipment net subsidy	(5,971)	(2,806)	(3,165)	(6,657)	(5,146)
Equipment net subsidy percentage	(170)%	(156)%	(185)%	(205)%	(177)%
Selling, general and administrative expense	(9,299)	(4,519)	(4,780)	(9,286)	(9,070)
Wireless segment earnings	\$ 4,948	\$ 2,178	\$ 2,770	\$ 4,147	\$ 4,267

(1) Represents service revenue related to the acquisition of certain assets of U.S. Cellular in the 2nd quarter 2013 and the acquisition of Clearwire in the 3rd quarter 2013.

Service Revenue

Our Wireless segment generates service revenue from the sale of wireless services and the sale of wholesale and other services. Service revenue consists of fixed monthly recurring charges, variable usage charges and miscellaneous fees such as activation fees, directory assistance, roaming, equipment protection, late payment and early termination charges, and certain regulatory related fees, net of service credits.

The ability of our Wireless segment to generate service revenue is primarily a function of:

- revenue generated from each subscriber, which in turn is a function of the types and amount of services utilized by each subscriber and the rates charged for those services; and
- the number of subscribers that we serve, which in turn is a function of our ability to retain existing subscribers and acquire new subscribers.

Retail comprises those subscribers to whom Sprint directly provides wireless services, whether those services are provided on a postpaid or a prepaid basis. Wholesale and affiliates are those subscribers who are served through MVNO and affiliate relationships and other arrangements through which wireless services are sold by Sprint to other companies that resell those services to subscribers.

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Retail service revenue decreased \$15.0 billion, or 53%, for the year ended December 31, 2013, as compared to the Predecessor year ended December 31, 2012, primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. In addition, there was a decline of 1.6% in average retail subscribers in the 2013 Successor period as compared to the 2012 Predecessor period primarily resulting from the shut-down of the Nextel platform on June 30, 2013. This decrease was partially offset by a higher average revenue per retail subscriber in 2013 as compared to 2012 primarily due to

the \$10 premium data add-on charge for smartphones, combined with increased postpaid and prepaid revenues resulting from acquisitions in 2013.

Retail service revenue increased \$1.5 billion , or 6% , in 2012 as compared to 2011, which primarily reflects an increase in Sprint platform postpaid service revenue related to the \$10 premium data add-on charge required for smartphones and continued popularity of unlimited and bundled plans, combined with increases in roaming and other fees. The increase was also driven by continued subscriber growth from our Assurance Wireless brand as well as a growing number of subscribers on our remaining prepaid brands who are choosing higher rate plans as a result of the increased availability of smartphones.

Wholesale, affiliate and other revenues decreased \$217 million , or 45% , for the year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 , primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. The decrease was partially offset by an increase in revenues resulting from acquisitions in 2013, combined with growth in our MVNO's reselling postpaid services and connected devices. Approximately 43% of our wholesale and affiliate subscribers represent connected devices. These devices generate revenue from usage which varies depending on the solution being utilized. Average revenue per connected device is generally significantly lower than revenue from other wholesale and affiliate subscribers; however, the cost to service these subscribers is also lower resulting in a higher gross margin as a percent of revenue.

Wholesale, affiliate and other revenues increased \$222 million , or 85% , for 2012 as compared to 2011 primarily as a result of growth in our MVNO's reselling prepaid services. Specifically, growth in subscribers on the Lifeline program offered through our MVNO's reselling prepaid services, which is similar to our Assurance Wireless offering, contributed to revenue growth. Approximately 33% of our wholesale and affiliate subscribers in 2012 represented a growing number of connected devices.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, retail service revenue for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 increased \$94 million primarily from the consolidation of Clearwire and subscriber growth mainly in our Virgin prepaid brand as prepaid subscribers are choosing higher rate plans as a result of the increased availability of smartphones. In addition, Sprint platform postpaid service revenue increased due to our \$10 premium data add-on charge required for all smartphones combined with a reduction in the number of subscribers eligible for certain plan discounts due to policy changes and fewer customer care credits.

In addition to the explanations above, wholesale, affiliate and other revenue for the combined year ended December 31, 2013 as compared to the same Predecessor year ended December 31, 2012 increased due to slight growth in the reselling of prepaid services by MVNO's and affiliates.

Average Monthly Service Revenue per Subscriber and Subscriber Trends

The table below summarizes average number of retail subscribers for the combined consolidated results of operations for the year ended December 31, 2013 , the Successor year ended December 31, 2013 , the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011 . Additional information about the number of subscribers, net additions (losses) to subscribers, and average rates of monthly postpaid and prepaid subscriber churn for each quarter since the first quarter 2011 may be found in the tables on the following pages.

	Combined	Successor	Predecessor		
	Year Ended December 31,	Year Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2013	2013	2012	2011
	<i>(subscribers in thousands)</i>				
Average postpaid subscribers	31,124	30,957	31,296	32,462	32,935
Average prepaid subscribers	15,901	16,040	15,793	15,291	13,672
Average retail subscribers	47,025	46,997	47,089	47,753	46,607

The table below summarizes ARPU for the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011. Additional information about ARPU for each quarter since the first quarter 2011 may be found in the tables on the following pages.

	Combined		Successor		Predecessor		
	Year Ended December 31,		Year Ended December 31,		191 Days Ended July 10,	Years Ended December 31,	
	2013		2013		2013	2012	2011
ARPU ⁽¹⁾ :							
Postpaid	\$ 63.29	\$	63.46	\$	63.10	\$ 60.84	\$ 57.27
Prepaid	\$ 26.62	\$	26.64	\$	26.57	\$ 26.72	\$ 27.40
Average retail	\$ 50.89	\$	50.89	\$	50.85	\$ 49.92	\$ 48.51

(1) ARPU is calculated by dividing service revenue by the sum of the monthly average number of subscribers in the applicable service category. Changes in average monthly service revenue reflect subscribers for either the postpaid or prepaid service category who change rate plans, the level of voice and data usage, the amount of service credits which are offered to subscribers, plus the net effect of average monthly revenue generated by new subscribers and deactivating subscribers. Combined ARPU for 2013 aggregates service revenue from the Predecessor 191-day period ended July 10, 2013 and the Successor year ended December 31, 2013 divided by the sum of the monthly average subscribers during the year ended December 31, 2013.

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Postpaid ARPU for the year ended December 31, 2013 as compared to the Predecessor period in 2012 increased primarily due to higher monthly recurring revenues, including the \$10 premium data add-on charges for all smartphones and device protection fees, combined with other fee increases and a reduction in the number of subscribers eligible for certain plan discounts due to policy changes and fewer customer care credits. The increase in postpaid ARPU was partially offset by lower variable usage-based revenues due to the popularity of unlimited plan options, combined with a lower revenue per subscriber carried by subscribers acquired in the Clearwire and U.S. Cellular acquisitions and growth in sales of tablets, which also carry a lower revenue per subscriber. We expect Sprint platform postpaid ARPU to decline during 2014 as a result of the launch of the Framily plan which was launched in January 2014 and Sprint Easy Pay, however, we also expect reduced equipment net subsidy expense to offset these declines. Prepaid ARPU for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 declined primarily as a result of the impact of purchase price accounting to eliminate deferred revenues, partially offset by the impact of a higher revenue per subscriber carried by subscribers acquired in the Clearwire Acquisition.

Postpaid ARPU for 2012 increased as compared to 2011 primarily due to increased revenues from the \$10 premium data add-on charges for all smartphones and increases in roaming and other fees. Prepaid ARPU declined for 2012 compared to 2011 primarily as a result of net additions of our Assurance Wireless brand whose subscribers carry a lower ARPU, partially offset by an increase in ARPU for the remaining prepaid brands as subscribers are choosing higher priced plans to take advantage of international offerings and the increased availability of smartphones. Average retail ARPU increased for 2012 compared to 2011 primarily as a result of the increased postpaid ARPU which was partially offset by an increased weighting of average prepaid subscribers to average retail subscribers which carry a lower ARPU.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, prepaid ARPU for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 declined primarily as a result of a decrease in ARPU for our Assurance Wireless brand due to a lower number of active Assurance subscribers as a percentage of the average number of Assurance subscribers, primarily as a result of the recertification process. This decrease was partially offset by an increase in ARPU for primarily the Virgin prepaid brands as subscribers are choosing higher priced plans due to the increased availability of smartphones. ARPU as it relates to our Assurance Wireless brand was also impacted as a result of the recertification process because those subscribers no longer had a revenue impact after December 31, 2012, but continued to be included in the prepaid subscriber based until deactivation in the second quarter 2013.

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The following table shows (a) net additions (losses) of wireless subscribers, (b) our total subscribers, and (c) end of period connected device subscribers as of the end of each quarterly period beginning with the first quarter 2011 .

	March 31, 2011	June 30, 2011	Sept 30, 2011	Dec 31, 2011	March 31, 2012	June 30, 2012	Sept 30, 2012	Dec 31, 2012	March 31, 2013	June 30, 2013	Sept 30, 2013	Dec 31, 2013
Net additions (losses) (in thousands) ⁽¹⁾												
Sprint platform:												
Postpaid	253	226	265	539	263	442	410	401	12	194	(360)	58
Prepaid	1,406	1,149	839	899	870	451	459	525	568	(486)	84	322
Wholesale and affiliates ⁽²⁾	389	519	835	954	785	388	14	(243)	(224)	(228)	181	302
Total Sprint platform	2,048	1,894	1,939	2,392	1,918	1,281	883	683	356	(520)	(95)	682
Nextel platform:												
Postpaid	(367)	(327)	(309)	(378)	(455)	(688)	(866)	(644)	(572)	(1,060)	—	—
Prepaid	(560)	(475)	(354)	(392)	(381)	(310)	(440)	(376)	(199)	(255)	—	—
Total Nextel platform	(927)	(802)	(663)	(770)	(836)	(998)	(1,306)	(1,020)	(771)	(1,315)	—	—
Transactions ⁽²⁾ :												
Postpaid	—	—	—	—	—	—	—	—	—	(179)	(175)	(127)
Prepaid	—	—	—	—	—	—	—	—	—	(20)	(56)	(103)
Wholesale	—	—	—	—	—	—	—	—	—	—	13	25
Total Transactions	—	—	—	—	—	—	—	—	—	(199)	(218)	(205)
Total retail postpaid	(114)	(101)	(44)	161	(192)	(246)	(456)	(243)	(560)	(1,045)	(535)	(69)
Total retail prepaid	846	674	485	507	489	141	19	149	369	(761)	28	219
Total wholesale and affiliate	389	519	835	954	785	388	14	(243)	(224)	(228)	194	327
Total Wireless	1,121	1,092	1,276	1,622	1,082	283	(423)	(337)	(415)	(2,034)	(313)	477
End of period subscribers (in thousands) ⁽¹⁾												
Sprint platform:												
Postpaid ⁽³⁾	27,699	27,925	28,190	28,729	28,992	29,434	29,844	30,245	30,257	30,451	30,091	30,149
Prepaid	9,941	11,090	11,929	12,828	13,698	14,149	14,608	15,133	15,701	15,215	15,299	15,621
Wholesale and affiliates ⁽²⁾ ₍₃₎₍₄₎	4,910	5,429	6,264	7,218	8,003	8,391	8,405	8,162	7,938	7,710	7,862	8,164
Total Sprint platform	42,550	44,444	46,383	48,775	50,693	51,974	52,857	53,540	53,896	53,376	53,252	53,934
Nextel platform:												
Postpaid	5,299	4,972	4,663	4,285	3,830	3,142	2,276	1,632	1,060	—	—	—
Prepaid	3,182	2,707	2,353	1,961	1,580	1,270	830	454	255	—	—	—
Total Nextel platform	8,481	7,679	7,016	6,246	5,410	4,412	3,106	2,086	1,315	—	—	—
Transactions ⁽²⁾ :												
Postpaid	—	—	—	—	—	—	—	—	—	173	815	688
Prepaid	—	—	—	—	—	—	—	—	—	39	704	601
Wholesale	—	—	—	—	—	—	—	—	—	—	106	131
Total Transactions	—	—	—	—	—	—	—	—	—	212	1,625	1,420
Total retail postpaid ⁽³⁾	32,998	32,897	32,853	33,014	32,822	32,576	32,120	31,877	31,317	30,624	30,906	30,837
Total retail prepaid	13,123	13,797	14,282	14,789	15,278	15,419	15,438	15,587	15,956	15,254	16,003	16,222
Total wholesale and affiliates ⁽³⁾⁽⁴⁾	4,910	5,429	6,264	7,218	8,003	8,391	8,405	8,162	7,938	7,710	7,968	8,295
Total Wireless	51,031	52,123	53,399	55,021	56,103	56,386	55,963	55,626	55,211	53,588	54,877	55,354

Supplemental data - connected devices

End of period subscribers (in thousands) ^(a)												
Retail postpaid	715	727	762	783	791	809	817	813	824	798	834	922
Wholesale and affiliates	1,883	1,920	1,956	2,077	2,217	2,361	2,542	2,670	2,803	3,057	3,298	3,578
Total	2,598	2,647	2,718	2,860	3,008	3,170	3,359	3,483	3,627	3,855	4,132	4,500

- (1) A subscriber is defined as an individual line of service associated with each device activated by a customer. Subscribers that transfer from their original service category classification to another platform, or another service line within the same platform, are reflected as a net loss to the original service category and a net addition to their new service category. There is no net effect for such subscriber changes to the total wireless net additions (losses) or end of period subscribers.
- (2) We acquired approximately 352,000 postpaid subscribers and 59,000 prepaid subscribers through the acquisition of assets from U.S. Cellular when the transaction closed on May 17, 2013. We acquired approximately 788,000 postpaid subscribers (excluding 29,000 Sprint wholesale subscribers transferred to Transactions postpaid subscribers that were originally recognized as part of our Clearwire MVNO arrangement), 721,000 prepaid subscribers, and 93,000 wholesale subscribers as a result of the Clearwire Acquisition which closed on July 9, 2013.
- (3) Subscribers through some of our MVNO relationships have inactivity either in voice usage or primarily as a result of the nature of the device, where activity only occurs when data retrieval is initiated by the end-user and may occur infrequently. Although we continue to provide these subscribers access to our network through our MVNO relationships, approximately 1,218,000 subscribers at December 31, 2013 through these MVNO relationships have been inactive for at least six months, with no associated revenue during the six-month period ended December 31, 2013.
- (4) End of period connected devices are included in total retail postpaid or wholesale and affiliates end of period subscriber totals for all periods presented.

The following table shows (a) our average rates of monthly postpaid and prepaid subscriber churn and (b) our recapture of Nextel platform subscribers that deactivated but remained as subscribers on the Sprint platform as of the end of each quarterly period beginning with the first quarter 2011.

	March 31, 2011	June 30, 2011	Sept 30, 2011	Dec 31, 2011	March 31, 2012	June 30, 2012	Sept 30, 2012	Dec 31, 2012	March 31, 2013	June 30, 2013	Sept 30, 2013	Dec 31, 2013
Monthly subscriber churn rate ⁽¹⁾												
Sprint platform:												
Postpaid	1.78%	1.72%	1.91%	1.99%	2.00%	1.69%	1.88%	1.98%	1.84%	1.83%	1.99%	2.07%
Prepaid	3.41%	3.25%	3.43%	3.07%	2.92%	3.16%	2.93%	3.02%	3.05%	5.22%	3.57%	3.01%
Nextel platform:												
Postpaid	1.95%	1.92%	1.91%	1.89%	2.09%	2.56%	4.38%	5.27%	7.57%	33.90%	—	—
Prepaid	6.94%	7.29%	7.02%	7.18%	8.73%	7.18%	9.39%	9.79%	12.46%	32.13%	—	—
Transactions ⁽²⁾ :												
Postpaid	—	—	—	—	—	—	—	—	—	26.64%	6.38%	5.48%
Prepaid	—	—	—	—	—	—	—	—	—	16.72%	8.84%	8.18%
Total retail postpaid	1.81%	1.75%	1.91%	1.98%	2.01%	1.79%	2.09%	2.18%	2.09%	2.63%	2.09%	2.15%
Total retail prepaid	4.36%	4.14%	4.07%	3.68%	3.61%	3.53%	3.37%	3.30%	3.26%	5.51%	3.78%	3.22%

Nextel platform subscriber recaptures

Rate ⁽³⁾ :												
Postpaid	27%	27%	27%	39%	46%	60%	59%	51%	46%	34%	—	—
Prepaid	27%	21%	21%	25%	23%	32%	34%	50%	34%	39%	—	—
Subscribers ⁽⁴⁾ :												
Postpaid	124	113	103	168	228	431	516	333	264	364	—	—
Prepaid	260	171	141	152	137	143	152	188	67	101	—	—

- (1) Churn is calculated by dividing net subscriber deactivations for the quarter by the sum of the average number of subscribers for each month in the quarter. For postpaid accounts comprising multiple subscribers, such as family plans and enterprise accounts, net deactivations are defined as deactivations in excess of subscriber activations in a particular account within 30 days. Postpaid and Prepaid churn consist of both voluntary churn, where the subscriber makes his or her own determination to cease being a subscriber, and involuntary churn, where the subscriber's service is terminated due to a lack of payment or other reasons.
- (2) Subscriber churn related to the acquisition of assets from U.S. Cellular and the Clearwire Acquisition.
- (3) Represents the recapture rate defined as the Nextel platform postpaid or prepaid subscribers, as applicable, that switched from the Nextel platform but activated service on the Sprint platform during each period over the total Nextel platform subscriber deactivations in the period for postpaid and prepaid, respectively.
- (4) Represents the Nextel platform postpaid and prepaid subscribers, as applicable, that switched from the Nextel platform during each period but remained with the Company as subscribers on the Sprint platform. Subscribers that deactivated service on the Nextel platform and activated service on the Sprint platform are included in the Sprint platform net additions for the applicable period.

The following table shows our postpaid and prepaid ARPU as of the end of each quarterly period beginning with the first quarter 2011 .

	Predecessor											Successor	Combined ⁽²⁾	Successor
	March 31, 2011	June 30, 2011	Sept 30, 2011	Dec 31, 2011	March 31, 2012	June 30, 2012	Sept 30, 2012	Dec 31, 2012	March 31, 2013	June 30, 2013	10 Days Ended July 10, 2013	Sept 30, 2013	Sept 30, 2013	Dec 31, 2013
ARPU														
Sprint platform:														
Postpaid	\$ 58.52	\$59.07	\$60.20	\$61.22	\$ 62.55	\$63.38	\$63.21	\$63.04	\$ 63.67	\$64.20	\$ 64.71	\$ 64.24	\$ 64.28	\$ 64.24
Prepaid	\$ 25.76	\$25.53	\$25.35	\$25.16	\$ 25.64	\$25.49	\$26.19	\$26.30	\$ 25.95	\$26.96	\$ 26.99	\$ 25.14	\$ 25.33	\$ 25.14
Nextel platform:														
Postpaid	\$ 44.35	\$43.68	\$42.78	\$41.91	\$ 40.94	\$40.25	\$38.65	\$37.27	\$ 35.43	\$36.66	\$ —	\$ —	\$ —	\$ —
Prepaid	\$ 35.46	\$34.63	\$35.62	\$34.91	\$ 35.68	\$37.20	\$34.73	\$35.59	\$ 31.75	\$34.48	\$ —	\$ —	\$ —	\$ —
Transactions ⁽¹⁾ :														
Postpaid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$59.87	\$ 35.75	\$ 37.44	\$ 40.00	\$ 37.44
Prepaid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$19.17	\$ 12.78	\$ 40.62	\$ 43.20	\$ 40.62
Total retail														
postpaid	\$ 56.17	\$56.67	\$57.65	\$58.59	\$ 59.88	\$60.88	\$61.18	\$61.47	\$ 62.47	\$63.59	\$ 64.55	\$ 63.48	\$ 63.69	\$ 63.48
prepaid	\$ 28.39	\$27.53	\$27.19	\$26.62	\$ 26.82	\$26.59	\$26.77	\$26.69	\$ 26.08	\$27.02	\$ 26.96	\$ 25.86	\$ 26.04	\$ 25.86

(1) Subscriber ARPU related to the acquisition of assets from U.S. Cellular and the Clearwire acquisition.

(2) Combined ARPU for the quarterly period ending September 30, 2013 aggregates service revenue from the Predecessor 10-day period ended July 10, 2013 and the Successor three-month period ended September 30, 2013 divided by the sum of the monthly average subscribers during the three months ended September 30, 2013.

Subscriber Results

Sprint Platform Subscribers

Retail Postpaid — During 2013, net postpaid subscriber losses were 96,000 as compared to net additions of 1.5 million and 1.3 million in 2012 and 2011, respectively. The change to net losses in 2013 from net additions in 2012 and 2011 was primarily related to the absence of Nextel platform recaptures in the second half of 2013 as the shutdown of that network was completed on June 30, 2013. Nextel platform and U. S. Cellular recaptures in 2013 totaled 734,000. In addition, we had approximately 564,000 net additions of tablet devices and approximately 190,000 net additions of connected devices in 2013, which were all offset by net losses of approximately 1,584,000 on the Sprint platform. Substantially all Sprint platform net additions in 2012 and approximately 508,000 in 2011 represented postpaid subscribers that deactivated service on the Nextel platform. In addition, churn increased when comparing 2013 to 2012 and postpaid gross subscriber additions declined when comparing 2013 to 2012. We expect churn results will continue to be negatively impacted by Network Vision, with gradual improvement beginning in the latter part of 2014. In addition, some wireless carriers have recently undertaken various aggressive marketing efforts to incent subscribers to switch carriers. As a result, these efforts could have a negative impact on churn which would have a negative effect on EBITDA.

Retail Prepaid — During 2013, we added 488,000 net prepaid subscribers as compared to adding 2.3 million and 4.3 million in 2012 and 2011, respectively. Our decline in net additions in 2013 compared to 2012 was primarily due to Assurance Wireless and new recertification regulations as discussed in more detail below combined with continued competitive pressures in 2012 resulting in promotional offerings that drove increased net additions. Also contributing to the decline in net additions in 2013 was the absence of Nextel platform recaptures in the second half of 2013 as the shutdown of that network was completed. Approximately 168,000 prepaid subscriber additions deactivated service on the Nextel platform in 2013 as compared to 620,000 in 2012 and 724,000 in 2011. Our decrease in net prepaid additions in 2012 as compared to 2011 was primarily due to a decline in gross subscriber additions on Assurance Wireless due to lower response rates and a lower subscriber application approval rate resulting from complexities associated with new federal regulations as well as an increase in churn primarily related to FCC mandated efforts to remove duplicate Lifeline accounts between carriers.

The federal Lifeline program under which Assurance Wireless operates requires applicants to meet certain eligibility requirements and existing subscribers must recertify as to those requirements annually. New regulations in 2012, which impact all Lifeline carriers, impose stricter rules on the subscriber eligibility requirements and recertification. These new regulations also required a one-time recertification of the entire June 1, 2012 subscriber base by December 31, 2012. Accounts of subscribers who failed to respond by December 31, 2012 were suspended and made subject to our prepaid churn rules as described below (or 365 days in a limited number of states). However, subscribers could re-apply prior to being deactivated and also had the ability to receive by-the-minute service at their own expense. We deactivated the accounts of approximately 1.2 million subscribers in the second quarter 2013 primarily related to the recertification process.

Prepaid subscribers are generally deactivated between 60 and 150 days from the later of the date of initial activation or replenishment; however, prior to account deactivation, targeted retention programs can be offered to qualifying subscribers to maintain ongoing service by providing up to an additional 150 days to make a replenishment. Subscribers targeted through these retention offers are not included in the calculation of churn until their retention offer expires without a replenishment to their account. As a result, end of period prepaid subscribers include subscribers engaged in these retention programs, however, the number of these subscribers as a percentage of our total prepaid subscriber base has remained consistent over the past four quarters. Assurance Wireless and Clearwire subscribers are excluded from these targeted retention programs.

Wholesale and Affiliate Subscribers — Wholesale and affiliate subscribers represent customers that are served on our networks through companies that resell our wireless services to their subscribers, customers residing in affiliate territories and connected devices that utilize our network. Of the 8.2 million Sprint Platform subscribers included in wholesale and affiliates, approximately 44% represent connected devices. Wholesale and affiliate subscriber net additions were 31,000 during 2013 as compared to 944,000 and 2.7 million in 2012 and 2011, respectively, inclusive of net additions of connected devices totaling 908,000, 593,000, and 217,000 during 2013, 2012 and 2011, respectively. Our decline in net additions in 2013 as compared to 2012, as well as 2012 compared to 2011, was primarily due to targeted efforts in 2013 and 2012 to reduce inactive subscriber accounts by our wholesale MVNO customers as well as net losses attributable to new Lifeline program recertification regulations as discussed

in *Retail Prepaid* above, partially offset by increases in connected devices and growth in wholesale postpaid resellers.

Transactions Subscribers

As part of the acquisition of assets from U.S. Cellular, which closed in May 2013, we acquired 352,000 postpaid subscribers and 59,000 prepaid subscribers. As part of the Clearwire Acquisition in July 2013, we acquired 788,000 postpaid subscribers (exclusive of Sprint platform wholesale subscribers acquired through our MVNO relationship with Clearwire that were transferred to postpaid subscribers within Transactions), 721,000 prepaid subscribers, and 93,000 wholesale subscribers. For the remainder of the year ended December 31, 2013, we had net postpaid subscriber losses of 481,000, net prepaid subscriber losses of 179,000 and net wholesale subscriber additions of 38,000, of which approximately 106,000 and 8,000 postpaid and prepaid subscribers, respectively, were recaptured on the Sprint platform.

Cost of Services

Cost of services consists primarily of:

- costs to operate and maintain our networks, including direct switch and cell site costs, such as rent, utilities, maintenance, labor costs associated with network employees, and spectrum frequency leasing costs;
- fixed and variable interconnection costs, the fixed component of which consists of monthly flat-rate fees for facilities leased from local exchange carriers based on the number of cell sites and switches in service in a particular period and the related equipment installed at each site, and the variable component of which generally consists of per-minute use fees charged by wireline providers for calls terminating on their networks, which fluctuate in relation to the level and duration of those terminating calls;
- long distance costs paid to the Wireline segment;
- costs to service and repair devices;
- regulatory fees;
- roaming fees paid to other carriers; and
- fixed and variable costs relating to payments to third parties for the use of their proprietary data applications, such as messaging, music, TV, and navigation services by our subscribers.

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Cost of services decreased \$4.7 billion, or 52%, for the Successor year ended December 31, 2013, as compared to the Predecessor year ended December 31, 2012, primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. In addition, we had reduced network costs such as rent and utilities in 2013 as a result of the shut-down of the Nextel platform in June 2013 combined with a decrease in service and repair costs due to a decline in the volume and frequency of repairs. These decreases were partially offset by additional network costs due to the modernization of our network as well as the net impact of the Clearwire Acquisition.

Cost of services increased \$110 million, or 1%, in 2012 compared to 2011, reflecting an increase in rent expense primarily due to the cell site leases renegotiated in 2011 in connection with our network modernization and the shutdown of the Nextel platform and higher backhaul costs primarily due to increased capacity. These increases were partially offset by a decrease in payments to third-party vendors for use of their proprietary data applications and premium services as a result of more favorable rates provided by contract renegotiations and a decline in long distance network costs as a result of lower market rates. In addition, service and repair costs decreased due to a decline in the volume and frequency of repairs, which was slightly offset by an increase in the cost per unit of devices utilized for service and repair due to the growth in smartphone popularity.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, cost of services for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 decreased as a result of a reduction in payments to third-party vendors for use of their proprietary data applications and premium services as a result of more favorable contract rates. These decreases were partially offset by higher backhaul costs primarily due to increased capacity.

Equipment Net Subsidy

We recognize equipment revenue and corresponding costs of devices when title and risk of loss passes to the indirect dealer or end-use subscriber, assuming all other revenue recognition criteria are met. Our marketing plans assume that devices typically will be sold at prices below cost, which is consistent with industry practice. We offer certain incentives to retain and acquire subscribers such as new devices at discounted prices. The cost of these incentives is recorded as a reduction to equipment revenue upon activation of the device with a service contract.

Cost of products includes equipment costs (primarily devices and accessories), order fulfillment related expenses, and write-downs of device and accessory inventory related to shrinkage and obsolescence. Additionally, cost of products is reduced by any rebates that are earned from the equipment manufacturers. Cost of products in excess of the net revenue generated from equipment sales is referred to in the industry as equipment net subsidy. We also make incentive payments to certain indirect dealers, who purchase the iPhone[®] directly from Apple. Those payments are recognized as selling, general and administrative expenses when the device is activated with a Sprint service plan because Sprint does not recognize any equipment revenue or cost of products for those transactions. (See Selling, General and Administrative Expense below.)

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Equipment revenue decreased \$1.5 billion , or 45% , and cost of products declined \$5.3 billion , or 54% , for the Successor year ended December 31, 2013 , as compared to the Predecessor year ended December 31, 2012 , primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. In addition, the decrease in both equipment revenue and cost of products was due to fewer postpaid handsets sold, which was partially offset by higher average sales prices per postpaid and prepaid device sold as well as increases in prepaid handsets sold.

Equipment revenue increased \$337 million , or 12% , in 2012 compared to 2011 and cost of products increased \$1.8 billion , or 23% , in 2012 compared to 2011. The increase in both equipment revenue and cost of products is primarily due to a higher average sales price and cost per device sold for postpaid and prepaid devices, particularly driven by the introduction of the more expensive iPhone to postpaid and prepaid subscribers, partially offset by a decline in the number of postpaid and prepaid devices sold.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

Equipment revenues for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 increased primarily due to higher average sales prices per postpaid and prepaid device sold as well as increases in prepaid volumes, partially offset by fewer postpaid handsets sold. Cost of products decreased primarily from fewer postpaid handsets sold although at a higher average cost per handset, partially offset by an increase in average cost per prepaid handset due to increased sales of more expensive 4G and LTE devices combined with fewer sales of low cost Assurance wireless handsets.

Selling, General and Administrative Expense

Sales and marketing costs primarily consist of subscriber acquisition costs, including commissions paid to our indirect dealers, third-party distributors and retail sales force for new device activations and upgrades, residual payments to our indirect dealers, payments made to OEMs for direct source equipment, payroll and facilities costs associated with our retail sales force, marketing employees, advertising, media programs and sponsorships, including costs related to branding. General and administrative expenses primarily consist of costs for billing, customer care and information technology operations, bad debt expense and administrative support activities, including collections, legal, finance, human resources, corporate communications, strategic planning, and technology and product development.

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Sales and marketing expense was \$2.6 billion for the Successor year ended December 31, 2013 representing a decrease of \$2.6 billion , or 50% , as compared to the Predecessor year ended December 31, 2012 primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. In addition, we had a reduction in commissions expense resulting from our decrease in postpaid subscriber gross additions, which was partially offset by increased costs resulting from the Clearwire Acquisition and higher media spend.

Sales and marketing expense was \$5.3 billion , an increase of \$165 million , or 3% , in 2012 from 2011 primarily due to increased reimbursements for point-of-sale discounts for iPhones of \$238 million, which are

directly sourced by distributors from Apple and accounted for as sales expense, partially offset by a reduction in commissions expense resulting from a shift in channel mix combined with our decrease in subscriber gross additions. Point-of-sale discounts are included in the determination of equipment net subsidy when we purchase and resell devices.

General and administrative costs were \$1.9 billion for the Successor year ended December 31, 2013 representing a decrease of \$2.1 billion, or 53%, as compared to the Predecessor year ended December 31, 2012, primarily due to comparing operating results for the shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year, partially offset by additional IT and overhead costs as a result of the Clearwire Acquisition. Bad debt expense was \$260 million, a decrease of \$281 million in the Successor period 2013 from the Predecessor year ended December 31, 2012, and \$541 million, a decrease of \$11 million in 2012 from 2011. The decrease is primarily related to comparing a shortened Post-merger period to the 2012 Predecessor period consisting of a full calendar year. We reassess our allowance for doubtful accounts quarterly. Changes in our allowance for doubtful accounts are largely attributable to the analysis of historical collection experience and changes, if any, in credit policies established for subscribers. On the Sprint platform, the mix of prime postpaid subscribers to total postpaid subscribers was 82%, 81% and 80% as of December 31, 2013, 2012 and 2011, respectively.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the increases in the explanations above, the increase in sales and marketing expense for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 was also due to increased commissions expense resulting from growth in prepaid sales.

In addition to the explanations above, general and administrative costs decreased for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 also as a result of lower customer care costs primarily due to lower call volumes and fewer calls per subscriber. In addition, the decrease in bad debt expense reflects a decrease in accounts written off, lower average write-off per account, and a decline in involuntary churn.

Segment Earnings - 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 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. We are one of the nation's largest providers of long distance services and operate all-digital global long distance and Tier 1 IP networks. 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 data 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. We also continue to provide voice services to residential consumers. Our Wireline segment markets and sells its services primarily through direct sales representatives.

Wireline segment earnings are primarily a function of wireline service revenue, network and interconnection costs, and other Wireline segment operating expenses. Network costs primarily represent special access costs and interconnection costs, which generally consist of domestic and international per-minute usage fees

paid to other carriers. The remaining costs associated with operating the Wireline segment include the costs to operate our customer care and billing organizations in addition to administrative support. Wireline service revenue and variable network and interconnection costs fluctuate with the changes in our customer base and their related usage, but some cost elements do not fluctuate in the short term with the changes in our customer usage. Our wireline services provided to our Wireless segment are generally accounted for based on market rates, which we believe approximate fair value. The Company generally re-establishes these rates at the beginning of each fiscal year. Over the past several years, there has been an industry wide trend of lower rates due to increased competition from other wireline and wireless communications companies as well as cable and Internet service providers. Declines in wireline segment earnings related to intercompany pricing rates do not affect our consolidated results of operations as our Wireless segment benefits from an equivalent reduction in cost of service.

The following table provides an overview of the results of operations of our Wireline segment for the combined consolidated results of operations for the year ended December 31, 2013, the Successor year ended December 31, 2013, the Predecessor 191-day period ended July 10, 2013, and the Predecessor years ended December 31, 2012 and 2011.

	Combined		Predecessor		
	Year Ended December 31,	Successor Year Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
Wireline Segment Earnings	2013	2013	2013	2012	2011
	<i>(in millions)</i>				
Voice	\$ 1,490	\$ 719	\$ 771	\$ 1,627	\$ 1,915
Data	326	138	188	398	460
Internet	1,660	747	913	1,781	1,878
Other	61	32	29	75	73
Total net service revenue	3,537	1,636	1,901	3,881	4,326
Cost of services and products	(2,637)	(1,235)	(1,402)	(2,781)	(3,005)
Service gross margin	900	401	499	1,100	1,321
Service gross margin percentage	25%	25%	26%	28%	31%
Selling, general and administrative expense	(406)	(179)	(227)	(451)	(521)
Wireline segment earnings	\$ 494	\$ 222	\$ 272	\$ 649	\$ 800

Wireline Revenue

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Voice Revenues

Voice revenues decreased \$908 million, or 56%, for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. Voice revenues decreased \$288 million, or 15%, in 2012 as compared to 2011 primarily driven by overall price declines of which \$174 million was related to the decline in prices for the sale of services to our Wireless segment as well as volume declines due to customer churn. Voice revenues generated from the sale of services to our Wireless segment represented 33% of total voice revenues for the year ended December 31, 2013 as compared to 32% and 34% for the years ended 2012 and 2011, respectively.

Data Revenues

Data revenues reflect sales of data services, primarily Private Line, and managed network services bundled with non-IP-based data access. Data revenues decreased \$260 million, or 65%, for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. Data revenues decreased \$62 million, or 13%, in 2012 as compared to 2011 as a result of customer churn driven by the focus to no longer provide frame relay and asynchronous transfer mode (ATM) services, which was phased out early in 2013. Data revenues generated from the provision of services to the Wireless segment represented 50% of total data revenue for the year ended December 31, 2013 as compared to 44% and 35% for the years ended 2012 and 2011, respectively.

Internet Revenue

IP-based data services revenue reflects sales of Internet services, including MPLS, VoIP, SIP, and managed services bundled with IP-based data access. IP-based data services decreased \$1.0 billion , or 58% , for the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. IP-based data services decreased \$97 million , or 5% , in 2012 as compared to 2011 primarily due to the in-sourcing of digital voice products by certain cable MSOs. Sale of services to our Wireless segment represented 11% of total Internet revenues for both the years ended December 31, 2013 and 2012 and 8% for the year ended December 31, 2011 .

Other Revenues

Other revenues, which primarily consist of sales of customer premises equipment, decreased \$43 million , or 57% in the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 , primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. Other revenues increased \$2 million , or 3% , in 2012 as compared to 2011 .

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

Voice Revenues

In addition to the explanations above, voice revenues for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 decreased as a result of overall volume and price declines, of which \$53 million was related to the decline in prices for the sale of services to our Wireless segment, as well as volume declines due to customer churn.

Data Revenues

In addition to the explanations above, data revenues for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 decreased as a result of customer churn driven by the focus to no longer provide frame relay and ATM services.

Internet Revenue

In addition to the explanations above, Internet revenues for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 decreased primarily due to fewer IP customers.

Costs of Services and Products

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Costs of services and products include access costs paid to local phone companies, other domestic service providers and foreign phone companies to complete calls made by our domestic subscribers, costs to operate and maintain our networks, and costs of equipment. Costs of services and products decreased \$1.5 billion , or 56% , in the Successor year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. Costs of services and products decreased \$224 million , or 7% , in 2012 from 2011 primarily due to lower access expense as a result of savings initiatives and declining voice, data and Internet volumes. Service gross margin percentage decreased from 31% in 2011 to 28% in 2012 and to 25% in 2013 , primarily as a result of a decrease in net service revenue partially offset by a decrease in cost of services and products.

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, costs of services and products for the combined year ended December 31, 2013 as compared to the Predecessor year ended December 31, 2012 decreased primarily due to lower access expense as a result of declining voice, data and Internet volumes.

Selling, General and Administrative Expense

Successor Year Ended December 31, 2013 and Predecessor Years Ended December 31, 2012 and 2011

Selling, general and administrative expense decreased \$272 million , or 60% , in the Successor year ended December 31, 2013 , as compared to the Predecessor year ended December 31, 2012 , primarily due to comparing operating results for the shortened Post-merger period to a period consisting of a full calendar year. Selling, general and administrative expense decreased \$70 million , or 13% , in 2012 as compared to 2011 primarily due to a reduction in shared administrative and employee related costs required to support the Wireline segment as a result of

the decline in revenue. Total selling, general and administrative expense as a percentage of net services revenue was 11% for the year ended December 31, 2013 and 12% in both the years ended 2012 and 2011 .

Combined Year Ended December 31, 2013 and Predecessor Year Ended December 31, 2012

In addition to the explanations above, selling, general and administrative expense for the combined year ended December 31, 2013 as compared to the Predecessor period in 2012 decreased primarily due to a reduction in shared administrative and employee related costs required to support the Wireline segment as a result of the decline in revenue.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

	Combined		Predecessor		
	Year Ended December 31,	Successor Year Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2013	2013	2012	2011
	<i>(in millions)</i>				
Net cash provided by (used in) operating activities	\$ 2,610	\$ (61)	\$ 2,671	\$ 2,999	\$ 3,691
Net cash used in investing activities	\$ (24,493)	\$ (18,108)	\$ (6,385)	\$ (6,375)	\$ (3,443)
Net cash provided by (used in) financing activities	\$ 24,419	\$ 24,528	\$ (109)	\$ 4,280	\$ 26

Operating Activities

Net cash used in operating activities of approximately \$61 million in 2013 for the Successor period decreased \$3.1 billion from the same period in 2012 for the Predecessor. The decrease was primarily due to comparing a shortened Post-merger period to a period consisting of a full calendar year and also included \$180 million of call redemption premiums paid to retire the Clearwire debt and approximately \$225 million of interest payments related to Clearwire debt. Net cash provided by operating activities in 2013 , on a combined basis, of approximately \$2.6 billion decreased \$389 million as compared to the Predecessor in 2012 . In addition to the explanations above, the decrease was primarily due to increased vendor and labor-related payments of \$475 million and increased cash paid for interest of approximately \$213 million primarily as a result of less interest capitalized related to spectrum licenses used for our network modernization. This was partially offset by increased cash received from customers of \$699 million.

Net cash provided by operating activities of \$3.0 billion in 2012 decreased \$692 million from the same period in 2011 . The decrease resulted from increases in vendor and labor-related payments of \$1.5 billion, which primarily related to an increase in the average cost of postpaid and prepaid devices sold and increased cash paid for interest of \$339 million primarily due to an increase in the weighted average long-term debt balance and effective interest rate. This was partially offset by increased cash received from customers of \$1.1 billion primarily due to increases in postpaid ARPU and total net subscribers. Included in our vendor and labor related payments was \$108 million in pension contribution payments made during 2012 .

Investing Activities

Net cash used in investing activities for the Successor period increased by approximately \$11.7 billion as compared to the related Predecessor period, primarily due to increased cash paid related to the SoftBank Merger of \$14.1 billion, net of cash acquired. This increase was partially offset by decreased purchases of short-term investments of approximately \$1.5 billion, increased proceeds of approximately \$200 million from sales and maturities of short-term investments and a reduction in capital expenditures of approximately \$400 million as a result of comparing a shortened Post-merger period to a period consisting of a full calendar year.

Net cash used in investing activities for 2012 increased by \$2.9 billion from 2011 , primarily due to increases of \$2.4 billion in purchases of short-term investments and \$1.1 billion in capital expenditures, partially offset by an increase of \$533 million in proceeds from sales and maturities of short-term investments. Increases in capital expenditures were primarily related to spend for our network modernization, partially offset by reductions to legacy equipment spend. We also recognized \$128 million in the form of a note receivable from Clearwire in 2012 as a result of the additional investment provided in the fourth quarter 2011. In addition, we purchased Clearwire

Corporation Class A Common Stock and Clearwire Communications LLC Class B Interests from Eagle River for \$100 million in December 2012.

Financing Activities

Net cash provided by financing activities was \$24.5 billion during the Successor period, which included proceeds from the issuance of common stock and warrants of approximately \$18.6 billion related to the SoftBank Merger. In addition, the Company issued \$9.0 billion in unregistered debt with registration rights consisting of a September 11, 2013 issuance of \$2.25 billion aggregate principal amount of 7.250% notes due 2021 and \$4.25 billion aggregate principal amount of 7.875% notes due 2023, and a December 12, 2013 issuance of \$2.5 billion aggregate principal amount of 7.125% notes due 2024, each guaranteed by Sprint Communications. We also incurred approximately \$147 million of debt issuance costs. These increases, along with net borrowings under our secured equipment credit facility of approximately \$444 million, were offset by the retirement of approximately \$3.3 billion principal amount of Clearwire debt.

Net cash provided by financing activities was \$4.3 billion during 2012 . During 2012 , the Company issued senior notes, guaranteed notes, and a convertible bond, as well as had drawdowns on the secured equipment credit facility totaling, in the aggregate, approximately \$9.2 billion and redeemed the remaining \$4.8 billion of Nextel Communications, Inc. senior notes. In addition, we incurred \$134 million of debt financing costs in 2012 .

Net cash provided by financing activities was \$26 million during 2011 . During 2011 , the Company repaid certain debt obligations, including \$1.65 billion of Sprint Capital Corporation 7.625% senior notes, the early redemption of \$2.0 billion of Sprint Capital Corporation 8.375% senior notes and repayment of \$250 million of the \$750 million loan agreement with Export Development Canada (EDC Agreement). The reductions in debt obligations were offset by proceeds from issuances of \$1.0 billion of aggregate principal amount of 11.5% senior notes due 2021 and \$3.0 billion of aggregate principal amount of 9% guaranteed notes due 2018 in a private placement in November 2011. We also paid \$86 million for debt financing costs associated with our November 2011 debt issuances and fourth quarter credit facility amendments.

Working Capital

As of the Successor year ended December 31, 2013 , we had working capital of \$2.4 billion compared to \$4.9 billion as of the Predecessor year ended December 31, 2012 . Our working capital as of December 31, 2013 and December 31, 2012 includes accrued capital expenditures for unbilled services totaling approximately \$1.4 billion and \$900 million, respectively, related to our network modernization. In addition to the increase in accrued capital expenditures, our decline in working capital is also the result of increases of approximately \$500 million in accrued severance and exit costs primarily associated with severance actions taken in the fourth quarter 2013 and accrued exit costs related to the shut-down of the Nextel platform and decreases of approximately \$700 million in short-term investments. Also contributing to the decline in working capital was an increase in the current portion of long-term debt of approximately \$600 million which was primarily due to the Clearwire Communications, LLC and Clearwire Finance, Inc. 8.25% Exchangeable Notes due 2040 becoming exchangeable at any time, at the holder's option, as a result of the close of the Clearwire Acquisition for a fixed amount of cash. The balance is due to changes in other current assets and liabilities.

Available Liquidity

As of December 31, 2013 , our liquidity, including cash, cash equivalents, short-term investments and available borrowing capacity under our revolving bank credit facility was \$9.6 billion . Our cash, cash equivalents and short-term investments totaled \$7.5 billion as of the Successor year ended December 31, 2013 compared to \$8.2 billion as of the Predecessor year ended December 31, 2012 . As of December 31, 2013 , approximately \$914 million in letters of credit were outstanding under our \$3.0 billion revolving bank credit facility, including the letter of credit required by the 2004 FCC Report and Order to reconfigure the 800 MHz band (the "Report and Order"). Certain indentures that govern our outstanding notes also require compliance with various covenants, including covenants that limit the ability of the Company and its subsidiaries to sell all or substantially all of its assets, and limit the ability of the Company and its subsidiaries to incur indebtedness and liens, each as defined by the terms of the indentures and supplemental indentures. As a result of the outstanding letters of credit, which directly reduce the availability of the revolving bank credit facility, we had approximately \$2.1 billion of borrowing capacity available under the revolving bank credit facility as of December 31, 2013 . Our revolving bank credit facility expires in February 2018.

Strategic Initiatives***Apple Contract***

Our commitment with Apple requires us to purchase a minimum number of smartphones. Since our launch of the iPhone, we have sold in excess of 15 million iPhones and continue to project that we will meet our minimum obligation over the contract term.

Network Capital Expenditures

We are currently in the process of modernizing our network and deploying new technology to allow for the consolidation and optimization of our existing 800 MHz and 1.9 GHz spectrum, along with the 2.5 GHz spectrum into our base stations. Our expected timeline, our capital needs to maintain and operate our existing infrastructure, and our integration of the recently acquired Clearwire 2.5 GHz spectrum are expected to require substantial amounts of capital expenditures and increased operating expenditures during the period of integration and deployment.

Long-Term Debt and Scheduled Maturities

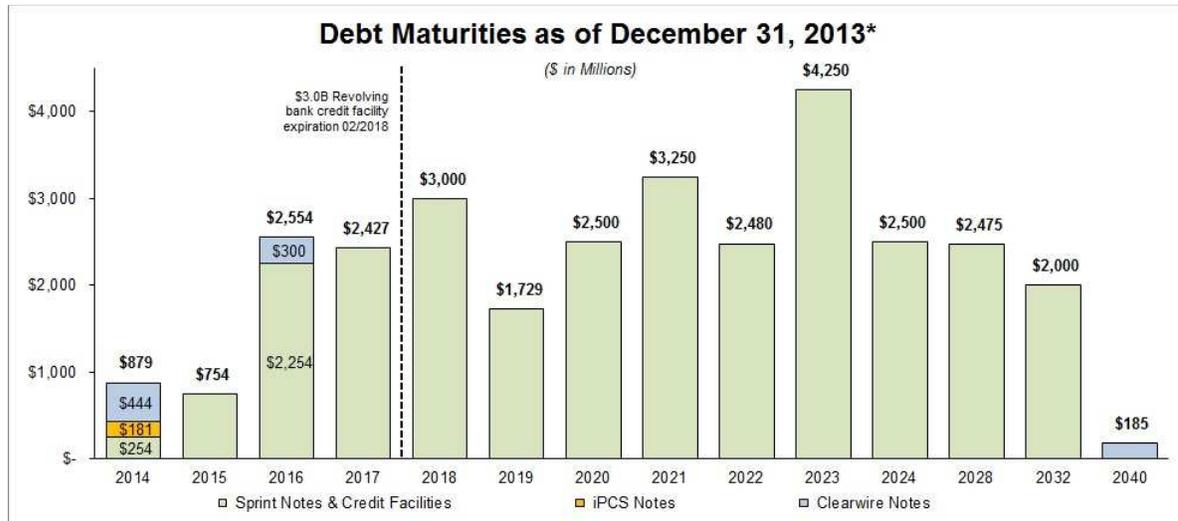
The following debt issuances and retirements occurred during 2013 :

	<u>Date</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Amount</u> (in millions)
<u>Issuances:</u>				
Senior notes	September 2013	7.875%	2023	\$ 4,250
Senior notes	September 2013	7.250%	2021	2,250
Senior notes	December 2013	7.125%	2024	2,500
Secured equipment credit facility ⁽¹⁾	Various	2.030%	2017	704
Total issuances				<u>\$ 9,704</u>
<u>Retirements:</u>				
iPCS, Inc. first-lien secured notes	May 2013	Floating rate	2013	\$ 300
Clearwire Communications LLC senior secured notes ⁽²⁾	September 2013	12.000%	2015	414
Clearwire Communications LLC second-priority secured notes ⁽²⁾	October 2013	12.000%	2017	175
Clearwire Communications LLC senior secured notes ⁽²⁾	December 2013	12.000%	2015	2,349
Clearwire Communications LLC second-priority secured notes ⁽²⁾	December 2013	12.000%	2017	325
Secured equipment credit facility ⁽¹⁾	Various	2.030%	2017	111
Total retirements				<u>\$ 3,674</u>

(1) In May 2012, certain of our subsidiaries entered into a \$1.0 billion secured equipment credit facility that expires in March 2017 to finance equipment-related purchases from Ericsson for our network modernization. The facility is secured by a lien on the equipment purchased and is fully and unconditionally guaranteed by Sprint Communications, Inc. The facility was equally divided into two consecutive tranches of \$500 million, which were both fully drawn as of December 31, 2013. Repayments of outstanding amounts under the secured equipment credit facility cannot be re-drawn. The cost of funds under this facility includes a fixed interest rate of 2.03%, and export credit agency premiums and other fees that, in total, equate to an expected effective interest rate of approximately 6% based on assumptions such as timing and amounts of drawdowns.

(2) Notes of Clearwire Communications LLC were also direct obligations of Clearwire Finance, Inc. and were guaranteed by certain Clearwire subsidiaries.

The following graph depicts our future principal maturities of debt as of December 31, 2013 :



* This table excludes (i) our unsecured revolving bank credit facility, which will expire in 2018 and has no outstanding balance, and under which \$914 million in letters of credit are outstanding, (ii) vendor financing notes assumed in the Clearwire Acquisition, and (iii) all capital leases and other financing obligations.

Liquidity and Capital Resource Requirements

To meet our short- and long-term liquidity requirements, we look to a variety of funding sources. Our existing liquidity balance and cash generated from operating activities is our primary source of funding. In addition to cash flows from operating activities, we rely on the ability to issue debt and equity securities, the ability to issue other forms of financing, and the borrowing capacity available under our credit facilities to support our short- and long-term liquidity requirements. We believe our existing available liquidity and cash flows from operations will be sufficient to meet our funding requirements through the next twelve months, including debt service requirements and other significant future contractual obligations. To maintain an adequate amount of available liquidity and execute according to the timeline of our current business plan, which includes network deployment and maintenance, subscriber growth, data usage capacity needs and the expected achievement of a cost structure intended to achieve more competitive margins, we may need to raise additional funds from external resources. If we are unable to fund our remaining capital needs from external resources on terms acceptable to us, we would need to modify our existing business plan, which could adversely affect our expectation of long-term benefits to results from operations and cash flows from operations.

The terms and conditions of our revolving bank credit facility, which expires in February 2018, require that, at the end of each fiscal quarter, the ratio (Leverage Ratio) of total indebtedness to trailing four quarters earnings before interest, taxes, depreciation and amortization and other non-recurring items (adjusted EBITDA each as defined in the applicable agreement), not exceed 6.25 to 1.0 at any quarter end through June 30, 2014. After June 30, 2014, the Leverage Ratio declines on a scheduled basis, as determined by the credit agreement, until the ratio becomes fixed at 4.0 to 1.0 for the fiscal quarter ending December 31, 2016 and each fiscal quarter ending thereafter. The unsecured EDC Agreement and secured equipment credit facility were amended on March 12, 2013 and June 24, 2013, respectively, to provide for terms similar to those of the amended revolving bank credit facility, except that under the terms of the EDC Agreement and secured equipment credit facility, repayments of outstanding amounts cannot be re-drawn. As of December 31, 2013, our Leverage Ratio, as defined by the amended revolving bank credit facility, EDC Agreement, and secured equipment credit facility was 5.9 to 1.0. In addition, since our leverage ratio exceeds 2.5 to 1.0 at quarter end, we were also restricted from paying cash dividends.

In determining our expectation of future funding needs in the next twelve months and beyond, we have considered:

- projected revenues and expenses relating to our operations;
- continued availability of a revolving bank credit facility in the amount of \$3.0 billion , which expires in February 2018 and was amended in February 2014 to provide for additional capacity of \$300 million bringing the total capacity to \$3.3 billion;
- any scheduled payments or anticipated redemptions related to capital lease and debt obligations assumed in the Clearwire Acquisition;
- anticipated levels and timing of capital expenditures, including the capacity and upgrading of our networks and the deployment of new technologies in our networks, and FCC license acquisitions taking into consideration the 2.5 GHz spectrum acquired in the Clearwire Acquisition;
- anticipated payments under the Report and Order, as supplemented;
- any additional contributions we may make to our pension plan;
- any scheduled principal payments; and
- other future contractual obligations, including our network modernization plan, and general corporate expenditures.

Our ability to fund our capital needs from external sources is ultimately affected by the overall capacity and terms of the banking and securities markets, as well as our performance and our credit ratings. Given our recent financial performance as well as the volatility in these markets, we continue to monitor them closely and to take steps to maintain financial flexibility at a reasonable cost of capital.

The following outlooks and credit ratings from Moody's Investor Service, Standard & Poor's Ratings Services, and Fitch Ratings for certain of Sprint Corporation's outstanding obligations were:

Rating Agency	Rating				Outlook
	Issuer Rating	Unsecured Notes	Guaranteed Notes	Bank Credit Facility	
Moody's	Ba3	B1	Ba2	Baa3	Stable
Standard and Poor's	BB-	BB-	BB+	BB+	Stable
Fitch	B+	B+	BB	BB	Stable

We expect to remain in compliance with our covenants through the next twelve months, although there can be no assurance that we will do so. Although we expect to improve our Sprint platform postpaid subscriber results, and execute on our network modernization and integration plans, if we do not meet our expectations, depending on the severity of any difference in actual results versus what we currently anticipate, it is possible that we would not remain in compliance with our covenants or be able to meet our debt service obligations, which could result in acceleration of our indebtedness. If such unforeseen events occur, we may engage with our lenders to obtain appropriate waivers or amendments of our credit facilities or refinance borrowings, although there is no assurance we would be successful in any of these actions.

A default under any of our borrowings could trigger defaults under certain of our other debt obligations, which in turn could result in the maturities being accelerated. Certain indentures that govern our outstanding notes also require compliance with various covenants, including covenants that limit the Company's ability to sell all or substantially all of its assets, limit the Company and its subsidiaries' ability to incur indebtedness and liens, each as defined by the terms of the indentures.

CURRENT BUSINESS OUTLOOK

The Company expects 2014 consolidated segment earnings to be between \$6.5 billion and \$6.7 billion and 2014 capital expenditures to be approximately \$8 billion.

The above discussion is subject to the risks and other cautionary and qualifying factors set forth under "Forward-Looking Statements" and "Part I, Item 1A. Risk Factors" in this report.

FUTURE CONTRACTUAL OBLIGATIONS

The following table sets forth our current estimates as to the amounts and timing of contractual payments as of December 31, 2013. Future events, including additional purchases of our securities and refinancing of those securities, could cause actual payments to differ significantly from these amounts. See "Item 1A. Risk Factors."

Future Contractual Obligations	Total	2014	2015	2016	2017	2018	2019 and thereafter
	<i>(in millions)</i>						
Notes, credit facilities and debentures ⁽¹⁾	\$ 50,510	\$ 2,797	\$ 3,056	\$ 4,815	\$ 4,466	\$ 4,873	\$ 30,503
Capital leases and financing obligation ⁽²⁾	650	134	123	89	78	59	167
Operating leases ⁽³⁾	16,651	2,250	1,989	1,893	1,819	1,776	6,924
Spectrum leases and service credits ⁽⁴⁾	6,855	189	190	196	214	212	5,854
Purchase orders and other commitments ⁽⁵⁾	22,164	11,954	5,679	2,360	765	591	815
Total	\$ 96,830	\$ 17,324	\$ 11,037	\$ 9,353	\$ 7,342	\$ 7,511	\$ 44,263

(1) Includes outstanding principal and estimated interest payments. Interest payments are based on management's expectations for future interest rates in the case of any variable rate debt.

(2) Represents capital lease payments including interest and financing obligation related to the sale and subsequent leaseback of multiple tower sites.

(3) Includes future lease payments related to cell and switch sites, real estate, network equipment and office space.

(4) Includes future spectrum lease payments as well as service credits related to commitments to provide services to certain lessors and reimburse lessors for certain capital equipment and third-party service expenditures, over the term of the lease.

(5) Includes service, spectrum, network equipment, devices and other executory contracts, including our contract with Apple. Excludes blanket purchase orders in the amount of \$31 million. See below for further discussion.

"Purchase orders and other commitments" include minimum purchases we commit to purchase from suppliers over time and/or the unconditional purchase obligations where we guarantee to make a minimum payment to suppliers for goods and services regardless of whether we take delivery. These amounts do not represent our entire anticipated purchases in the future, but generally represent only our estimate of those items for which we are committed. Our estimates are based on assumptions about the variable components of the contracts such as hours contracted, number of subscribers, pricing, and other factors. In addition, we are party to various arrangements that are conditional in nature and create an obligation to make payments only upon the occurrence of certain events, such as the delivery of functioning software or products. Because it is not possible to predict the timing or amounts that may be due under these conditional arrangements, no such amounts have been included in the table above. The table above also excludes approximately \$31 million of blanket purchase order amounts since their agreement terms are not specified. No time frame is set for these purchase orders and they are not legally binding. As a result, they are not firm commitments. Our liability for uncertain tax positions was \$166 million as of December 31, 2013. Due to the inherent uncertainty of the timing of the resolution of the underlying tax positions, it is not practicable to assign this liability to any particular year(s) in the table.

The table above does not include remaining costs to be paid in connection with the fulfillment of our obligations under the Report and Order. The Report and Order requires us to make a payment to the U.S. Treasury at the conclusion of the band reconfiguration process to the extent that the value of the 1.9 GHz spectrum we received exceeds the total of the value of licenses for spectrum in the 700 MHz and 800 MHz bands that we surrendered under the decision plus the actual costs, or qualifying costs, that we incur to retune incumbents and our own facilities. From the inception of the program through December 31, 2013, we have incurred approximately \$3.3 billion of costs directly attributable to the spectrum reconfiguration program. This amount does not include any of our internal network costs that we have preliminarily allocated to the reconfiguration program for capacity sites and modifications for which we may request credit under the reconfiguration program. We estimate, based on our experience to date with the reconfiguration program and on information currently available, that our total direct costs attributable to complete the spectrum reconfigurations will range between \$3.7 and \$3.8 billion. Accordingly, we believe that it is unlikely that we will be required to make a payment to the U.S. Treasury.

OFF-BALANCE SHEET FINANCING

We do not participate in, or secure, financings for any unconsolidated, special purpose entities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Sprint applies those accounting policies that management believes best reflect the underlying business and economic events, consistent with U.S. GAAP. Sprint's more critical accounting policies include those related to the basis of presentation, allowance for doubtful accounts, valuation and recoverability of our equity method investment in Clearwire prior to the acquisition of the remaining equity interests on July 9, 2013, valuation and recoverability of long-lived assets, and evaluation of goodwill and indefinite-lived assets for impairment. Inherent in such policies are certain key assumptions and estimates made by management. Management regularly updates its estimates used in the preparation of the financial statements based on its latest assessment of the current and projected business and general economic environment. These critical accounting policies have been discussed with Sprint's Board of Directors. Sprint's significant accounting policies and estimates are summarized in the Notes to the Consolidated Financial Statements.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses that result from failure of our subscribers to make required payments. Our estimate of the allowance for doubtful accounts considers a number of factors, including collection experience, aging of the accounts receivable portfolios, credit quality of the subscriber base, and other qualitative considerations. To the extent that actual loss experience differs significantly from historical trends, the required allowance amounts could differ from our estimate. A 10% change in the amount estimated to be uncollectible would result in a corresponding change in bad debt expense of approximately \$16 million for the Wireless segment and was immaterial for the Wireline segment.

Valuation and Recoverability of Long-lived Assets

Long-lived assets consist primarily of property, plant and equipment and intangible assets subject to amortization. Changes in technology or in our intended use of these assets, as well as changes in economic or industry factors or in our business or prospects, may cause the estimated period of use or the value of these assets to change.

Property, plant and equipment are generally depreciated on a straight-line basis over estimated economic useful lives. Certain network assets are depreciated using the group life method. Depreciable life studies are performed periodically to confirm the appropriateness of depreciable lives for certain categories of property, plant and equipment. These studies take into account actual usage, physical wear and tear, replacement history and assumptions about technology evolution. When these factors indicate that an asset's useful life is different from the previous assessment, we depreciate the remaining book values prospectively over the adjusted remaining estimated useful life. Depreciation rates for assets using the group life method are revised periodically as required under this method. Changes made as a result of depreciable life studies and rate changes generally do not have a material effect on depreciation expense.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived asset groups were determined based upon certain factors including assessing the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the total of the expected undiscounted future cash flows is less than the carrying amount of our assets, a loss is recognized for the difference between the estimated fair value and carrying value of the assets. Impairment analyses, when performed, are based on our current business and technology strategy, views of growth rates for our business, anticipated future economic and regulatory conditions and expected technological availability. Our estimate of undiscounted cash flows exceeded the carrying value of these assets by approximately 10%. If we experience significant operational challenges, including retaining and attracting subscribers, future cash flows of the Company may not be sufficient to recover the carrying value of our wireless asset group, and we could record asset impairments that are material to Sprint's consolidated results of operations and financial condition.

In addition to the analysis described above, certain assets that have not yet been deployed in the business, including network equipment, cell site development costs and software in development will be expensed if events or changes in circumstances cause the Company to conclude the assets are no longer needed to meet management's strategic plans and are no longer probable of being deployed. Refer to Results of Operations for additional information on asset impairments.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets for Impairment

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. The determination of the estimated fair value of goodwill required judgment and was based upon numerous assumptions and estimates.

Sprint evaluates the carrying value of goodwill at least annually, or if necessary, more frequently whenever events or changes in circumstances indicate that the carrying amount may exceed estimated fair value. Our analysis includes a comparison of the estimated fair value of the reporting unit to which goodwill applies to the carrying value, including goodwill, of that reporting unit.

Differences in the Company's actual future cash flows, operating results, growth rates, capital expenditures, cost of capital, discount rates and other assumptions as compared to the estimates utilized for the purpose of valuing goodwill as a result of the SoftBank Merger, as well as a decline in the Company's stock price and related market capitalization, could affect the results of our goodwill assessment and potentially lead to a future material goodwill impairment.

We regularly assess whether any indicators of impairment exist, which requires judgment. Such indicators may include a sustained significant decline in our share price and market capitalization; a decline in our expected future cash flows; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and/or slower growth rates, among others. Any adverse change in these factors could result in significant impairments.

Our FCC licenses and our Sprint and Boost Mobile tradenames were recorded at their acquisition-date estimated fair values of \$35.7 billion and \$5.9 billion, respectively, in connection with the SoftBank Merger. We have identified the FCC licenses and the Sprint and Boost Mobile tradenames as indefinite-lived intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are being used, and the effects of obsolescence on their use. We estimated the acquisition-date fair value of FCC licenses using the Greenfield direct value method, which approximates fair value through estimating the discounted future cash flows of a hypothetical start-up business. Assumptions key in estimating fair value under this method include, but are not limited to, capital expenditures, subscriber activations and deactivations, revenues and expenses, market share achieved, tax rates in effect and discount rate. We estimated the acquisition-date fair value of our Sprint and Boost Mobile tradenames using the relief from royalty method, which estimates the amount a market participant would pay to use the tradenames. Assumptions key in estimating fair value under this method include, but are not limited to, revenues, royalty rates, tax rates in effect and discount rate.

We evaluate the carrying value of FCC licenses and Sprint and Boost Mobile tradenames at least annually, or if necessary, more frequently if events or changes in circumstances indicate the asset may be impaired. Our analysis includes a comparison of the estimated fair value of the asset to its carrying value. Fair value is estimated using the methods described above, which were used to value the assets in connection with the SoftBank Merger. Future business and economic conditions, as well as significant changes in any of the assumptions used to estimate the acquisition-date fair value, may result in future, significant impairments.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance regarding *Disclosures about Offsetting Assets and Liabilities*, which requires common disclosure requirements to allow investors to better compare and assess the effect of offsetting arrangements on financial statements prepared under U.S. GAAP with financial statements prepared under IFRS. The standard was effective beginning in the first quarter 2013, requires retrospective application, and only affects disclosures in the footnotes to the financial statements. In October 2012, the FASB tentatively decided to limit the scope of this authoritative guidance to derivatives, repurchase agreements, and securities lending and securities borrowing arrangements. In January 2013, the FASB issued additional clarifying guidance which limited the scope of the disclosure requirements to derivatives, repurchase agreements and reverse purchase agreements, and securities lending and securities borrowing transactions that are either offset in accordance with specific criteria contained in U.S. GAAP or subject

to a master netting arrangement or similar agreement. Based on the scope revision, this authoritative guidance did not impact our existing disclosures.

In February 2013, the 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) Income line items affected by the reclassification. The guidance was effective beginning in the first quarter 2013 and did not have a material effect on our consolidated financial statements as amounts reclassified out of other comprehensive income, consisting primarily of the recognition of periodic pension costs and realized holding gains and losses, are immaterial for all periods presented.

In July 2013, the FASB issued authoritative guidance regarding *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*, which amends existing guidance related to the financial presentation of unrecognized tax benefits by requiring an entity to net its unrecognized tax benefits against the deferred tax assets for all available same-jurisdiction loss or other tax carryforwards that would apply in settlement of the uncertain tax positions. The amendments will be effective beginning in the first quarter of 2014 with early adoption permitted, will be applied prospectively to all unrecognized tax benefits that exist at the effective date, and are not expected to have a material effect on our consolidated financial statements.

FINANCIAL STRATEGIES

General Risk Management Policies

Our board of directors has adopted a financial risk management policy that authorizes us to enter into derivative transactions, and all transactions comply with the policy. We do not purchase or hold any derivative financial instruments for speculative purposes with the exception of equity rights obtained in connection with commercial agreements or strategic investments, usually in the form of warrants to purchase common shares.

Derivative instruments are primarily used for hedging and risk management purposes. Hedging activities may be done for various purposes, including, but not limited to, mitigating the risks associated with an asset, liability, committed transaction or probable forecasted transaction. We seek to minimize counterparty credit risk through stringent credit approval and review processes, credit support agreements, continual review and monitoring of all counterparties, and thorough legal review of contracts. Exposure to market risk is controlled by regularly monitoring changes in hedge positions under normal and stress conditions to ensure they do not exceed established limits.

OTHER INFORMATION

We routinely post important information on our website at www.sprint.com/investors. Information contained on or accessible through our website is not part of this annual report.

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, Clearwire and U.S. Cellular transactions;
- our ability to comply with the requirements of the National Security Agreement;
- our ability to fully integrate the operations of Clearwire and access 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 Sprint'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 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 and integration plans 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 our network modernization plans, 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 continue to access our spectrum and 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 our 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 any future merger or acquisition involving us, as well as the effect of mergers, acquisitions 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 costs or potential customer impact 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";
- equipment failure, natural disasters, terrorist acts or 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;
- the impact of being a "controlled company" exempt from many corporate governance requirements of the NYSE; and
- other risks referenced from time to time in this report and other filings of ours with the SEC.

The words "may," "could," "should," "estimate," "project," "forecast," "intend," "expect," "anticipate," "believe," "target," "plan," "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 7A. 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.

Interest Rate Risk

The communications industry is a capital-intensive, technology-driven business. We are subject to interest rate risk primarily associated with our borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risk includes: the risk of increasing interest rates on variable rate debt and the risk of increasing interest rates for planned new fixed rate long-term financings or refinancings.

Approximately 95% of our debt as of December 31, 2013 was fixed-rate debt. While changes in interest rates impact the fair value of this debt, there is no impact to earnings and cash flows because we intend to hold these obligations to maturity unless market and other conditions are favorable.

We perform interest rate sensitivity analyses on our variable rate debt. These analyses indicate that a one percentage point change in interest rates would have an annual pre-tax impact of \$9 million on our consolidated statements of operations and cash flows for the year ended December 31, 2013 . We also perform a sensitivity analysis on the fair market value of our outstanding debt. A 10% decline in market interest rates is estimated to result in a \$1.2 billion increase in the fair market value of our debt to \$35.6 billion.

Foreign Currency Risk

We may enter into forward contracts and options in foreign currencies to reduce the impact of changes in foreign exchange rates. Our foreign exchange risk management program focuses on reducing transaction exposure to optimize consolidated cash flow. We use foreign currency derivatives to hedge our foreign currency exposure related to settlement of international telecommunications access charges and the operation of our international subsidiaries. The dollar equivalent of our net foreign currency receivables from international settlements was less than \$1 million and the net foreign currency receivables from international operations was approximately \$3 million as of December 31, 2013 . The potential immediate pre-tax loss to us that would result from a hypothetical 10% change in foreign currency exchange rates based on these positions would be less than \$1 million.

Equity Risk

We are exposed to market risk as it relates to changes in the market value of our investments. We invest in equity instruments of public companies for operational and strategic business purposes. These securities are subject to significant fluctuations in fair market value due to volatility of the stock market and industries in which the companies operate. These securities, which are classified in investments on the consolidated balance sheets, primarily include equity method investments, such as available-for-sale securities.

In certain business transactions, we are granted warrants to purchase the securities of other companies at fixed rates. These warrants are supplemental to the terms of the business transaction and are not designated as hedging instruments.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements required by this item begin on page F-1 of this annual report on Form 10-K and are incorporated herein by reference. The financial statements of Clearwire up through the date of acquisition, as required under Regulation S-X, are included in Item 15 of this annual report on Form 10-K and incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 Securities Exchange Act of 1934, such as this Annual Report on Form 10-K, 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 the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Annual Report on Form 10-K, 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 Chief Financial Officer concluded that the design and operation of the disclosure controls and procedures were effective as of December 31, 2013 in providing reasonable assurance that information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including the Chief Executive Officer and 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.

Internal controls over our financial reporting continue to be updated as necessary to accommodate modifications to our business processes and accounting procedures. There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2013 . This assessment was based on the criteria set forth by the 1992 Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Based on this assessment, management believes that, as of December 31, 2013 , our internal control over financial reporting was effective.

Our independent registered public accounting firm has issued a report on the effectiveness of our internal control over financial reporting. This report appears on page F-2.

Item 9B. Other Information

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Securities Exchange Act of 1934. Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, including, among other matters, transactions or dealings relating to the government of Iran. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

After the SoftBank Merger, SoftBank acquired control of Sprint. During the year ended December 31, 2013, SoftBank, through one of its non-U.S. subsidiaries, provided telecommunications services in Iran to Telecommunications Services Company (MTN Irancell) and Mobile Telecommunication Company of Iran, one or both of which are or may be government-controlled entities. During the year ended December 31, 2013, SoftBank estimates that gross revenues were approximately \$13,000 and no net profit was generated. This subsidiary also provided telecommunications services to a single account at the Embassy of Iran in Japan. During the year ended December 31, 2013, SoftBank estimates that gross revenues and net profit generated by such services were estimated to be under \$4,000 and \$2,000 respectively. In addition, SoftBank, through another one of its non-U.S. subsidiaries, provided international direct dialing services between Iran and Japan pursuant to an interconnection arrangement with Telecommunication of Iran, which is or may be a government-controlled entity. During the year ended December 31, 2013, SoftBank estimates that gross revenues were under \$1,000 and no net profit was generated pursuant to the interconnection arrangement. Sprint was not involved in, and did not receive any revenue from, any of these activities. The relevant SoftBank subsidiaries have terminated or are in the process of terminating the arrangements with Telecommunications Services Company (MTN Irancell), Telecommunication of Iran and Mobile Telecommunication Company of Iran. With respect to the single account at the Embassy of Iran in Japan, the relevant SoftBank subsidiary is obligated under contract to continue such account.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The names of our directors and executive officers and their ages, positions, and biographies as of February 24, 2014 are set forth below. Our executive officers are appointed by and serve at the discretion of our board of directors. There are no family relationships among any of our directors or executive officers.

Director and Executive Officer

Name	Experience	Director 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

Executive Officers

Name	Experience	Current Position Held Since	Age
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
Robert L. Johnson	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.	2011	55
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

Executive Officers

Name	Experience	Current Position Held Since	Age
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	58
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	52
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	43
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 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.	2013	49

Executive Officers

Name	Experience	Current Position Held Since	Age
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	55

Directors

Name, Independence, and Committee Appointments	Experience	Director since	Age
Robert R. Bennett <i>Independent</i> Chairman of the Audit Committee Member of the Finance Committee	Managing Director of Hilltop Investments, LLC, a private investment company. Mr. Bennett served as President of Discovery Holding Company from March 2005 until September 2008, when the company merged with Discovery Communications, Inc., creating a new public company. Mr. Bennett also served as President and CEO of Liberty Media Corporation (now Liberty Interactive Corporation) from April 1997 until August 2005 and continued as President until February 2006. He was with Liberty Media from its inception, serving as its principal financial officer and in various other capacities. Prior to his tenure at Liberty Media, Mr. Bennett worked with Tele-Communications, Inc. and the Bank of New York. Mr. Bennett currently serves as a director of Hewlett-Packard Company, Discovery Communications, Inc., Demand Media, Inc., and Liberty Media Corporation. Mr. Bennett previously served on the board of directors of Liberty Interactive Corporation, and Discovery Holding Company. He also serves on the Board of Trustees of Denison University.	2006	55
Gordon M. Bethune <i>Independent</i> Chairman of the Compensation Committee Member of the Nominating and Corporate Governance Committee	Retired Chairman and Chief Executive Officer of Continental Airlines, Inc., an international commercial airline company. He served as Chief Executive Officer of Continental Airlines from 1994 and as Chairman and Chief Executive Officer from 1996 until December 30, 2004. He is currently a director of Honeywell International Inc. and Prudential Financial, Inc. He previously served on the board of directors of Willis Group Holdings, Ltd.	2004	72

Directors

Name, Independence, and Committee Appointments	Experience	Director since	Age
Marcelo Claure <i>SoftBank Affiliate Director</i> Member of the Finance Committee	Mr. Claure is the founder of Brightstar Corp. and has been its Chairman, Chief Executive Officer and President since October 1997. Brightstar provides: value-added distribution, supply chain solutions, handset protection and insurance, buy-back and trade-in solutions, multi-channel retail solutions, and financial services to wireless manufactures, retailers and operators. Mr. Claure has been an Executive Director of Brightstar Corp. since October 1997. He serves as a Director of Activate IT, Inc. He served as Director of Mobilestop Inc. He serves on the board of directors of the Bolivian-American Chamber of Commerce and serves on the Board of Trustees of Bentley College.	2014	43
Ronald D. Fisher Vice Chairman <i>SoftBank Affiliate Director</i> Chairman of the Finance Committee Member of the Compensation Committee	Mr. Fisher joined SoftBank in 1995, overseeing its U.S. operations and its other activities outside of Asia, and was the founder of SoftBank Capital. He is currently Director and President of SoftBank Holdings, Inc. and also serves as a member of the board of directors of SoftBank Corporation. Mr. Fisher has over 30 years of experience of working with high growth and turnaround technology companies. Prior to joining SoftBank, Mr. Fisher was the CEO of Phoenix Technologies Ltd., the leading developer and marketer of system software products for personal computers, from 1990 to 1995. Mr. Fisher joined Phoenix from Interactive Systems Corporation, a UNIX software company that was purchased by the Eastman Kodak Company in 1988. At Interactive Systems he served for five years as President, initially as COO and then CEO. Mr. Fisher's experience prior to Interactive Systems includes senior executive positions at Visicorp, TRW, and ICL (USA). Mr. Fisher earned an MBA from Columbia University, New York, and a Bachelor of Commerce from the University of Witwatersrand in South Africa.	2013	66
Frank Ianna <i>Independent</i> Member of the Audit Committee Member of the Nominating and Corporate Governance Committee	Mr. Ianna retired from AT&T in 2003 after a 31-year career serving in various executive positions, most recently as President of Network Services. Following his retirement, Mr. Ianna served as a business consultant, executive and board member for several private and nonprofit enterprises, and has experience in telecom company operational as well as wireless technology. Mr. Ianna is a director of Harbinger Group, Inc. Mr. Ianna formerly served on the board of Tellabs, Inc.	2009	64
Adm. Michael G. Mullen <i>Independent</i> Member of the Compensation Committee Security Director	Admiral Mullen serves on the board of directors as the "Security Director" under the NSA. Admiral Mullen served as the 17th Chairman of the Joint Chiefs of Staff from October 2007 until his retirement in September 2011. Previously, Admiral Mullen served as the 28th Chief of Naval Operations ("CNO") from July 2005 to 2007. CNO was one of four different four-star assignments Admiral Mullen held, which also included Commander, U.S. Naval Forces Europe and Commander, Allied Joint Force Command, and the 32nd Vice Chief of Naval Operations. Admiral Mullen serves on the board of directors of General Motors, and since 2012, he has served as President of MGM Consulting LLC and is the Charles and Marie Robertson Visiting Professor at the Woodrow Wilson School of Public and International Affairs at Princeton University.	2013	67

Directors

Name, Independence, and Committee Appointments	Experience	Director since	Age
Masayoshi Son Chairman <i>SoftBank Affiliate Director</i> Member of the Finance Committee	Mr. Son founded SoftBank in September 1981, and has been its President and Chairman ever since and its Chief Executive Officer since February 1986. Mr. Son serves in various capacities with SoftBank's portfolio of companies, including service with BB Technologies Corporation (currently SoftBank BB Corp.) as president since 2001 and as Chairman and CEO since 2004, service with Japan Telecom Co., Ltd. (currently SoftBank Telecom Corp.) as Chairman since 2004 and CEO since 2006, and with Vodafone K.K. (currently SoftBank Mobile Corp.) as CEO and Chairman since 2006. In addition, Mr. Son has served as Chairman of Yahoo Japan Corporation since 1996, which was established as a joint venture between SoftBank and Yahoo! Inc. Mr. Son also has served as Chairman of the Broadband Association in Japan and of The Great East Japan Earthquake Recovery Initiative Foundation. Mr. Son received a B.A. in Economics from the University of California Berkeley.	2013	56
Sara Martinez Tucker <i>Independent</i> Chairwoman of the Nominating and Corporate Governance Committee Member of the Audit Committee	Ms. Tucker has been Chief Executive Officer and President at National Math and Science Initiative, Inc., since March, 2013. Ms. Tucker served as the Under Secretary of the U.S. Department of Education from 2006 to December 2008. Her responsibilities included overseeing policies, programs and activities related to postsecondary education, vocational and adult education, and federal student aid. Ms. Tucker served as the Chief Executive Officer and President of the Hispanic Scholarship Fund from 1997 to October 1, 2006. Previously, she worked for 16 years at AT&T and served as Regional Vice President of its Global Business Communications Systems. She has been a Director of American Electric Power Co., Inc. since January 27, 2009. She has been a Director of Xerox Corp. since September 1, 2011. She serves as a Director of Teach For America, Inc. She has been a Trustee of University of Notre Dame since June 2009.	2013	58

Director Nominations

The Merger Agreement contemplated that the initial Board of Directors of Sprint Corporation be comprised of ten directors, as described in Item 13. Certain Relationships and Related Person Transactions - Related Party Transactions in 2013 - Transactions with SoftBank Parties - Approved by Sprint Nextel Corporation. Upon the closing of SoftBank Merger, our board consisted of seven members, Messrs. Son, Fisher, Bennett, Bethune, Hesse, Ianna, and Adm. Mullen. Our board established a Vacancy Resolution Committee to fill the remaining three vacancies. The Vacancy Resolution Committee appointed Ms. Tucker and Mr. Claire to our board.

Our board intends to have the Vacancy Resolution Committee, which is currently comprised of Messrs. Son and Fisher and Ms. Tucker, appoint the one remaining member of our board. On February 19, 2014, our board appointed Ms. Tucker and Messrs. Bethune and Ianna to the Nominating and Corporate Governance Committee, or Nominating Committee, as contemplated by the Company's Corporate Governance Guidelines and Nominating Committee Charter.

The Nominating Committee is responsible for, among other things, assisting our board by identifying qualified individuals to become directors. In evaluating prospective candidates or current board members for nomination, the Nominating Committee considers all factors it deems relevant, including, but not limited to, the candidate's:

- character, including reputation for personal integrity and adherence to high ethical standards;
- judgment;
- knowledge and experience in leading a successful company, business unit or other institution;
- independence from our company;
- ability to contribute diverse views and perspectives;
- business acumen; and

- ability and willingness to devote the time and attention necessary to be an effective director - all in the context of an assessment of the needs of our board at that point in time.

Consistent with its charter, the Nominating Committee places a great deal of importance on identifying candidates having a variety of views and perspectives arising out of their individual experiences, professional expertise, educational background, and skills. In considering candidates for our board, the Nominating Committee considers the totality of each candidate's credentials in the context of this standard.

The Nominating Committee considers candidates recommended by our stockholders, using the same key factors described above for purposes of its evaluation. A stockholder who wishes to recommend a prospective nominee for our board should notify the Corporate Secretary in writing with supporting material that the stockholder considers appropriate. The Nominating Committee considers whether to nominate any person nominated by a stockholder pursuant to the provisions of our bylaws relating to stockholder nominations that permit stockholder to nominate directors for election at an annual stockholder meeting. To nominate a director, the stockholder must deliver the information required by our bylaws. Our bylaw provisions relating to the nomination of directors by our stockholders were adopted on July 10, 2013 upon the closing of the SoftBank Merger.

Our board believes that the above-mentioned attributes, along with the leadership skills and other experience of our board members described below, provide us with a diverse range of perspectives and judgment necessary to guide our strategies and monitor their execution.

Mr. Son's vast experience in the telecommunications industry, including his successes in Japan disrupting telecom duopolies, is valuable to Sprint. As part of the SoftBank Merger, it was determined that Mr. Son, because of his interest as Chairman and Chief Executive Officer of SoftBank, our controlling stockholder, would be appointed to our board. Mr. Son provides expertise, leadership and strategic direction to the Sprint board.

Mr. Fisher was selected because he possesses particular knowledge and experience in technology industries, strategic planning and leadership of complex organizations, including other public corporations.

Mr. Bennett has extensive knowledge of the capital markets and other financial and operational issues from his experiences as a principal financial officer and president and chief executive officer of Liberty Media, which allows him to provide an invaluable perspective to our board's discussions on financial and operational matters.

Mr. Bethune has extensive experience serving as a chief executive officer and director of large international corporations, which provides our board a perspective of someone familiar with all facets of an international enterprise. He has extensive experience in developing and implementing strategies and policies for the acquisition and development of employee talent.

Mr. Claire was selected because of his experience making Brightstar one of the largest global distribution, services, and innovation companies in the telecommunications industry. His experience in the telecommunications industry provides a valuable perspective to our board.

Mr. Hesse, as our President and Chief Executive Officer, provides our board with unparalleled insight into our company's operations, and his 36 years of experience in the telecommunications industry provides substantial knowledge of the challenges and opportunities facing our company.

Mr. Ianna's technical background and expertise, and his vast experience in the telecommunications industry as an executive and director for a diverse array of enterprises, allows him to provide a unique perspective to our board on a wide variety of issues.

Adm. Mullen brings to our board extensive senior leadership experience gained over his 43-year career in the U.S. military. As Chairman of the Joint Chiefs of Staff, the highest ranking officer in the U.S. military, Adm. Mullen led the armed forces during a critical period of transition, overseeing two active war zones. Adm. Mullen's experience and relationships within the government allow him to lead our Government Security Committee and provide guidance on national security matters impacting the telecommunications industry. Adm. Mullen has deep experience in leading change in complex organizations, executive development and succession planning, diversity implementation, crisis management, strategic planning, budget policy, risk management, and technical innovation, which are important to the oversight of Sprint's business and will allow him to make a significant contribution to our board.

Ms. Tucker brings to our board expertise relevant to a large telecommunications company, including her business experience and executive leadership expertise. These skills and experience are the result of her education,

experience in the telecommunications industry, service at the U.S. Department of Education, leadership positions at the Hispanic Scholarship Fund and her service on other public company boards and committees.

Summary of Director Qualifications and Expertise

The table below summarizes key qualifications, skills or attributes each of our directors has that were most relevant to the decision to nominate him or her to serve on our board. The lack of a mark does not mean the director does not possess that qualification or skill; rather a mark indicates a specific area of focus or expertise on which our board relies most heavily. These qualifications and relevant experience are discussed in more detail above.

Experience, Expertise or Attribute	Son	Fisher	Bennett	Bethune	Claure	Hesse	Ianna	Mullen	Tucker
Telecommunications	x	x	x		x	x	x		x
Technology, devices and services	x	x			x	x	x		x
Leadership	x	x	x	x	x	x	x	x	x
Global business	x	x	x	x	x		x		
Financial	x	x	x	x			x		x
Mergers and acquisitions	x	x	x	x		x	x		
Public company board service and governance	x	x	x	x		x	x	x	x
Research and academic									x
Ethnic, gender, national or other diversity	x	x			x				x

Executive Sessions

Sprint's non-management directors meet in regularly scheduled executive sessions without any management participation by officers or employee directors. These executive sessions are currently held either before, after or otherwise in conjunction with our board's regularly scheduled meetings each year. Additional executive sessions can be scheduled at the request of the non-management directors.

The director who presides over the executive sessions of our board is our chairman, Mr. Son. The committee chairperson chairs the executive sessions of his or her committee. If that chairman or committee chairperson is not present, another director will be chosen to preside. Our board does not have a formal lead independent director. Our board selects a presiding director for any independent director executive sessions.

Audit Committee

Sprint has a standing Audit Committee established in accordance with the requirements of the Exchange Act. The primary purpose of the Audit Committee is to assist our board in fulfilling its oversight responsibilities with respect to:

- the integrity of our financial statements and related disclosures, as well as related accounting and financial reporting processes;
- our compliance with legal and regulatory requirements;
- our independent registered public accounting firm's qualifications, independence, audit and review scope, and performance;
- the audit scope and performance of our internal audit function;
- related party transactions policy and procedures;
- our ethics and compliance program; and
- our enterprise risk management program.

The Audit Committee also has sole authority for the appointment, retention, termination, compensation, evaluation and oversight of our independent registered public accounting firm. The committee's principal responsibilities in serving these functions are described in the Audit Committee Charter.

The Chair of the Audit Committee is Mr. Bennett. The other members are Mr. Ianna and Ms. Tucker. Each of the members is financially literate and able to devote sufficient time to serving on the Audit Committee. Our board has determined that each of the Audit Committee members is an independent director under the independence requirements established by our board and the NYSE corporate governance standards. Our board has also determined that Messrs. Bennett and Ianna each possess the qualifications of an "audit committee financial expert" as defined in the SEC rules.

Committee Charters

Our standing committees are our Audit Committee, Compensation Committee, Finance Committee, and Nominating Committee. Each of our standing committees has a charter that describes such committee's primary functions. A current copy of our Corporate Governance Guidelines and the charter for each standing committee of our board is available at www.sprint.com/governance or by email at shareholder.relations@sprint.com. Copies of any of these documents and our Code of Ethics 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. Our charters and our Corporate Governance Guidelines were adopted by our board and are annually reviewed and revised as necessary.

Code of Ethics

Our code of ethics, The Sprint Code of Conduct, is available at www.sprint.com/governance or by email at shareholder.relations@sprint.com. It describes the ethical and legal responsibilities of directors and employees of our company and our subsidiaries, including senior financial officers and executive officers.

All of our directors and employees (including all senior financial officers and executive officers) are required to comply with The Sprint Code of Conduct. In support of the ethics code, we have provided employees with a number of avenues for reporting potential ethics violations or similar concerns or to seek guidance on ethics matters, including a 24/7 telephone helpline. The Audit Committee has established procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by our employees of any concerns regarding questionable financial and non-financial matters to the Ethics Helpline at 1-800-788-7844, by mail to the Audit Committee, c/o Sprint Corporation, 6200 Sprint Parkway, Overland Park, KS 66251, KSOPHF0302-3B424, or by email to boardinquiries@sprint.com. Our Chief Ethics Officer reports regularly to the Audit Committee and annually to the entire board on our ethics and compliance program.

Board Communications

We value the views of our stakeholders. Consistent with this approach, our board has established a procedure to receive, track and respond to communications from stakeholders addressed to our board or to our outside directors. A statement regarding our board communications policy is available at www.sprint.com/governance. Any stakeholder who wishes to communicate with our board or our outside directors may write to our General Counsel, Senior Vice President and Corporate Secretary, who is our Board Communications Designee, at the following address: Sprint Corporation, 6200 Sprint Parkway, Overland Park, KS 66251, KSOPHF0302-3B424, or send an email to boardinquiries@sprint.com. Our board has instructed the Board Communications Designee to examine incoming communications and forward to our board, or individual directors as appropriate, communications deemed relevant to our board's roles and responsibilities. Our board has requested that certain types of communications not be forwarded, and redirected if appropriate, such as: spam, business solicitations or advertisements, resumes or employment inquiries, service complaints or inquiries, surveys, or any threatening or hostile materials. The Board Communications Designee will review all appropriate communications and report on the communications to the chair of or the full Nominating Committee, the full board, or the outside directors, as appropriate. The Board Communications Designee will take additional action or respond to letters in accordance with instructions from the relevant board source. Communications relating to accounting, internal accounting controls, or auditing matters will be referred promptly to members of the Audit Committee in accordance with our policy on communications with our board of directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC and the NYSE initial reports of beneficial ownership and reports of changes in beneficial ownership of our shares and other equity securities. These people are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file, and we make these reports available at www.sprint.com/investors/sec. Information contained on or accessible through our website or the SEC's website is not part of this annual report on Form 10-K.

To our knowledge, based solely on a review of the copies of these reports furnished to us and written representations, during 2013 all Section 16(a) filing requirements applicable to our directors, executive officers and beneficial owners of more than 10% of our equity securities were met, other than Mr. Carter who reported his acquisition and disposition of shares on May 23, 2013 through a Form 4 filed on June 4, 2013.

Item 11. Executive Compensation

Compensation Discussion and Analysis

This compensation discussion and analysis describes and analyzes our compensation program for our named executive officers for 2013, who were: Daniel R. Hesse, President and CEO; Joseph J. Euteneuer, CFO; Steven L. Elfman, President, Network, Technology and Operations; Robert L. Johnson, President, Sprint Retail and Chief Service and Information Technology Officer; Charles R. Wunsch, Senior Vice President, General Counsel, Corporate Secretary and Chief Ethics Officer; and Paget L. Alves, former Chief Sales Officer.

Compensation Overview

Philosophy and Objectives of Our Executive Compensation Program

- Attract and retain qualified and experienced executives by providing base salaries, target incentives, and benefits that are market competitive and by requiring that a large portion of total compensation is earned over a multi-year period and subject to forfeiture to the extent that vesting requirements and performance objectives are not met.
- Pay for performance by tying a substantial portion of our executives' compensation opportunities directly to, and rewarding them for, our performance through short- and long-term incentive compensation plans that include performance objectives most critical to driving our continued financial and operational improvement and long-term stockholder value.
- Align compensation with stockholder interests by structuring our compensation programs to align executive interests with those of our stockholders, mitigate the possibility that our executives undertake excessively risky business strategies, and adhere to corporate governance best practices.

Components of Our Executive Compensation Program

The major components of our executive compensation program are base salary, our short-term incentive compensation (STIC) plan, and our long-term incentive compensation (LTIC) plan. The base salary and target opportunities under the STIC plan as of December 31, 2013 and LTIC plan opportunities for 2013 for our named executive officers are listed below.

	Base Salary (\$)	STIC Plan (\$)	LTIC Plan ⁽¹⁾ (\$)
Hesse	1,200,000	2,400,000	13,800,000
Euteneuer	775,000	1,007,500	4,025,000
Elfman	650,000	812,500	3,737,500
Johnson	625,000	625,000	1,840,000
Wunsch	490,000	441,000	1,610,000
Alves ⁽²⁾	475,000	475,000	1,610,000

(1) As adjusted for the one-time overall 2013 LTIC plan target opportunity increase of 15% in connection with the SoftBank Merger, as discussed below.

(2) Mr. Alves left the Company effective September 27, 2013.

2013 Performance and Key Compensation Decisions

2013 marked one of the most eventful years in Sprint's history. We successfully completed the SoftBank Merger, which strengthened Sprint's balance sheet and provided capital for continued investment in the modernization of our network, which allows us to upgrade our technology, expand our service offerings and improve the quality and reliability of our product offerings. The SoftBank Merger also has allowed Sprint to leverage SoftBank's operational and technological expertise. We also completed the Clearwire Acquisition, from which we expect to fully utilize and integrate Clearwire's complementary 2.5 GHz spectrum assets. In addition, we shut-down the iDEN network in 2013, and through our network modernization project, we are repurposing the 800 MHz iDEN spectrum and are continuing our buildout of 4G LTE. We also unveiled Sprint Spark SM, a combination of advanced

network and device technology capable of delivering up to 50-60 Mbps peak speeds today with increasing speed potential over time.

The Company also recognized the benefits of leadership continuity in light of the transformative SoftBank Merger and the ongoing execution of our network modernization plans. As a result, the Company entered into a new employment agreement with Mr. Hesse, which replaced his prior employment agreement. The agreement provides for a term through July 31, 2018, subject to earlier termination as provided in the agreement. The agreement provides for an annual base salary of \$1,200,000 and participation in our STIC and LTIC plans. Also in 2013, Mr. Hesse was granted a one-time award of 1,733,102 RSUs and 1,733,102 stock options. The RSUs and stock options vest on the fifth anniversary of their grant or, if earlier, upon an involuntary termination without cause or resignation with good reason, or upon death or disability, and are subject to certain restrictions, including Mr. Hesse's compliance with the restrictive covenants in his employment agreement and clawback at the discretion of the board of any value related to his knowing or intentional fraudulent or illegal conduct. These awards were intended to enhance our ability to retain Mr. Hesse's leadership for a minimum period of at least five years during which the Company plans to undergo a transformative change.

2013 STIC Plan

Our STIC plan is our annual cash incentive plan, which is intended to ensure that annual incentives are tied to the successful achievement of critical operating and financial objectives that are the leading drivers of sustainable increases in stockholder value. As required under the SoftBank Merger Agreement, the Compensation Committee used two six-month performance periods for determining amounts payable under the 2013 STIC plan. The two six-month performance periods for 2013 provided flexibility to revisit the performance criteria at mid-year due to the anticipated transformative SoftBank Merger in 2013. The first performance period was from January 1, 2013 through June 30, 2013, and the second period was from July 1, 2013 through December 31, 2013. The SoftBank Merger closed on July 10, 2013. Each performance period had discrete performance objectives, and participants generally had to be employed on December 31, 2013 in order to receive compensation for either period.

The table below summarizes our key priorities in 2013, the metrics selected in support of these priorities, and the rationale for why each was chosen by the Compensation Committee.

Priority	Objective	Rationale
<i>Customer Experience</i>	Sprint platform postpaid subscriber churn, which is a measure of our ability to retain our subscribers who pay for their wireless service on a contract basis, typically for one- or two-year periods.	Measures the degree to which we retain our most profitable subscribers.
<i>Strengthening our Brand</i>	Sprint platform net additions, which is a measure of the new wireless subscribers we gain, net of deactivations.	Measures the degree to which we have attracted new subscribers to the Sprint brand.
<i>Generating Cash</i>	Adjusted EBITDA, which means Adjusted Operating Income Before Depreciation and Amortization less severance, exit costs and other special items. Includes certain impacts from the SoftBank Merger and Clearwire Acquisition that were not included in the standalone plan from which the 2013 STIC targets were established.	Measures our ability to generate cash and profit, which are critical to our ability to invest in our business and service our debt.

The Compensation Committee approved the effective aggregate payout percentage for the 2013 STIC plan at 118.96% of the target award opportunity for all eligible employees, including our named executive officers, based on actual performance results. Our 2013 STIC plan objectives, targets, and actual results are summarized in the tables below.

2013 First Half-Year Performance Period

Objective	Weight	Target	Actual Results	Percent Payout
Sprint Platform Postpaid Subscriber Churn	30%	1.87%	1.83%	116.7%
Sprint Platform Net Additions	20%	549,000	989,000	200.0%
Adjusted EBITDA	50%	\$2,582 million	\$2,782 million	200.0%
First Half-Year Payout				175.01%

2013 Second Half-Year Performance Period

Objective	Weight	Target	Actual Results	Percent Payout
Sprint Platform Postpaid Subscriber Churn	30%	1.88%	2.03%	28.56%
Sprint Platform Net Additions	20%	223,000	(212,000)	0%
Adjusted EBITDA	50%	\$2,909 million	\$2,930 million	110.53%
Second Half-Year Payout				63.83%

Payouts under the 2013 STIC plan are capped at 200% of target opportunity. The payout for the second half-year performance period was computed by adding the first half-year performance achievements that were above the 200% payout level for Sprint platform net additions and adjusted EBITDA to the second half-year achievement. We outperformed our adjusted EBITDA target for each of the six month periods; however, we underperformed on our performance objectives set for Sprint platform postpaid subscriber churn and Sprint platform net additions in the second half of 2013, despite having highest-ever Sprint platform subscribers at December 31, 2013 of 53.9 million. This occurred at a time of continued modernization of our network, including our expansion of 4G LTE to more than 200 million people and launching Sprint Spark™ in eleven markets as of December 31, 2013.

2013 LTIC Plan

Our LTIC plan is designed to encourage retention, link payment of performance-based awards to achievement of financial and operational objectives critical to our long-term success, and create commonality of interests between our executives and our stockholders. By dovetailing with the STIC plan, it is also intended to create balance between short-term, or annual, performance goals and longer-term objectives that are critical to growing and sustaining stockholder value. We granted two types of awards under our 2013 LTIC plan:

- *Time-based restricted stock units (RSUs)* —vest on February 27, 2016.
- *Performance-based RSUs* —vest on February 27, 2016, with payout conditioned on achievement of a predetermined performance objective during a single two-year performance period of 2014-2015.

The Compensation Committee selected the following primary objective to support our efforts with respect to the performance-based RSUs:

Priority	Objective	Rationale
<i>Generating Cash</i>	Cumulative adjusted EBITDA	Measures our ability to generate cash and profit, which are critical to our ability to invest in our business and service our debt.

The Compensation Committee selected cumulative adjusted EBITDA as the primary objective in order to emphasize long-term focus on earnings and growing subscribers and revenues. Payment on the adjusted EBITDA objective in excess of 150% up to 200% of the targeted opportunity is contingent on achieving an additional objective of retail net subscriber additions, which includes both prepaid and postpaid additions but excludes wholesale and affiliate additions. The Compensation Committee believes use of retail net subscriber additions supports Sprint's core focus of growing our subscriber base. Failure to attain the minimum threshold achievement level on the cumulative adjusted EBITDA performance objective results in forfeiture of the associated opportunity.

Pursuant to the terms of the SoftBank Merger Agreement, we delayed the grant of awards under the 2013 LTIC plan until after closing of the SoftBank Merger. As a result, awards under the 2013 LTIC plan were not granted on our typical schedule in February. Recognizing that participants would have received additional RSUs through the SoftBank Merger's equity exchange process in the absence of this delay of the traditional February grant and that participants would have benefited from the value creation since February with respect to those awards, the Compensation Committee increased participants' overall 2013 LTIC plan target opportunities by 15%. The Compensation Committee decided such increase also was appropriate in order to reward participants for their performance in the first half of 2013. The adjusted target opportunities under the 2013 LTIC plan for our executives are reflected in "—Compensation Overview—Components of Our Executive Compensation Program."

Corporate Governance Highlights

We endeavor to maintain good governance standards, including with respect to our executive compensation practices. Several highlights are listed below:

- Our named executive officers are subject to a clawback provision in our incentive compensation programs, under which we may recover payouts thereunder to the extent based on financial results or operating metrics impacted by the named executive officer's knowing or intentional fraudulent or illegal conduct.
- We have stock ownership guidelines. See "—Other Components of Executive Compensation—Stock Ownership Guidelines."
- Our named executive officers receive few perquisites, entitlements or elements of non-performance-based compensation, except for market-competitive salaries and modest benefits that are comparable to those provided to all employees.
- Our severance benefits are positioned conservatively relative to market practices, with no benefit in excess of two times base salary plus annual incentive, change-in-control benefits payable only upon a "double-trigger" qualified termination, and no golden parachute excise tax gross-ups.
- The Compensation Committee retains Frederic W. Cook & Co., Inc. (Cook) as an independent advisor that performs no other work for the Company.

Setting Executive Compensation

Role of Compensation Consultant and Executive Officers

The Compensation Committee has retained Cook as its independent compensation consultant. Cook provides no services to us other than advisory services for executive and director compensation and has no other relationships with the Company. Cook works with management only at the request and under the direction of the Compensation Committee and only on matters for which the Compensation Committee has oversight responsibility. The Compensation Committee has assessed the independence of Cook and other advisors to the Compensation Committee, as required under NYSE listing rules. The Compensation Committee has also considered and assessed all relevant factors, including those required by the SEC, that could give rise to a potential conflict of interest with respect to Cook and its other advisors during 2013. Based on this review, the Compensation Committee did not identify any conflict of interest raised by the work performed by any advisors to the Compensation Committee.

Representatives of Cook attend Compensation Committee meetings at the Compensation Committee's request and provide guidance to the Compensation Committee on a variety of compensation issues. The primary point of contact at Cook frequently communicates with the chair of the Compensation Committee and interacts with all Compensation Committee members without management present.

Cook has reviewed the compensation components and levels for our named executive officers and advised the Compensation Committee on the appropriateness of our compensation programs, including our incentive and equity-based compensation plans, retention incentives and proposed employment agreements, as these matters arose during the year. The Compensation Committee has directed that Cook provide this advice taking into account our overall executive compensation philosophy as described above. Cook prepares benchmarking data discussed below, reviews the results with the Compensation Committee, and provides recommendations and an opinion on the reasonableness of new compensation plans, programs and arrangements.

In addition to its ongoing support of the Compensation Committee and continuous advice on compensation design, levels and emerging market practices, Cook periodically conducts a comprehensive review of our overall executive compensation program, including direct and indirect elements of compensation, to ensure that the program operates in support of our short- and long-term financial and strategic objectives and that it aligns with evolving corporate governance "best practices."

Our CEO periodically discusses the design of and makes recommendations with respect to our compensation programs and the compensation levels of our other named executive officers and certain key personnel with the Compensation Committee. Our CEO does not make recommendations to the Compensation Committee with regard to his own compensation; rather, Cook provides the Compensation Committee with an annual report on CEO compensation and a range of alternatives with regard to potential changes.

Process for Setting Executive Compensation

The Compensation Committee annually reviews the compensation packages of our named executive officers in the form of "tally sheets." These tally sheets value each component of compensation and benefits, including a summary of the outstanding equity holdings of each named executive officer as of year-end and the value of such holdings at various assumed stock prices. The tally sheets also set forth the estimated value that each of our named executive officers would realize upon termination under various scenarios.

The Compensation Committee uses these tally sheets when considering adjustments to base salaries and awards of equity-based or other remuneration and in establishing incentive plan target opportunity levels as follows:

- comparing each named executive officer's total compensation against a similar position in our peer group;
- understanding the impact of decisions on each individual element of compensation on total compensation for each named executive officer;
- evaluating total compensation of each named executive officer from an internal equity perspective; and
- assuring that equity compensation represents a portion of each named executive officer's total compensation that is in line with our philosophy of motivating the executives to align their interests with our stockholders.

Although the Compensation Committee reviews and considers the amounts realizable by our named executive officers under different termination scenarios, including those in connection with a change in control, as well as the current equity-based award holdings, these are not the primary considerations in the assessment and determination of annual compensation for our named executive officers.

Use of Benchmarking Data

To assist in setting total compensation levels that are reasonably competitive, the Compensation Committee annually reviews market trends in executive compensation and a competitive analysis prepared by Cook. This information is derived from the most recent proxy statement data of companies in a peer group of telecommunications and high-technology companies and, where limited in its functional position match to our executives, is supplemented with data on our peer group from a published compensation survey prepared by Towers Watson of approximately 80 participating all industry companies with revenues exceeding \$4 billion.

Taking into consideration the recommendation of Cook, the Compensation Committee determines companies for our peer group based on similarity of their business model and product offerings as well as comparability from a size perspective, including annual revenue, market capitalization, net income, enterprise value and number of employees. For example, our revenue is above the median of our peer group while our enterprise value is below the median. The Compensation Committee approved the use of the following 12 companies for its 2013 executive compensation benchmarking analysis:

AT&T, Inc., CenturyLink, Inc., Comcast Corporation, Computer Sciences Corporation, Dell Inc., DIRECTV, Motorola Solutions, Inc., Qualcomm Incorporated, Texas Instruments Incorporated, Time Warner Cable, Inc., Verizon Communications Inc., and Xerox Corporation.

In September of 2013, we made the following changes to our peer group for future executive compensation decisions: removed Dell Inc. from our peer group given its transition to a privately-held company and

added Cisco Systems, Inc., EMC Corporation and Intel Corporation, based on size, business comparability and other relevant factors.

The Compensation Committee does not follow a specific formula in making its pay decisions, but rather uses benchmarks as a frame of reference and generally targets total compensation at the median of our peer group to reflect our relative position within it. Based on performance against predetermined goals and changes in total stockholder return over time, this approach results in an opportunity to earn total payouts above median market rates for over-achievement and below the median for under-achievement relative to the peer group. The Compensation Committee exercises its judgment by taking into consideration a multitude of other important factors such as experience, individual performance, and internal pay equity in setting target compensation levels, but actual payouts under our variable incentive plans are primarily determined based on formulaic outcomes. With respect to our named executive officers' total targeted compensation for 2013, excluding Mr. Hesse's retention awards, Messrs. Elfman and Euteneuer were above the median, and the remaining named executive officers, including our CEO, were below the median for the peer group.

Primary Components of Executive Compensation

Following is a discussion and analysis of the primary elements of our 2013 named executive officer compensation program.

Base Salary

Base salary is designed to attract and retain executives. Our named executive officers' salaries are based on a number of factors, including the nature, responsibilities and reporting relationships of the position, individual performance of the executive, salary levels for incumbents in comparable positions at peer companies, as well as other executives within our organization, and experience and tenure of the executive.

Mr. Johnson's base salary was increased to \$625,000 in 2013 due to a significant increase in job responsibilities as President, Sprint Retail and Chief Service and Information Technology Officer. His base salary after the increase remained below median for the peer group.

Short-Term Incentive Compensation Plan

Our STIC plan is our annual cash bonus plan, which we believe will ultimately result in an increase in stockholder value because our incentives under it are linked to business objectives that we believe will deliver our long-term success.

As required under the SoftBank Merger Agreement, the Compensation Committee used two six-month performance periods for determining the amount of plan payments under the 2013 STIC plan rather than one annual performance period. Based on performance against stated objectives, our named executive officers must have been employed through December 31, 2013 in order to be eligible to receive full compensation for the performance period. A prorated payout is received by employees who are terminated during the year as the result of death, disability, retirement, or involuntary termination without cause.

In February 2013, the Compensation Committee established financial and operational objectives and their respective weightings and targets for the first half-year 2013 performance period, continuing to balance our senior management team's and other plan participants' focus among our most critical financial and strategic objectives, which remained as growing revenue and earnings while increasing subscriber growth and reducing churn. To that end, the Compensation Committee established the following objectives and weightings for the first half of 2013:

- adjusted EBITDA, 50%;
- Sprint platform postpaid subscriber churn, 30%; and
- Sprint platform net additions, 20%.

Following the close of the SoftBank Merger, the Compensation Committee reaffirmed the stated objectives from the first half-year 2013 performance period by establishing the same objectives for the second half of 2013.

To further our goal of tying a significant portion of each named executive officer's total annual compensation to our business performance, the STIC plan provides for a payment equal to the named executive officer's targeted opportunity (set at a percentage of his base salary) only if our actual results meet the targets.

Similarly, a payment in excess of a named executive officer's targeted opportunity may be made if our actual performance exceeds the targeted objectives (capped at 200%), a payment below targeted opportunity may be made if our actual performance is below the target objectives but exceeded the minimum threshold level, and no payout would be made if our actual performance does not exceed the minimum threshold level. There were no material changes in our named executive officers' targeted short-term incentive opportunities for 2013 compared to 2012.

Long-Term Incentive Compensation Plan

Our LTIC plan serves our compensation objectives by linking payment to achievement of financial and operational objectives and by linking executive interests with those of our stockholders.

Pursuant to the SoftBank Merger Agreement and following evaluation of the factors critical to driving long-term stockholder value, the Compensation Committee established the components and terms of the 2013 LTIC plan. Since 2009, the Compensation Committee has used performance units (cash-settled) as a component of awards under the LTIC plan. This was done during our turnaround phase when the stock price was low and highly volatile. However, the Compensation Committee returned to awards issued under the 2013 LTIC plan comprised solely of equity in light of the transformative SoftBank Merger and the desire to provide incentives for achieving long-term growth and alignment of stockholder interests. The Compensation Committee granted half of executives' LTIC plan opportunities in the form of performance-based RSUs and half in time-based RSUs. The time-based RSUs were granted as a component in order to promote executive retention while allowing us to set aggressive performance goals for the performance-based RSUs component. In light of these considerations, the Compensation Committee established awards under the 2013 LTIC plan as follows:

- *Time-based RSUs* —vest on February 27, 2016.
- *Performance-based RSUs* —vest on February 27, 2016, with payout conditioned on achievement of a predetermined performance objective during a single two-year performance period of 2014-2015.

The 2013 LTIC plan places a longer-term focus on Company earnings and growing subscribers and revenues through establishing cumulative adjusted EBITDA as the primary performance objective. This metric was chosen for the performance period because it represents a critical financial and strategic objective. Payment on the adjusted EBITDA objective in excess of 150% up to 200% of the targeted opportunity is contingent on achieving an additional objective of retail net subscriber additions, which includes both prepaid and postpaid additions but excludes wholesale and affiliate additions. The Compensation Committee believes use of retail net subscriber additions supports Sprint's core focus of growing our subscriber base.

Mr. Johnson's target compensation under the 2013 LTIC plan increased in connection with his increased responsibilities discussed under "—Base Salary" above. His LTIC opportunity after the increase remained below median for the peer group.

Other Compensation Decisions for 2013

On September 10, 2013, Mr. Elfman entered into an amendment to his employment agreement. In exchange for continuing his employment through the earlier of certain specified employment terminations and January 2, 2015, Mr. Elfman is entitled to the following under the amendment: (1) relocation of Mr. Elfman's place of performance to Seattle, Washington, (2) any change in his reporting relationship to anyone other than the chief executive officer or the board would constitute an event of "good reason" as defined in the agreement; and (3) following termination under certain circumstances and execution of a general release, continued and/or prorated accelerated vesting of his then-outstanding equity as if he was involuntarily terminated without cause on his termination date.

As a result of the SoftBank Merger, which complicated our ability to accurately measure performance based on the goals that were originally set, the performance units and performance-based RSUs granted under the 2012 LTIC plan and, with respect to the 2013 annual performance period, the 2011 LTIC plan, were deemed met at target. Amounts deemed earned at target for these awards are included in the summary compensation table in the "Non-Equity Incentive Plan Compensation" column for 2013.

Other Components of Executive Compensation

Our named executive officers' total rewards opportunities consist of a number of other elements important to our compensation philosophy for 2013 of attracting, retaining, and motivating our named executive officers:

- **Employee Benefit Plans and Programs.** Our compensation program includes a comprehensive array of health and welfare benefits in which our eligible employees, including our named executive officers, are eligible to participate. We pay all of the costs for some of these benefit plans, and participants contribute a portion of the cost for other benefit plans.
- **Retirement Programs.** Our retirement program consists of the Sprint Corporation 401(k) Plan, which provides participants a fixed matching contribution on up to 4% of eligible compensation, an opportunity to build financial security for their future. The amount of any matching contributions made by us to participating named executive officers is included in the "All Other Compensation" column of the 2013 Summary Compensation Table.
- **Deferred Compensation.** Certain employees, including our named executive officers, are offered the opportunity to participate in the Sprint Corporation Deferred Compensation Plan, a nonqualified and unfunded plan, under which they may defer to future years the receipt of certain compensation in addition to that eligible under the 401(k) plan. Participants may elect to defer up to 50% of base salary and 75% of STIC plan payments. We believe this plan helps attract and retain executives by providing the participant another tax efficient retirement plan. Participants elect to allocate deferred and any matching contributions among one or more hypothetical investment options, which include one option that tracks our common stock and other options that track broad-based bond and equity indices. Our plan provides for a matching contribution using the same matching contribution percentage as our 401(k) plan of eligible earnings above the applicable annual limit, which is intended to compensate highly-compensated employees for limitations placed on our 401(k) plan by federal tax law. For 2013, Mr. Hesse participated in the Sprint Corporation Deferred Compensation Plan.
- **Personal Benefits and Perquisites.** The limited personal benefits and perquisites that we provide to our named executive officers are intended to promote executive retention and to allow our executives to maximize their focus on the company. These benefits are summarized in footnote 5 to the 2013 Summary Compensation Table. As a result of the recommendations contained in an independent third-party security study, the Compensation Committee established an overall security program for Mr. Hesse. Under the security program, we currently provide Mr. Hesse with residential security systems and equipment, and he is required to use our aircraft for business and non-business travel. We believe these measures ensure the safety of Mr. Hesse and allow him to devote his full attention to Company business. Mr. Hesse is permitted to have his family accompany him on the corporate aircraft for business and non-business travel.
- **Change in Control.** If a transaction that could result in a change in control were under consideration, we expect that our named executive officers would face uncertainties about how the transaction may affect their continued employment with us. We believe it is in our stockholders' best interest if our named executive officers remain employed and focused on our business through any transition period following a change in control and remain independent and objective when considering possible transactions that may be in stockholders' best interests but possibly result in the termination of their employment. Our change in control benefits accomplish this goal by providing each eligible named executive officer with a meaningful severance benefit in the event that a change in control occurs and, within a specified time period of the change in control, his employment is involuntarily terminated without "cause" or voluntarily terminated for "good reason."

The Sprint Corporation Change in Control Severance Plan, which we refer to as the CIC plan, provides severance benefits to a select group of senior executives, including our named executive officers, in the event of a qualified termination of employment in connection with a transaction that results in a change in control. Any of these benefits payable would be reduced to the extent of any severance benefit otherwise available under any other applicable policy, program, or plan so that there would be no duplication of benefits. The benefits upon termination in connection with a change

in control to which our named executive officers are entitled, as described in "—Potential Payments upon Termination of Employment or Change in Control," are likewise competitive within our peer group.

The SoftBank Merger was a change in control under the Change in Control Severance Plan; however, on September 17, 2013, our board amended the plan to modify the definition of "Change in Control" to (i) exclude acquisitions by SoftBank or its controlled affiliates from the change in control trigger associated with a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act) acquiring 30 percent or more of the combined voting power of the Company, and (ii) include Sprint Corporation ceasing to have equity securities trading on a national securities exchange as a change in control trigger. The board also amended the plan to include an "offset" of change in control benefits for pay and benefits received during any "WARN" notification period to align with such an offset provided in the broad-based separation plan.

Tax Deductibility of Compensation

Section 162(m) limits to \$1 million the amount of non-performance-based remuneration that we may deduct from our taxable income in any tax year with respect to our CEO and the three other most highly compensated executive officers, other than the CFO, at the end of the year. Section 162(m) provides, however, that we may deduct from our taxable income without regard to the \$1 million limit the full value of all "qualified performance-based compensation."

Our base salary and perquisites and other personal benefits are not considered "qualified performance-based compensation" and therefore are subject to the limit on deductibility. Our STIC plan and LTIC plan awards may be considered "qualified performance-based compensation" if certain requirements are met, including among others that the maximum number of stock option or full value share awards and the maximum amount of other cash performance-based remuneration that may be payable to any one executive officer has been disclosed to and approved by stockholders prior to the award or payment.

The Compensation Committee considers Section 162(m) deductibility in designing our compensation program and incentive-based compensation plans. In general, we may design our STIC and LTIC plans to be compliant with the performance-based compensation rules of Section 162(m) in order to maximize deductibility. In certain circumstances, however, the Compensation Committee has determined it necessary in order to retain executives and attract candidates for senior level positions to offer compensation packages in which the non-performance-based elements exceed the \$1 million Section 162(m) limit. The Compensation Committee makes no assurance that such compensation will be fully deductible for federal income tax purposes.

The awards under our 2013 STIC plan and performance-based RSUs under the 2013 LTIC plan are designed so that they may qualify as "qualified performance-based compensation" under Section 162(m), except for those awards to Mr. Johnson due to the terms of his employment agreement.

For the 2013 STIC plan, the Compensation Committee for the first six-month performance period, and a sub-committee comprised of Messrs. Bethune and Mullen (the "Section 16 Sub-Committee") of the Compensation Committee for the second six-month performance period, established Section 162(m) objectives for the named executive officers potentially subject to Section 162(m) at a small fraction of a percentage of our adjusted operating income. The Compensation Committee and Section 16 Sub-Committee are precluded from exercising upward discretion to the payout achieved under these objectives. The Section 16 Sub-Committee exercised its discretion to make payments under the STIC plan at levels below the payout achieved under the Section 162(m) objectives for both performance periods during 2013 as guided by the performance metrics discussed under "Outcomes for 2013 Incentive Awards—2013 STIC Plan."

For the performance-based RSU award for the 2013 LTIC plan, the Section 16 Sub-Committee established a Section 162(m) objective for the named executive officers potentially subject to Section 162(m) based on cumulative adjusted operating income during a single two-year performance period of 2014-2015. The Section 16 Sub-Committee is precluded from exercising upward discretion to the payout achieved under this objective.

Stock Ownership Guidelines

We have stock ownership guidelines for our named executive officers and other members of our senior management team. The board believes ownership by executives of a meaningful financial stake in our Company serves to align executives' interests with those of our stockholders. Our guidelines encourage our CEO to hold shares

of our common stock with a value equal to five times his base salary, and encourage the other named executive officers to hold shares of our common stock with a value equal to three times their respective base salaries. Eligible shares and share equivalents counted toward ownership consist of:

- common or preferred stock, including those purchased through our Employee Stock Purchase Plan;
- restricted stock or RSUs;
- intrinsic value (the excess of the current stock price over the option's exercise price) of vested, in-the-money stock options; and
- share units held in our 401(k) plan and various deferred compensation plans.

Persons subject to the stock ownership guidelines have five years beginning on the date on which the person becomes subject to the ownership guidelines to achieve the ownership requirement. Failure to meet the ownership requirement as of such date results in the requirement to retain 50% of shares received on vesting of restricted stock units and option exercises until the requirement is met. As of December 31, 2013, all of our named executive officers who have been with the Company for at least five years had met the stock ownership guidelines.

Stockholder Say-on-Pay Vote

We provide our stockholders with the opportunity to cast an annual advisory vote on named executive officer compensation (a “say-on-pay proposal”). At our last annual meeting of stockholders, 81% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee considered the voting results at discussions among its members during its meetings, and the Compensation Committee believes this vote affirms stockholders' support of the Company's approach to executive compensation. As a result of this consideration, we did not change our approach to named executive officer compensation in 2013. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

Compensation Committee Report

The Compensation Committee has reviewed and discussed Sprint's Compensation Discussion and Analysis with management. Based on these reviews and discussions, the Compensation Committee recommended to the board that Sprint's Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for the year ended December 31, 2013.

The Compensation Committee

Gordon M. Bethune, Chair

Ronald D. Fisher

Adm. Michael G. Mullen

Relationship of Compensation Practices to Risk Management

We have assessed whether there are any risks arising from our compensation policies and practices for our employees and factors that may affect the likelihood of excessive risk taking. Based on that review, we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

In coming to this conclusion, in late 2013 and early 2014, our human resources department reviewed the Company's incentive plans, surveying sales- and nonsales-related compensation programs, as well as executive and non-executive compensation programs. Pay philosophies, performance objectives and overall incentive plan designs were reviewed. Human resources discussed plan elements with representatives from the business functions responsible for incentive plan design and administration. Design features were assessed to determine whether there is a likelihood that incentive plans could encourage excessive risk-taking resulting in a material adverse effect on the Company and to ensure that appropriate governance is in place to mitigate risk under unforeseen circumstances. The results of this assessment were reviewed by the Compensation Committee on February 18, 2014. In addition, the Compensation Committee's independent consultant, Cook, considered risk in all aspects of the plans in which our executives participate and advised the Compensation Committee accordingly. Cook confirmed that there are no aspects of the programs described in the preceding Compensation Discussion and Analysis that create an incentive to take risks that are reasonably likely to have a material adverse effect on the Company.

Summary Compensation Table

The table below summarizes the compensation of our named executive officers that is attributable to the fiscal years ended December 31, 2013, 2012, and 2011. The named executive officers are our President and CEO, our CFO, our three other most highly compensated executive officers serving at December 31, 2013 and one individual for whom disclosure would have been provided but for the fact that he was not an executive officer as of December 31, 2013. Amounts included in "Non-Equity Incentive Plan Compensation" for 2013 include performance units granted under the 2012 LTIC plan, which, as provided for in the SoftBank Merger Agreement, were converted as if target performance had been achieved as of the closing date of the SoftBank Merger. Although these awards do not vest until December 31, 2014, the target amounts are required to be reported as earned in 2013 and account for nearly all of the increase over prior years' non-equity incentive plan compensation.

Each of our named executive officers has an employment agreement with us. For more information regarding our compensation philosophy and a discussion of the elements of our compensation program, see "—Compensation Discussion and Analysis."

2013 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$) ⁽⁵⁾	Total (\$)
							(\$) ⁽⁴⁾		
Daniel R. Hesse President and Chief Executive Officer	2013	1,200,000	—	27,782,547	6,291,160	13,431,914	—	372,078	49,077,699
	2012	1,200,000	—	3,560,070	1,214,695	5,002,457	—	167,334	11,144,556
	2011	1,200,000	829,322	3,222,768	1,692,000	4,844,272	—	94,289	11,882,651
Joseph J. Euteneuer Chief Financial Officer	2013	775,000	—	4,776,268	—	3,531,887	—	10,200	9,093,355
	2012	775,000	—	1,215,727	742,609	1,430,935	—	14,875	4,179,146
	2011	551,442	688,150	930,557	689,755	895,935	—	77,088	3,832,927
Steven L. Elfman President Network, Technology and Operations	2013	650,000	—	4,448,210	—	3,133,242	—	182,922	8,414,374
	2012	650,000	—	1,319,200	689,565	1,561,531	—	14,875	4,235,171
	2011	650,000	251,232	868,963	596,097	1,470,688	—	7,837	3,844,817
Robert L. Johnson President Sprint Retail and Chief Service and Information Technology Officer	2013	566,981	—	2,163,490	—	1,645,661	—	10,200	4,386,332
	2012	523,846	—	597,376	318,261	847,621	—	14,875	2,301,979
	2011	486,308	123,842	372,019	256,780	718,990	—	47,578	2,005,517
Charles R. Wunsch Senior Vice President, General Counsel, Corporate Secretary and Chief Ethics Officer	2013	465,769	—	1,902,962	—	1,406,534	—	10,200	3,785,465
Paget L. Alves former Chief Sales Officer	2013	391,418	—	1,879,862	—	1,415,554	—	4,990,229	8,677,063

- (1) The value shown for 2013 is the sum of three awards: the performance-based RSU awards allocable to the 2013 performance period under the 2011 LTIC plan plus time- and performance-based RSU awards under the 2013 LTIC plan. The value shown for Mr. Hesse also includes a retention award in the form of time-based RSUs.

	2011 pRSUs (\$)	2013 RSUs (\$)	2013 pRSUs (\$)	Retention RSUs (\$)	Total (\$)
Hesse	1,884,969	6,900,003	7,940,384	11,057,191	27,782,547
Euteneuer	447,821	2,012,501	2,315,946	—	4,776,268
Elfman	428,946	1,868,747	2,150,517	—	4,448,210
Johnson	184,778	919,998	1,058,714	—	2,163,490
Wunsch	171,581	805,002	926,379	—	1,902,962
Alves	148,481	805,002	926,379	—	1,879,862

For the 2013 RSU awards, the value represents the aggregate grant date fair market value computed in accordance with FASB ASC Topic 718 as of the date the Compensation Committee approved the applicable objectives and targets for the two-year performance period under the 2013 LTIC plan. The performance-based RSUs granted under the 2013 LTIC plan are based on target opportunity and vest on February 27, 2016 but are also subject to performance-based vesting conditions. Payout values for performance-based RSUs under the 2013 LTIC plan based on maximum performance would be \$15,880,768 for Mr. Hesse, \$4,631,892 for Mr. Euteneuer, \$4,301,034 for Mr. Elfman, \$2,117,428 for Mr. Johnson, and \$1,852,758 for each of Messrs. Wunsch and Alves. The time-based RSUs granted under the 2013 LTIC plan vest on February 27, 2016. The RSUs under the 2011 LTIC plan are allocated one-third to each annual performance period from 2011-2013 and represent the aggregate grant date fair market value computed in accordance with FASB ASC Topic 718 as of the date the Compensation Committee approved the applicable objectives and targets for the 2013 performance period. Each annual performance target was set by the Compensation Committee at the start of each respective single year performance period under the 2011 LTIC plan. For more information regarding Mr. Hesse's retention award, see "—Compensation Discussion and Analysis—Setting Executive Compensation—Other Compensation Decisions for 2013." For more information regarding the 2013 LTIC plan, see "—Compensation Discussion and Analysis—Primary Components of Executive Compensation—Long-Term Incentive Compensation Plan."

- (2) Represents the grant date fair value of options granted in 2013 computed in accordance with FASB ASC Topic 718. The grant date fair value for the options awarded is \$3.63 per share. See "—Note 2—Summary of Significant Accounting Policies." For more information regarding Mr. Hesse's retention award, see "—Compensation Discussion and Analysis—Setting Executive Compensation—Other Compensation Decisions for 2013."
- (3) The value shown for 2013 is the sum of performance unit awards under the 2011 LTIC plan allocable to the 2013 performance period, performance unit awards earned in 2013 under the 2012 LTIC plan, and the payout under the 2013 STIC plan.

	2011 Performance Units (\$)	2012 Performance Units (\$)	2013 STIC Plan (\$)	Total (\$)
Hesse	1,956,800	8,620,000	2,855,114	13,431,914
Euteneuer	583,334	1,750,000	1,198,553	3,531,887
Elfman	541,667	1,625,000	966,575	3,133,242
Johnson	233,334	750,000	662,327	1,645,661
Wunsch	216,667	700,000	489,867	1,406,534
Alves	187,500	700,000	528,054	1,415,554

With respect to the 2013 STIC plan, each named executive officer earned a payout of 118.96% of his targeted opportunity based on actual performance in 2013. For more information regarding our STIC plan, see "—Compensation Discussion and Analysis—Primary Components of Executive Compensation—Short-Term Incentive Compensation Plan."

With respect to the performance units under the 2011 LTIC plan, the amount shown is the amount allocable to the 2013 performance period with respect to performance units granted by the Compensation Committee on February 23, 2011. The performance unit award under the 2011 LTIC plan is allocated one-third to each annual performance period for three years (2011-2013) and is payable in cash after the end of the three-year period. Each annual performance target is set by the Compensation Committee at the start of each respective single-year performance period, and the payout of the performance unit award may range from 0% to 150% based on the achievement of specified results. As a result of the SoftBank Merger, the performance units granted under the 2011 LTIC plan with respect to the 2013 annual performance period were deemed met at target, resulting in an aggregate payout percentage for our named executive officers of 100% for those awards. Performance units granted under the 2012 LTIC plan were deemed met at target as a result of the SoftBank Merger, resulting in an aggregate payout percentage for our named executive officers of 100% for those awards. See "—Note 2—Summary of Significant Accounting Policies" and "—Compensation Discussion and Analysis—Setting Executive Compensation—Other Compensation Decisions for 2013."

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- (4) Change in pension value was \$(29,263) and \$(28,521) for Messrs. Wunsch and Alves, respectively, due to change in interest and mortality assumptions. No amounts were attributable to above-market or preferential earnings on non-qualified deferred compensation.
- (5) Consists of: (a) amounts contributed by us under our 401(k) and deferred compensation plans; and (b) perquisites and other personal benefits and tax gross-ups as follows:

	Year	Company Contributions to 401(k) and Deferred Compensation Plans (\$)	Perquisites and Other Personal Benefits and Tax Gross-Ups (\$) ⁽ⁱ⁾
Hesse	2013	129,911	242,167
Euteneuer	2013	10,200	—
Elfman	2013	10,200	172,722
Johnson	2013	10,200	—
Wunsch	2013	10,200	—
Alves	2013	10,200	4,980,029

(i) The perquisites and other personal benefits received by Mr. Hesse in 2013 consisted of: non-business use of our corporate aircraft by Mr. Hesse and his family, which had an incremental cost to us of \$ 6,686 ; costs for security services for Mr. Hesse's residence, which had an incremental cost to us of \$8,687; and \$226,794 in legal fees relating to the negotiation of Mr. Hesse's employment contract.

The incremental cost of use of our aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, engine warranty expense, contract labor expense and other trip expenses) by the total flight hours for the past twelve months and multiplying such amount by the individual's total number of flight hours for non-business use for the year.

The Compensation Committee has established an overall security program for Mr. Hesse. Under the security program, we provided Mr. Hesse with residential security systems and equipment and he was required to use our aircraft for business travel as well as non-business travel. Mr. Hesse was permitted to have his family accompany him on the corporate aircraft for business and non-business travel.

The amount disclosed for Mr. Elfman consists of relocation costs of \$143,549 in connection with relocation of Mr. Elfman's principal place of work to Seattle, Washington and \$29,173 in related tax gross-ups. For more information regarding Mr. Elfman's relocation, see "—Compensation Discussion and Analysis—Setting Executive Compensation—Other Compensation Decisions for 2013."

The amount disclosed for Mr. Alves consists of \$4,980,029 in severance payments upon termination of his employment pursuant to his employment agreement. For more information regarding these severance payments, see "Potential Payments upon Termination of Employment or Change in Control."

Grants of Plan-Based Awards

The table below summarizes awards under our STIC and LTIC incentive plans, and other option awards, to our named executive officers in 2013. These awards consisted of the following:

- Awards granted pursuant to our 2013 STIC plan;
- Performance units and performance-based RSUs for the 2013 portion of our 2011 LTIC plan;
- Time-based and performance-based RSUs granted pursuant to our 2013 LTIC plan; and
- Stock options and time-based RSUs granted to Mr. Hesse.

2013 Grants of Plan-Based Awards

Name	Grant Date	Award Type	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Hesse	2/27	STI ⁽¹⁾	600,000	2,400,000	4,800,000	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	1,467,600	5,870,400	8,805,600	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	321,667	321,667	—	—	—	1,884,969
	9/16	pRSU ⁽⁴⁾	—	—	—	298,960	1,195,841	2,391,682	—	—	—	7,940,384
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	1,195,841	—	—	6,900,003
	8/1	RSU ⁽⁶⁾	—	—	—	—	—	—	1,733,102	—	—	11,057,191
	8/1	SO ⁽⁷⁾	—	—	—	—	—	—	—	1,733,102	6.38	6,291,160
Euteneuer	2/27	STI ⁽¹⁾	251,875	1,007,500	2,015,000	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	437,500	1,750,000	2,625,000	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	76,420	76,420	—	—	—	447,821
	9/16	pRSU ⁽⁴⁾	—	—	—	87,197	348,787	697,574	—	—	—	2,315,946
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	348,787	—	—	2,012,501
Elfman	2/27	STI ⁽¹⁾	203,125	812,500	1,625,000	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	406,250	1,625,000	2,437,500	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	73,199	73,199	—	—	—	428,946
	9/16	pRSU ⁽⁴⁾	—	—	—	80,968	323,873	647,746	—	—	—	2,150,517
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	323,873	—	—	1,868,747
Johnson	2/27	STI ⁽¹⁾	142,757	571,027	1,142,054	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	175,000	700,000	1,050,000	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	31,532	31,532	—	—	—	184,778
	9/16	pRSU ⁽⁴⁾	—	—	—	39,861	159,445	318,890	—	—	—	1,058,714
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	159,445	—	—	919,998
Wunsch	2/27	STI ⁽¹⁾	105,285	421,138	842,276	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	162,500	650,000	975,000	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	29,280	29,280	—	—	—	171,581
	9/16	pRSU ⁽⁴⁾	—	—	—	34,879	139,515	279,030	—	—	—	926,379
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	139,515	—	—	805,002
Alves	2/27	STI ⁽¹⁾	118,750	475,000	950,000	—	—	—	—	—	—	
	2/27	LTI ⁽²⁾	140,625	562,500	843,750	—	—	—	—	—	—	
	2/27	pRSU ⁽³⁾	—	—	—	—	25,338	25,338	—	—	—	148,481
	9/16	pRSU ⁽⁴⁾	—	—	—	34,879	139,515	279,030	—	—	—	926,379
	7/24	RSU ⁽⁵⁾	—	—	—	—	—	—	139,515	—	—	805,002

- (1) STI—Represents the threshold, target and maximum estimated possible payouts for fiscal year 2013 under our 2013 STIC plan. Payouts under the 2013 STIC plan, which were based on our 2013 actual performance compared to the financial and operating objectives of the plan, were made at approximately 118.96% of each named executive officer's target opportunity and are reflected in the 2013 Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation." Each performance objective under the plan had a threshold achievement level, below which there would be no payout, a target achievement level, at which the target opportunity would be paid, and a maximum achievement level, at which 200% of the target would be paid for the annual performance period. For purposes of this table, the minimum estimated possible payout assumes that the threshold achievement level was satisfied and for target, assumes payout at satisfaction of target. For more information on the 2013 STIC plan, see "Compensation Discussion and Analysis—Primary Components of our Executive Compensation—Short-Term Incentive Compensation Plan."
- (2) LTI—Represents the threshold, target and maximum estimated possible payouts for the 2013 portion of performance units granted by the Compensation Committee on February 23, 2011 under our 2011 LTIC plan; the 2013 Summary Compensation Table reflects target payouts, as described in footnote 3 thereto. As a result of the SoftBank Merger, the performance units granted under the 2011 LTIC plan with respect to the 2013 annual performance period were deemed met at target, resulting in an aggregate payout percentage for our named executive officers of 100% for those awards.
- (3) pRSUs—Represents a performance-based RSU award for the 2013 portion of our 2011 LTIC plan, which, as granted, was payable only upon satisfaction of performance conditions, and now is payable at target in accordance with the SoftBank Merger Agreement and vested 100% on February 23, 2014 (April 4, 2014 for Mr. Euteneuer).
- (4) pRSUs—Represents a performance-based RSU award granted under our 2013 LTIC plan, which is subject to adjustment in accordance with the performance objectives. Vesting occurs 100%, as adjusted for achievement in the two-year performance period ending on December 31, 2015, on February 27, 2016. 27,113 of Mr. Alves' performance-based RSUs vested, and the remainder were forfeited, in connection with his termination.

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- (5) *RSUs*—Represents a time-based RSU award granted under our 2013 LTIC plan. Vesting occurs 100% on February 27, 2016. 27,113 of Mr. Alves' time-based RSUs vested, and the remainder were forfeited, in connection with his termination.
- (6) *RSUs*—Represents a time-based RSU award granted to Mr. Hesse. Vesting occurs 100% on August 1, 2018.
- (7) *SO*—Represents stock options granted to Mr. Hesse. Vesting occurs 100% on August 1, 2018.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes option and equity awards outstanding as of December 31, 2013 held by each of our named executive officers based on the closing price of a share of our common stock of \$10.75 on that date.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#) ⁽¹⁾	Market Value of Shares or Units of Stock that Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$) ⁽¹⁾
Hesse	—	1,733,102 ⁽²⁾	6.38	8/1/2023	5,003,104 ⁽⁷⁾	53,783,368	1,195,841 ⁽⁸⁾	12,855,291
	370,964 ⁽³⁾	741,929 ⁽³⁾	2.00	2/22/2022	—	—	—	—
	670,651 ⁽⁴⁾	335,326 ⁽⁴⁾	3.76	2/23/2021	—	—	—	—
	254,035 ⁽⁵⁾	254,035 ⁽⁵⁾	3.09	3/16/2020	—	—	—	—
	2,968,678 ⁽⁶⁾	—	3.22	2/25/2019	—	—	—	—
	573,795 ⁽⁶⁾	—	5.84	3/26/2018	—	—	—	—
	1,117,753 ⁽⁶⁾	—	12.45	12/17/2017	—	—	—	—
	1,117,753 ⁽⁶⁾	—	14.94	12/17/2017	—	—	—	—
Euteneuer	1,425,135 ⁽⁶⁾	—	17.42	12/17/2017	—	—	—	—
	226,790 ⁽³⁾	453,581 ⁽³⁾	2.00	2/22/2022	1,133,260 ⁽⁷⁾	12,182,545	348,787 ⁽⁸⁾	3,749,460
Elfman	254,447 ⁽⁹⁾	127,224 ⁽⁹⁾	4.14	4/4/2021	—	—	—	—
	210,590 ⁽³⁾	421,182 ⁽³⁾	2.00	2/22/2022	1,028,602 ⁽⁷⁾	11,057,472	323,873 ⁽⁸⁾	3,481,635
	236,272 ⁽⁴⁾	118,137 ⁽⁴⁾	3.76	2/23/2021	—	—	—	—
	228,630 ⁽⁵⁾	76,211 ⁽⁵⁾	3.09	3/16/2020	—	—	—	—
	989,677 ⁽⁶⁾	—	3.22	2/25/2019	—	—	—	—
	172,138 ⁽⁶⁾	—	7.06	5/4/2018	—	—	—	—
Johnson	487,038 ⁽⁶⁾	—	8.48	5/4/2018	—	—	—	—
	—	194,392 ⁽³⁾	2.00	2/22/2022	477,990 ⁽⁷⁾	5,138,393	159,445 ⁽⁸⁾	1,714,034
	—	50,890 ⁽⁴⁾	3.76	2/23/2021	—	—	—	—
Wunsch	—	32,517 ⁽⁵⁾	3.09	3/16/2020	—	—	—	—
	—	181,432 ⁽³⁾	2.00	2/22/2022	436,376 ⁽⁷⁾	4,691,042	139,515 ⁽⁸⁾	1,499,786
	—	47,255 ⁽⁴⁾	3.76	2/23/2021	—	—	—	—
Alves	—	33,025 ⁽⁵⁾	3.09	3/16/2020	—	—	—	—
	181,432 ⁽⁶⁾	—	2.00	2/22/2022	—	—	27,113 ⁽⁸⁾	291,465
	40,894 ⁽⁶⁾	—	3.76	2/23/2021	—	—	—	—
	28,580 ⁽⁶⁾	—	3.09	3/16/2020	—	—	—	—

(1) Market value is based on the closing price of a share of our common stock of \$10.75 on December 31, 2013.

(2) Stock options vest 100% on August 1, 2018.

(3) Stock options vest/vested 33 1/3% on February 22, 2013, February 22, 2014 and February 22, 2015.

(4) Stock options vest/vested 33 1/3% on February 23, 2012, February 23, 2013 and February 23, 2014.

(5) Stock options vest/vested 25% on March 16, 2011, March 16, 2012, March 16, 2013 and March 16, 2014.

(6) Stock options are fully vested.

(7) Consists of Mr. Euteneuer's restricted stock award of 32,718 shares that vest on April 4, 2014 and performance-based RSUs for each named executive officer (other than Mr. Alves) that vest on February 23, 2014 (April 4, 2014 for Mr. Euteneuer) and with respect to which the applicable performance periods have been completed:

	Amount
Hesse	958,903
Euteneuer	227,809
Elfman	218,207
Johnson	93,997
Wunsch	87,283

Consists of Mr. Hesse's time-based RSU award of 1,733,102 shares that vest on August 1, 2018 and time-based RSUs for each named executive officer (other than Mr. Alves) that vest on February 27, 2016:

	Amount
Hesse	1,195,841
Euteneuer	348,787
Elfman	323,873
Johnson	159,445
Wunsch	139,515

Consists of performance-based RSUs that vest on February 22, 2015 and with respect to which the applicable performance periods have not been completed:

	Amount
Hesse	1,115,258
Euteneuer	523,946
Elfman	486,522
Johnson	224,548
Wunsch	209,578

(8) Consists of performance-based RSUs that vest on February 27, 2016 and with respect to which the applicable performance periods have not been completed:

	Amount
Hesse	1,195,841
Euteneuer	348,787
Elfman	323,873
Johnson	159,445
Wunsch	139,515

Mr. Alves received an acceleration of 27,113 of his performance-based RSUs in connection with his termination, the shares underlying which will be delivered after Company performance is determined.

(9) Stock options vest/vested 33 1/3% on April 4, 2012, April 4, 2013 and April 4, 2014.

Option Exercises and Stock Vested

The table below summarizes option awards that were exercised and stock awards that vested in 2013 with respect to each of our named executive officers.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
Hesse	—	—	738,781 ⁽²⁾	4,332,951
Euteneuer	—	—	—	—
Elfman	—	—	221,634 ⁽³⁾	1,299,883
Johnson	871,267	6,207,777	94,564 ⁽⁴⁾	554,618
Wunsch	324,387	2,259,355	96,041 ⁽⁵⁾	563,280
Alves	438,683	3,013,752	395,336 ⁽⁶⁾	2,431,046

(1) Amounts reflect the average high and low common stock price as reported on the NYSE composite of the underlying common stock on the day the option shares were exercised or RSU award vested multiplied by the number of shares that vested or were exercised.

(2) Mr. Hesse surrendered 323,775 shares of common stock receivable upon the vesting of his RSU award to satisfy tax withholding obligations, resulting in Mr. Hesse receiving 415,006 shares of our common stock.

(3) Mr. Elfman surrendered 97,133 shares of common stock receivable upon the vesting of his RSU award to satisfy tax withholding obligations, resulting in Mr. Elfman receiving 124,501 shares of our common stock.

(4) Mr. Johnson surrendered 32,352 shares of common stock receivable upon the vesting of his RSU award to satisfy tax withholding obligations, resulting in Mr. Johnson receiving 62,212 shares of our common stock.

(5) Mr. Wunsch surrendered 37,505 shares of common stock receivable upon the vesting of his RSU award to satisfy tax withholding obligations, resulting in Mr. Wunsch receiving 58,536 shares of our common stock.

(6) Mr. Alves surrendered 61,309 shares of common stock receivable upon the vesting of 158,645 RSUs to satisfy tax withholding obligations, resulting in Mr. Alves receiving 97,336 shares of our common stock. Mr. Alves also vested in 236,691 RSUs that will be delivered to him in 2014.

Pension Benefits

The table below summarizes, as of December 31, 2013, pension benefits to which our named executive officers are entitled, which include:

- Sprint Retirement Pension Plan (Qualified Plan) designed to provide funded, tax-qualified defined benefits up to the limits on compensation and benefits under the Internal Revenue Code; and
- Sprint Supplemental Executive Retirement Plan (SERP), which provides unfunded, non-qualified benefits in excess of the limits applicable to the Qualified Plan.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) ⁽¹⁾	Payments During Last Fiscal Year (\$)
Hesse	—	—	—	—
Euteneuer	—	—	—	—
Elfman	—	—	—	—
Johnson	—	—	—	—
Wunsch	Sprint Retirement Pension Plan	12.7	213,239	—
	Sprint Supplemental Executive Retirement Plan	12.7	43,646	—
Alves	Sprint Retirement Pension Plan	6.0	148,644	—
	Sprint Supplemental Executive Retirement Plan	6.0	142,138	—

(1) The Present Value of Accumulated Benefit amounts have been measured as of December 31, 2013, and are based on a number of assumptions, including: (i) a discount rate of 5.3%; (ii) mortality rates based on standard actuarial tables; (iii) no retirements prior to normal retirement age or withdrawals for disability or otherwise prior to retirement; and (iv) a normal retirement age of 65 for all benefits.

Sprint Retirement Pension Plan

The Qualified Plan is a tax-qualified defined benefit pension plan. Only individuals who were employed with us prior to August 12, 2005, the date of the Sprint-Nextel merger, are eligible to participate in the Qualified Plan. Messrs. Wunsch and Alves were the only named executive officers eligible to participate in the Qualified Plan for 2013.

Benefits under the Qualified Plan are based on each participant's number of years of credited service and his or her eligible compensation. Benefit accruals under the plan were frozen on December 31, 2005 for all plan participants. Eligible compensation under the Qualified Plan is equal to the sum of base salary, certain annual short term incentive compensation, sales commissions and sales bonus compensation, including any amounts deferred under applicable deferred compensation plans, subject to annual compensation limits under the Internal Revenue Code.

The benefit amount, expressed as a single life annuity beginning at age 65, is equal to:

- the product of 1.5% and the average annual compensation for the 60 months ending on December 31, 1993, multiplied by the number of years of credited service through December 31, 1993, plus
- the product of 1.5% and eligible compensation earned from January 1, 1994 through December 31, 2005.

Benefits are limited by the Internal Revenue Code. The limit for 2013 is \$205,000, expressed as a single life annuity beginning at normal retirement age. Benefits under the Qualified Plan are payable in the form of an annuity with monthly benefit payments. No lump sums are available for the named executive officers. Benefits under this plan are funded by an irrevocable tax-exempt trust.

Participants who are at least age 55 and have at least 10 years of service are eligible to elect a reduced early retirement benefit. The benefit is reduced by 5% for each year the benefit commences before age 65. Both Messrs. Wunsch and Alves were eligible for early retirement benefits under the Qualified Plan as of December 31, 2013.

Sprint Supplemental Executive Retirement Plan

The SERP is an unfunded, non-qualified defined benefit pension plan designed to restore a participant's overall retirement benefit to the level that would have been payable under the Qualified Plan absent certain IRC limitations. Messrs. Wunsch and Alves were the only named executive officers eligible to participate in the SERP for 2013.

Benefits under the SERP are based on each participant's number of years of credited service and the participant's eligible compensation. Benefit accruals under the plan were frozen on December 31, 2005 for all plan participants. The years of credited service for eligible named executive officers are based only on their service while eligible for participation in the Qualified Plan.

Eligible compensation under the SERP is equal to the sum of base salary, certain annual short term incentive compensation, sales commissions, and sales bonus compensation, inclusive of any amounts deferred under applicable deferred compensation plans. The amount of such compensation is not limited by the Internal Revenue Code annual compensation limits.

The benefit amount, expressed as a single life annuity beginning at age 65, is equal to:

- the product of 1.5% and the average annual compensation for the 60 months ending on December 31, 1993, multiplied by the number of years of credited service through December 31, 1993, plus
- the product of 1.5% and eligible compensation earned from January 1, 1994 through December 31, 2005.

This benefit amount is reduced by the benefit amount provided by the Qualified Plan.

Benefits under the SERP are payable in the form of an annuity with monthly benefit payments. No lump sums are available for the named executive officers. The SERP is unfunded; thus, participants are general creditors of ours with respect to their SERP benefit payments.

Participants who are at least age 55 and have at least 10 years of service are eligible to elect a reduced early retirement benefit. The benefit is reduced by 5% for each year the benefit commences before age 65. Both Messrs. Wunsch and Alves were eligible for early retirement benefits under the SERP as of December 31, 2013.

Nonqualified Deferred Compensation

Certain employees, including our named executive officers, are entitled to participate in the Sprint Corporation Deferred Compensation Plan, a nonqualified and unfunded plan under which participants may defer to future years the receipt of certain compensation. For 2013, the plan permitted participants to defer up to 50% of base salary and up to 75% of their STIC plan payout. To compensate participants for federal tax law limitations under our 401(k) plan, we match deferrals to the plan using the same matching contribution formula as our 401(k) plan for eligible compensation above the applicable annual limit, which for 2013 was \$255,000. Of our named executive officers, only Mr. Hesse participated in this plan with respect to compensation earned during 2013. The table below summarizes the information with respect to this plan and the activity and balances with respect to the account of each named executive officer.

Name	Executive Contributions in Last FY (\$) ⁽¹⁾	Registrant Contributions in Last FY (\$) ⁽²⁾	Aggregate Earnings in Last FY (\$) ⁽³⁾	Aggregate Withdrawals/Distributions(\$)	Aggregate Balance at Last FYE (\$) ⁽³⁾
Hesse	162,734	119,711	16,255	—	1,151,715
Euteneuer	—	—	—	—	—
Elfman	—	—	—	—	—
Johnson	—	—	—	—	—
Wunsch	—	—	1,697	—	136,245
Alves	—	—	952	116,531	—

(1) Includes contributions by Mr. Hesse with respect to 2013 base salary and 2013 STIC plan compensation, the amounts of which are included in the 2013 Summary Compensation Table in the "Salary" and "Non-Equity Incentive Plan Compensation".

(2) Represents matching contributions by us with respect to 2013 base salary deferrals on STIC plan compensation paid in 2014 but earned in 2013 and will not be credited to Mr. Hesse's account until March 20, 2014, the respective amounts of which are included in the 2013 Summary Compensation Table in the "All Other Compensation" column.

(3) Represents the aggregate balance as of December 31, 2013, which does not include the matching contribution noted in footnote 2 above.

Compensation deferred by participants and any matching contributions made by us are credited to a bookkeeping account that represents our unsecured obligation to repay the participant in the future. Participants elect to allocate deferred and matching contributions among one or more hypothetical investment options, which include one option that tracks our common stock and other options that track broad-based bond and equity indices. Participants may change hypothetical investment elections only four times a year and at least three months must elapse between each change. Under the plan, the amount of our unfunded obligation is determined by tracking the value in the bookkeeping account according to the performance of the hypothetical investments.

Potential Payments upon Termination of Employment or Change in Control

Upon a December 31, 2013 termination of employment due to a resignation without good reason or termination by us with cause, our named executive officers would be entitled to only those payments and benefits provided to all our salaried employees on a non-discriminatory basis, including:

- accrued salary and vacation pay; and
- payment of any vested balances or accrued benefits under our 401(k) plan, deferred compensation plan, pension plan, and supplemental executive retirement plan.

In addition, while none of our named executive officers satisfied the age and service requirements as of December 31, 2013, had their termination been at their normal retirement, they would be entitled to receive (consistent with benefits provided to all our salaried employees) (1) the 2013 STIC plan award payable based on actual performance, (2) the 2011 LTIC plan performance unit award payable based on actual performance through 2012 and at target for the 2013 performance period and accelerated vesting of options granted with exercisability thereof for five years and of (except for those granted under the 2013 LTIC plan) RSUs granted with performance-based RSUs payable at target; and (3) continued participation in group life and health plans.

For more information on the retirement and deferred compensation benefits available to our named executive officers, see "—Setting Executive Compensation—Other Components of Executive Compensation."

Pursuant to the terms of our named executive officers' respective employment agreements or our Change in Control Severance Plan (CIC Severance Plan), upon an involuntary termination without cause or resignation for good reason (in connection with a change in control or not) or a termination in connection with their disability or

death, our named executive officers would be entitled to not only their accrued benefits noted above, but other payments and benefits as set forth in more detail below.

While each of the applicable employment agreements and the Change in Control Severance Plan set forth relevant definitions in full, generally:

Change in control means: the acquisition by a person or group of 30% or more of Sprint's voting stock; a change in the composition of a majority of our directors; the close of a merger, reorganization, business combination or similar transaction after which: Sprint's stockholders do not hold more than 50% of the combined entity, the members of Sprint's board do not constitute a majority of the directors of the combined entity, or a person or group holds 30% or more of the voting securities of the combined entity; or the liquidation or dissolution of Sprint. After closing of the SoftBank Merger, the board amended the definition of "Change in Control" to (1) exclude SoftBank or its controlled affiliates from the change in control trigger associated with a group acquiring 30 percent or more of the combined voting power of the Company, and (2) include Sprint ceasing to have equity securities trading on a national securities exchange as a change in control.

We have *cause* to terminate the employment of a named executive officer involuntarily where that officer materially breaches his employment agreement, fails to perform his duties, intentionally acts in a manner that is injurious to us, or violates our code of conduct.

Good reason means the occurrence of any of the following without the named executive officer's consent:

- our material breach of his employment agreement; a reduction in salary or short-term incentive compensation target opportunity, except for across-the-board reductions; certain relocations; or
- in connection with a change in control:
 - a significant and adverse reduction of a named executive officer's duties or responsibilities or organizational status;
 - the failure to provide a long-term incentive compensation opportunity comparable to other senior executives or a greater than 10% across-the-board reduction to any of base salary or short- or long-term incentive compensation opportunities; or
 - our failure to obtain an agreement from a successor to assume the employment agreement.

The following table, footnotes and narrative describe the potential payments and benefits that would be provided to our named executive officers upon each respective hypothetical December 31, 2013 termination of employment scenario, based on the closing price of a share of our common stock of \$10.75 on that date. The Non-CIC column shows the amounts due to each named executive officer in the event of his involuntary termination without cause or resignation with good reason on December 31, 2013. These amounts include the effect of the SoftBank Merger on July 10, 2013, which was a change in control of Sprint. Amounts in the CIC column assume a qualifying termination in connection with a subsequent change in control occurring after July 24, 2013.

		Without Cause or For Good Reason ⁽¹⁾			
		Non-CIC (\$) ⁽²⁾	CIC (\$)	Disability (\$)	Death (\$)
Hesse	Salary-based	2,400,000	2,400,000	1,200,000	—
	STI-based	7,200,000	7,200,000	2,855,114	2,855,114
	LTI-based ⁽³⁾	78,272,435	96,757,781	90,137,781	90,137,781
	Benefits/Perquisites	55,237	55,237	10,119	—
	Total	87,927,672	106,413,018	94,203,014	92,992,895
Euteneuer	Salary-based	1,550,000	1,550,000	775,000	—
	STI-based	3,022,500	3,022,500	1,198,553	1,198,553
	LTI-based ⁽³⁾	18,721,284	24,112,847	22,362,847	22,362,847
	Benefits/Perquisites	55,237	55,237	10,119	—
	Total	23,349,021	28,740,584	24,346,519	23,561,400
Elfman	Salary-based	1,300,000	1,300,000	650,000	—
	STI-based	2,437,500	2,437,500	966,575	966,575
	LTI-based ⁽³⁾	17,757,827	22,764,270	21,139,270	21,139,270
	Benefits/Perquisites	49,414	49,414	7,207	—
	Total	21,544,741	26,551,184	22,763,052	22,105,845
Johnson	Salary-based	1,250,000	1,250,000	625,000	625,000
	STI-based	2,021,972	2,021,972	662,327	662,327
	LTI-based ⁽³⁾	10,556,581	10,556,581	9,806,581	9,806,581
	Benefits/Perquisites	71,084	71,084	10,542	—
	Total	13,899,637	13,899,637	11,104,450	11,093,908
Wunsch	Salary-based	980,000	980,000	490,000	—
	STI-based	1,323,000	1,323,000	489,867	489,867
	LTI-based ⁽³⁾	7,507,123	9,663,749	8,963,749	8,963,749
	Benefits/Perquisites	46,062	46,062	5,531	—
	Total	9,856,185	12,012,811	9,949,147	9,453,616

- (1) The CIC Severance Plan provides that if the payments and benefits provided to an executive under the CIC Severance Plan or any other plan or agreement would constitute an "excess parachute payment" for purposes of Section 280G of the Internal Revenue Code, the executive would either have his or her payments and benefits reduced to the highest amount that could be paid without triggering excise taxes under Section 4999 of the Internal Revenue Code or, if greater, receive the after-tax amount of his or her payment and benefits taking into account the excise taxes and any other applicable federal, state and local taxes. Amounts do not take into effect any possible reduction due to the effects of Section 280G of the Internal Revenue Code.
- (2) If Mr. Johnson's termination was for good reason based on relocation, his salary-based benefit would have been \$625,000, his STI-based benefit would have been \$1,396,972, his LTI-based benefit would have been \$10,556,581, and his benefits/perquisites would have been \$10,542, for a total value of \$12,589,095.
- (3) Includes performance units (payable in cash), stock options and RSUs. The value of options is based on the intrinsic value of the options, which is the difference between the exercise price of the option and the market price of our shares on December 31, 2013, multiplied by the number of options, and the value of RSUs is based on the market value of our stock on December 31, 2013, multiplied by the number of RSUs, as adjusted for performance prior to 2013, for performance-based RSUs.

Mr. Alves received, as a result of his involuntary termination without Cause not in connection with a change in control (but following the SoftBank Merger), payments and benefits of \$950,000 in salary-based, \$1,478,054 in STI-based, and \$4,252,012 in LTI-based (as described in footnote 3 above) compensation and \$49,089 in perquisites and benefits, for a total of \$6,729,155.

Resignation for Good Reason or Involuntary Termination without Cause

If our named executive officers' employment had terminated either by them for good reason or by us without cause, they would have been entitled to:

- a lump sum payment equal to their then-current base salary for their respective payment period, which is 24 months for each named executive officer (12 months for Mr. Johnson if his termination was for good reason based on relocation);

- payment of their STIC plan award for 2013 at their STIC target opportunity plus a lump sum payment equal to their STIC target opportunity as of December 31, 2013 for their respective payment period and, for Messrs. Johnson and Alves, the difference between their 2013 STIC target opportunity for the first half performance period and the 2013 STIC Plan award based on actual performance for such period;
- a payment of their 2011 LTIC plan performance unit award payable based on actual performance through 2012 and at target for the 2013 performance period, a payment of their 2012 LTIC plan performance unit award payable at target, and immediate vesting as of their termination date of:
 - outstanding options with exercisability of such options vested through the 90th day (12 months for Mr. Johnson) after such vesting; and
 - RSUs granted, prorated (except for Mr. Johnson) to their termination date for RSUs granted under the 2013 LTIC plan for a termination not following a change in control, with performance-based RSUs under the 2011 LTIC plan payable based on actual performance through 2012 and at target for the 2013 performance period, under the 2012 LTIC plan payable at target, and under the 2013 LTIC plan payable based on actual performance (at target for Mr. Johnson, or for terminations following a change in control); and
- continued participation for the payment period at employee rates in our group health and life plans (and for Mr. Johnson, the long-term disability plan, and for Messrs. Wunsch and Alves, pension and supplemental retirement benefits) plans and outplacement services in an amount not to exceed \$35,000 (for Mr. Johnson: \$50,000; zero if his termination was for good reason based on relocation), each for the duration of his payment period.

In addition, Mr. Hesse would receive his Sign-On RSU Award (as defined in his employment agreement) on the first business day of the seventh month following his termination.

Termination Disability Plan Benefits

If our named executive officers' employment had terminated as a result of their disability, they would have been entitled to:

- continuation of their base salary for 12 months, less (except for Mr. Johnson) any benefits paid under our Long-term Disability Plan, through periodic payment with the same frequency as our payroll schedule;
- a payment of their 2013 STIC plan award payable based on actual performance;
- the 2011 LTIC plan performance unit award payable based on actual performance through 2012 and at target for the 2013 performance period and immediate vesting of options granted with exercisability thereof for five years (12 months for Mr. Johnson) and of RSUs granted with performance-based RSUs payable at target; and
- continued participation at employee rates in our group health and life plans for 12 months.

In addition, Mr. Hesse would receive his Sign-On RSU Award on the first business day of the seventh month following his termination.

Termination as a Result of Death

Had our named executive officers' employment terminated as a result of their death, their estates would have been entitled, as with respect to our employees generally, to a payment of the 2013 STIC plan award payable based on actual performance, the performance units under the 2011 LTIC plan payable based on actual performance through 2012 and at target for the 2013 performance period, and immediate vesting of options granted with exercisability thereof for 12 months and of RSUs granted with performance-based RSUs payable at target. Mr. Hesse's estate also would have received his Sign-On RSU Award on the first business day of the seventh month following his death, and Mr. Johnson's estate also would have received continuation of his base salary for 12 months.

Conditions Applicable to the Receipt of Severance Payments and Benefits

As a condition to our named executive officers' entitlement to receive the amounts above, except for vested retirement or death benefits, they would have been:

- required to execute a release in favor of us;
- subject to confidentiality and non-disparagement provisions on a permanent basis following the termination of their employment; and
- for the duration of their payment period, prohibited from:
 - engaging in certain employment activities with a competitor of ours;
 - soliciting our employees and certain other parties doing business with us to terminate their relationship with us; and

- soliciting or assisting any party to undertake any action that would be reasonably likely to, or is intended to, result in a change in control or seek to control our board.

If the named executive officer breached any of these obligations, he would have no rights in, and we would have no obligation to provide, any severance benefits yet to be paid or provided under his employment agreement and any outstanding equity-based award granted under his employment agreement would have terminated immediately.

Compensation of Directors

The compensation of our outside directors is partially equity-based and is designed to comply with our *Corporate Governance Guidelines*, which provide that the guiding principles behind our non-employee director compensation practices are: (1) alignment with stockholder interests; (2) preservation of independence; and (3) preservation of the fiduciary duties owed to all stockholders. In furtherance of these principles, our board believes directors should have a meaningful financial stake in the company, and therefore may establish a desired ownership level for non-employee directors of equity or equity interests of Sprint. To the extent any director has not met this minimum ownership level, each such director is expected to retain at least half of his or her shares or share equivalents (for example, options or restricted stock units) awarded by Sprint, subject to our board's consideration of individual circumstances. Our independent directors are also reimbursed for direct expenses relating to their activities as members of our board.

Components of Compensation

The following table summarizes director compensation for members of our board, with the exception of Messrs. Fisher and Son:

Compensation Element	Predecessor Period Compensation (\$)	Successor Period Compensation (\$)	2014 Compensation (\$)
Annual Retainer	80,000	80,000	85,000
Chairman Retainer	150,000	N/A	N/A
Audit Chair Retainer	20,000	20,000	25,000
Compensation Chair Retainer	15,000	15,000	20,000
Security Director Retainer	N/A	155,000	160,000
Finance Chair Retainer	10,000	N/A	N/A
Nominating & Corporate Governance Chair Retainer or other standing committees	10,000	N/A	15,000
Special Chair Retainer ⁽¹⁾	10,000	10,000	15,000
Meeting Fees (per meeting):			
In Person	2,000	2,000	2,000
Telephonic	1,000	1,000	1,000
Restricted Stock Units ⁽²⁾	Annual grant value of 110,000	Annual grant value of 110,000	Annual grant value of 150,000

(1) Includes any non-standing committee of directors established from time to time., but excludes the Vacancy Resolution Committee.

(2) Generally, RSUs, underlying which are shares of our common stock, are granted each year on the date of the annual meeting of stockholders. Each grant vests in full upon the subsequent annual meeting. Any new outside board member joining our board also receives a grant of RSUs upon his or her appointment that vests in full upon the subsequent annual meeting.

The dollar value of the outside directors' targeted annual grant is prorated for the time period between the date of the director's initial appointment to our board and the date of the subsequent annual meeting. The prorated RSU grant is intended to offer a competitive compensation package to our outside directors, to immediately align the interests of outside directors with our stockholders' interests and to be consistent with the manner in which the cash retainers are paid upon an outside director joining our board.

In connection with his appointment in January 2014, Mr. Claire was granted a sign-on RSU award of \$110,000.

Mr. Son does not receive any fees for his service on our board. On August 6, 2013, our board determined Mr. Fisher's compensation for serving as a member of our board. In recognition of his vice chairman activities, our board adopted an Affiliate Director compensation program for Mr. Fisher, to provide as follows:

- (1) Annual cash retainer of \$500,000;
- (2) Annual grant of \$500,000 in restricted stock units for 2013 to be granted as of August 6, 2013 and each year thereafter at the annual stockholders' meeting and vesting in full upon the earlier of the subsequent annual stockholders' meeting or the first anniversary of the date of the grant; and
- (3) Telecommunications services and products and matching of Mr. Fisher's charitable contributions, capped at reasonable levels.

Other Benefits

We believe that it serves the interests of our company and our stockholders to enable our outside directors to utilize our communications services. Accordingly, each outside director, except Mr. Son, is entitled to receive wireless devices, including accessories and the related wireless service, wireline long distance services, and long distance calling cards with a maximum limit of \$12,000 per year. Outside directors may also receive specialized equipment, on an as-needed basis, with equipment valued at greater than \$1,000 requiring Compensation Committee approval. In addition to the value of the communications service, the value of any additional services and features and the value of the wireless devices, replacements and associated accessories are included in the value of the communications benefit. There may be other circumstances in which devices are provided to board members (such as demonstration, field testing, and training units, or devices for use while traveling internationally); these devices must be returned or they will be converted to a consumer account and applied toward the wireless devices under this communications benefit.

Our outside directors, except Mr. Son, are eligible for our charitable matching gifts program. Under this program, the Sprint Foundation matches contributions made to qualifying organizations on a dollar-for-dollar basis, up to the annual donor maximum of \$5,000. The annual maximum contribution per donor, per organization is \$2,500. As described in the director compensation table, Messrs. Glasscock and Hance were the only outside directors for whom the Sprint Foundation provided matching charitable contributions in 2013.

We do not offer retirement benefits to outside directors, except that our communications benefit as described above, continues after retirement from board service. To be eligible for the continuation of this benefit, members must have served on our board for at least three years, and the benefit will continue for such members for the period of time our board member served on our board (including service on the Sprint Nextel board). This extension of the communication benefit is available to board members retiring after January 1, 2014.

Deferred Compensation Plans

We maintain a Deferred Compensation Plan, a nonqualified and unfunded plan under which our outside directors can defer receipt of all or part of their annual and additional retainer fees and meeting fees into various investment funds and stock indices, including a fund that tracks our shares of common stock. In 2013, no directors participated in our Deferred Compensation Plan. Our directors may also participate in our Directors' Shares Plan, under which they can elect to use all or part of their annual and additional retainer fees and meeting fees to purchase shares of our common stock in lieu of receiving cash payments. Our outside directors can also elect to defer receipt of these shares. In 2013, no directors participated in our Directors' Shares Plan.

On an annual basis, our outside directors are given the opportunity to either enroll in or discontinue their participation in one or both of these plans. Our directors are also provided the opportunity to elect before the end of each calendar year to defer the receipt of shares underlying any portion of any RSU awarded in the following calendar year.

Stock Ownership Guidelines

Our board believes directors should have a meaningful financial stake in the company, and therefore may establish a desired ownership level for non-employee directors of equity or equity interests. To the extent any director has not met this minimum ownership level, each such director is expected to retain at least half of his or her shares or

share equivalents (for example, options or restricted stock units) awarded by Sprint, subject to our board's consideration of individual circumstances.

Our director stock ownership guidelines currently require directors, other than SoftBank Affiliate Directors (Messrs. Son, Fisher and Claire) to hold equity or equity rights equal to at least five times the annual board retainer amount (in other words \$425,000 while the current \$85,000 retainer is in place). To the extent any director has not met this minimum ownership level, each such director is expected to retain at least half of his or her shares or share equivalents awarded by us. Our board retains flexibility to grant exceptions to the guidelines based on its consideration of individual circumstances. Our board increased required ownership effective January 1, 2014, for 2013, the minimum ownership level was three times the annual board retainer. As of December 31, 2013, each of directors with the exception of Adm. Mullen and Ms. Tucker met the stock ownership requirements.

2013 Director Compensation Table

The following table provides compensation information for our outside directors who served during the Predecessor and Successor Periods of 2013. Compensation information for Mr. Hesse, our President and Chief Executive Officer, can be found at the beginning of this Item 11—Executive Compensation.

2013 Director Compensation					
	Fees Earned or Paid in Cash (\$)⁽¹⁾	Stock Awards (\$)		All Other Compensation (\$)⁽³⁾	Total (\$)
Robert R. Bennett	146,750	110,000	(2)	—	256,750
Gordon M. Bethune	133,958	110,000	(2)	—	243,958
Larry C. Glasscock	104,083	110,000	(2)	2,500	216,583
James H. Hance, Jr.	170,583	110,000	(2)	7,500	288,083
V. Janet Hill	89,750	110,000	(2)	—	199,750
Frank Ianna	121,333	110,000	(2)	—	231,333
Sven-Christer Nilsson	59,333	110,000	(2)	—	169,333
William R. Nuti	65,333	110,000	(2)	—	175,333
Rodney O'Neal	81,333	110,000	(2)	—	191,333
Ronald D. Fisher	250,000	500,000	(4)	—	750,000
Michael G. Mullen	87,500	110,000	(4)	—	197,500
Masayoshi Son	N/A	N/A		N/A	—
Sara Tucker	35,666	110,000	(4)	—	145,666

(1) Consists of annual retainer fees, chairman and committee chair fees, and board and committee meeting fees.

(2) During 2013, Ms. Hill was the only Sprint Nextel outside director that held outstanding stock option awards. Ms. Hill held options, all of which are vested, with respect to 27,852 shares. Stock options granted to Ms. Hill were granted under the Nextel incentive equity plan prior to the Sprint-Nextel merger. Represents the grant date fair value of 16,750 RSUs granted to each of Sprint Nextel's outside directors on May 30, 2013 which were revalued based on the Company's closing stock price of \$6.28 on July 11, 2013 after the SoftBank Merger. The grant date fair value is calculated in accordance with FASB ASC Topic 718.

For a discussion of the assumptions used in determining the compensation cost associated with stock awards, see note 2 of the Notes to the Consolidated Financial Statements. We did not issue stock options to outside directors as part of our 2013 outside director compensation program.

(3) Consists of charitable matching contributions made on the director's behalf in 2013 under our Sprint Foundation matching gift program.

(4) As of December 31, 2013, our outside directors, except Mr. Son, held stock awards in the form of RSUs. Although we issued no cash dividends in 2013, it is our policy that any cash dividend equivalents on the RSUs granted to the outside directors are reinvested into RSUs, which vest when the underlying RSUs vest. Mr. Fisher's 71,736 RSUs and Adm. Mullen's 15,782 RSUs were granted on August 6, 2013 based on our closing stock price on that date of \$6.97. Ms. Tucker's 17,214 RSUs were granted on September 17, 2013 based on our closing stock price on that date of \$6.39.

Compensation Committee Interlocks and Insider Participation

There were no compensation committee interlocks or insider participations during 2013.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners

The following table provides information about the only known beneficial owner of 5% or more of Sprint's common stock. For purposes of the table below, beneficial ownership is determined based on Rule 13d-3 of the Securities Exchange Act of 1934, which states that a beneficial owner is any person who directly or indirectly has or shares voting and/or investment or dispositive power.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾
SOFTBANK CORP. 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo, 105-7303 Japan	3,205,665,088 shares ⁽²⁾	80.3

(1) The ownership percentages set forth in this column are based on Sprint's outstanding shares on February 17, 2014 plus shares of Sprint common stock issuable upon exercise of a warrant to SoftBank, dated July 10, 2013 and assumes that SoftBank continued to own the number of shares reflected in the table above on February 17, 2014.

(2) According to a Schedule 13D filed with the SEC on September 18, 2013, by SoftBank Corp. According to the Schedule 13D, SoftBank is the beneficial owner of, and has sole voting power and sole dispositive power with respect to, all of the shares.

Security Ownership of Directors and Executive Officers

The following table states the number of shares of Sprint common stock beneficially owned as of February 17, 2014 by each director, named executive officer, and all directors and executive officers as a group. Except as otherwise indicated, each individual named has sole investment and voting power with respect to the shares owned.

Name of Beneficial Owner	Shares Owned	Shares Covered by Exercisable Options and RSUs to be Delivered ⁽¹⁾	Percentage of Common Stock
Paget L. Alves	277,138	—	*
Robert R. Bennett	39,803	—	*
Gordon M. Bethune	92,690	—	*
Marcelo Claire	—	—	*
Steven L. Elfman	654	2,947,491	*
Joseph J. Euteneuer	64,030 ⁽²⁾	1,063,060	*
Ronald D. Fisher	—	—	*
Daniel R. Hesse	1,250,608	10,417,992	*
Frank Ianna	31,899	—	*
Adm. Michael G. Mullen	—	—	*
Masayoshi Son	—	—	*
Sara Martinez Tucker	—	—	*
Charles R. Wunsch	605	258,279	*
Directors and Executive Officers as a group (19 persons)	1,758,878	15,355,852	*

*Indicates ownership of less than 1%.

(1) Represents shares that may be acquired upon the exercise of stock options exercisable, and shares of stock that underlie restricted stock units to be delivered, on or within 60 days after February 17, 2014 under Sprint's equity-based incentive plans.

(2) Includes shares of restricted stock as to which Mr. Euteneuer has sole voting power but no dispositive power.

Compensation Plan Information

Currently we sponsor two active equity incentive plans, the 2007 Omnibus Incentive Plan (2007 Plan) and our Employee Stock Purchase Plan (ESPP). We also sponsor the 1997 Long-Term Incentive Program (1997 Program) and the Nextel Incentive Equity Plan (Nextel Plan). All outstanding options under the Management Incentive Stock Option Plan (MISOP) expired in 2012. Under the 2007 Plan, we may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other equity-based and cash awards to our employees, outside directors and certain other service providers. The Compensation Committee of our board of directors, or one or more executive officers should the Compensation Committee so authorize, will determine the terms of each award. No new grants can be made under the 1997 Program, the Nextel Plan, or the MISOP.

The following table provides information about the shares of common stock that may be issued upon exercise of awards as of December 31, 2013 .

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by stockholders of common stock	80,775,343 ⁽¹⁾⁽²⁾	\$6.54 ⁽³⁾	195,004,233 ⁽⁴⁾⁽⁵⁾⁽⁶⁾
Equity compensation plans not approved by stockholders of common stock	1,098,958 ⁽⁷⁾	\$17.14	—
Total	81,874,301		195,004,233

(1) Includes 40,571,122 shares covered by options and 33,325,973 restricted stock units under the 2007 Plan, and 6,449,043 shares covered by options and 41,336 restricted stock units outstanding under the 1997 Program. Also includes purchase rights to acquire 387,869 shares of common stock accrued at December 31, 2013 under the ESPP. Under the ESPP, each eligible employee may purchase common stock at quarterly intervals at a purchase price per share equal to 95% of the market value on the last business day of the offering period.

(2) Included in the total of 80,775,343 shares are 33,325,973 restricted stock units under the 2007 Plan, which will be counted against the 2007 Plan maximum in a 2.5 to 1 ratio.

(3) The weighted average exercise price does not take into account the shares of common stock issuable upon vesting of restricted stock units issued under the 1997 Program or the 2007 Plan. These restricted stock units have no exercise price. The weighted average purchase price also does not take into account the 387,869 shares of common stock issuable as a result of the purchase rights accrued under the ESPP; the purchase price of these shares was \$10.16 for each share.

(4) Of these shares, 115,756,537 shares of common stock were available under the 2007 Plan. Through December 31, 2013, 145,478,285 cumulative shares came from the 1997 Program, the Nextel Plan and the MISOP.

(5) Includes 79,247,696 shares of common stock available for issuance under the ESPP after issuance of the 387,869 shares purchased in the fourth quarter 2013 offering. See note 1 above.

(6) No new awards may be granted under the 1997 Program, the Nextel Plan, or the MISOP.

(7) Consists of 1,098,958 options outstanding under the Nextel Plan. There are no deferred shares outstanding under the Nextel Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

SoftBank, through its wholly-owned subsidiaries, is the controlling stockholder of Sprint. Mr. Son is SoftBank's controlling stockholder, chairman of the board and chief executive officer. Mr. Fisher is the founder of SoftBank Capital, a director and president of SoftBank Holdings, Inc. and a member of the board of directors of SoftBank. Mr. Claire is Chairman and CEO of Brightstar Corp. ("Brightstar"). Brightstar is a controlled affiliate of SoftBank. We consider SoftBank, its controlled affiliates, as well as our directors and executive officers to be "related parties."

Policy on Oversight of Related Party Transactions

Our board has adopted and the Audit Committee has maintained a written policy on the review and approval of transactions with related parties. The policy generally groups these transactions into three categories: (1) transactions requiring the approval by the Audit Committee; (2) transactions requiring the approval of our board, including approval of the majority of the independent directors; and (3) certain ordinary course transactions that are deemed pre-approved by our board.

Generally, our board deems pre-approved any transaction or series of transaction between SoftBank or its controlled affiliates (each a "SoftBank Party") that is entered into in the ordinary course of business and has substantially the same terms and conditions offered to or by third parties, or where the rates or charges involved are determined by competitive bid, as well as certain tri-party agreements. All transactions deemed pre-approved must be also approved by the Related Party Transaction Committee, which is comprised of members of management.

Related Party Transactions in 2013

We have entered into indemnity agreements with our officers and directors that provide, among other things, that we will indemnify each such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings in which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of Sprint or its subsidiaries.

Transactions with SoftBank Parties - Approved by Sprint Nextel Corporation

So long as SoftBank remains our controlling stockholder, our governing documents confer SoftBank certain rights. Our bylaws, as contemplated by the Merger Agreement, give SoftBank the ability to compose our board from July 10, 2013 through July 10, 2015 as follows:

- the Chief Executive Officer of Sprint;
- three independent directors designated by SoftBank;
- three continuity directors (independent directors who served on the Sprint Nextel board); and
- three additional directors designated by SoftBank, known as SoftBank Affiliate Directors.

After July 10, 2015, there is no requirement to appoint continuity directors, but SoftBank will be required to appoint six independent directors, our Chief Executive Officer and three additional directors of its choosing to our board.

In connection with the SoftBank Merger and other related transactions, SoftBank Parties and Sprint entered into certain agreements in addition to the Merger Agreement and the Bond Purchase Agreement. On November 30, 2012, Sprint Nextel and a SoftBank Party entered into an expense reimbursement agreement, as amended and restated on April 9, 2013, pursuant to which the parties agreed that the SoftBank Party will reimburse Sprint for certain out-of-pocket expenses of up to \$5.5 million in the aggregate incurred in connection with certain audit services performed on behalf of Sprint Nextel, including converting Sprint Nextel's financial statements to a presentation in conformity with the International Financial Reporting Standards and performing a valuation of Sprint Nextel's assets in connection with the preparation of pro forma financial statements. On April 8, 2013, Sprint Nextel and SoftBank Inc. entered into an expense reimbursement agreement, pursuant to which the parties agreed that SoftBank Inc. will reimburse Sprint Nextel for certain out-of-pocket expenses of up to \$115,000 in the aggregate

incurred in connection with certain audit services performed on behalf of Sprint Nextel, including reviewing its financial information to be included in an offering memorandum for the offering of SoftBank debt.

In connection with the Clearwire Acquisition, on December 17, 2012, SoftBank Parties entered into a consent and agreement with Sprint Nextel, which permitted Sprint Nextel to enter into the agreements related thereto and provided SoftBank with certain rights to information and review of certain actions which might be taken by Sprint Nextel in connection with the Clearwire Acquisition, and on January 30, 2013 and February 26, 2013, SoftBank Parties delivered consents to Sprint Nextel, which permitted Sprint Nextel to enter into amendments to the note purchase agreement related thereto. On May 20, 2013, a SoftBank Party delivered a consent to Sprint Nextel, which permitted Sprint Nextel to enter into an amendment to the Clearwire Acquisition Agreement.

In connection with an unsolicited proposal from DISH Networks, Inc. ("DISH") prior to the close of the SoftBank Merger (the "DISH Proposal"), on April 26, 2013, a SoftBank Party delivered to Sprint a waiver under the Merger Agreement, which permitted Sprint to engage in discussions with DISH and its representatives solely for the purpose of clarifying, and obtaining further information regarding, the DISH Proposal in order to enable Sprint's Special Committee of the board to determine whether the DISH Proposal is reasonably likely to lead to a superior offer (as defined in the Merger Agreement prior to the Merger Agreement amendment revising such definition). On May 20, 2013, a SoftBank Party delivered to Sprint a second waiver under the Merger Agreement, which permitted Sprint to engage in further discussions regarding the DISH Proposal, and otherwise take certain actions that would otherwise have been prohibited by the Merger Agreement.

Wholly-owned subsidiaries of Sprint and SoftBank signed an incremental rate change agreement on February 28, 2013, with a total transaction value of approximately \$0.2 million. The term of this agreement was six months. This transaction was ratified by the Sprint Nextel board of directors.

In March and April of 2013, a SoftBank Party and Sprint entered into license agreements providing the SoftBank Party with use of a portion of Sprint's facilities in Overland Park, Kansas, for approximately \$0.13 million. These transactions were ratified by the Sprint Nextel board of directors.

A Sprint subsidiary and a SoftBank Party entered into two Traffic Termination Agreements, with a total transaction value of approximately \$1.1 million. The agreements provide for the exchange of voice minutes between the U.S. and Japan. The term of the first agreement began October 1, 2012 and terminated on April 30, 2013 and the term of the second agreement ran from May 1, 2013 through November 30, 2013. These transactions were ratified by the Sprint Communications, Inc. board.

Transactions with SoftBank Parties outside the Ordinary Course of Business

Transactions with SoftBank Parties outside the ordinary course of business are reviewed by the Audit Committee and approved by our board, including a majority of our independent directors. The transactions that have been approved by our board are described below.

Effective September 1, 2013, Sprint entered into an agreement with the Buying and Innovation Group ("BIG") a joint venture between Brightstar and SoftBank. The agreement provides for reimbursement to Sprint by BIG for compensation, benefits, travel and related expenses for Sprint employees providing services to BIG, with a transaction value for 2013 of approximately \$0.6 million. The term of the agreement is for one year, but may be extended as necessary.

Sprint developed, owns, and operates a content delivery and device configuration platform known as Mobile ID. Sprint and a SoftBank subsidiary entered into wholesale agreement providing for Sprint to enable Mobile ID platform for use by SoftBank and license those capabilities to SoftBank. The term of this agreement is for one year. The total value for this transaction is estimated to be \$4.7 million.

Wholly-owned subsidiaries of Sprint and SoftBank revised their International Roaming Agreement on May 21, 2013, which was originally entered into prior to SoftBank becoming a beneficial owner. The amendment provided lower rates to Sprint for Sprint subscribers roaming on SoftBank's network. This amendment was ratified by Sprint Nextel's Nominating and Corporate Governance Committee. Our board subsequently authorized an amendment to the International Roaming Agreement. Effective January 1, 2014, Sprint and a SoftBank subsidiary entered into a second amendment to the International Roaming Agreement. The term of the amendment is for one year, with automatic renewals for successive one year periods and may be terminated by either Party with 180 days' notice. This amendment allows Sprint the ability to roam free of charge on SoftBank's network. This transaction is estimated to save Sprint \$3.1 million through December 2016. The Board has also authorized the parties to enter an

another amendment to the International Roaming Agreement, under which Sprint would not charge SoftBank for SoftBank subscribers roaming on Sprint's CDMA network. At this time, this transaction is expected to have little, if any, cost to Sprint in 2014 as SoftBank subscribers can not roam on Sprint today.

Our board has approved an assignment agreement with a SoftBank Party and an unrelated third-party software vendor. The agreement provides that Sprint will assign a to-be-determined quantity of certain third-party software licenses to a SoftBank Party and is expected to result in: (1) payment by a SoftBank Party to a Sprint subsidiary an amount equal to 50-70% of the contract license price, with a maximum amount of approximately \$2.9 million, and (2) SoftBank's agreement to pay the corresponding ongoing annual support services fees for the transferred licenses, the maximum amount of such fees being approximately \$0.9 million per year, thereby relieving Sprint of such corresponding ongoing support services fees into perpetuity due to the perpetual terms of the licenses.

In February of 2014, a SoftBank Party and a Sprint subsidiary expect to enter into a sublease providing the Sprint party the right to occupy and use a floor of SoftBank's leased offices at Two Circle Star Way in San Mateo, California for an executive briefing center and general office use. Over the five year initial sublease term, the Sprint party will pay approximately \$8 million for rent, operating expenses and other services. SoftBank will provide an improvement allowance to Sprint of up to \$5 million. This transaction was approved by our board.

Transactions with SoftBank Parties in the Ordinary Course Business

Sprint or its affiliates have also entered into various commercial arrangements with SoftBank Parties or with third parties to which SoftBank Parties are also parties, including for international wireless roaming, wireless and wireline call termination and potential joint procurement activities (collectively, the "Commercial Agreements"). These Commercial Agreements, which include interconnection agreements, sale of data telecommunication services, master services agreements, international roaming agreements, traffic termination agreements and other commercial agreements, were entered into in arms-length transactions in the ordinary course of business and are typical for SoftBank's contractual arrangements with other U.S. carriers and in third-party dealings. The Commercial Agreements and related contract orders between Sprint or its affiliates and SoftBank Parties covered an aggregate of less than \$40 million in payments for services, fees and expenses between the parties since January 1, 2013. Such transactions are generally deemed pre-approved under our related party transactions policy.

Transactions with Brightstar

Sprint or its affiliates entered into various commercial agreements with Brightstar or its affiliates prior to Mr. Claire becoming a director of Sprint on January 13, 2014 and prior to Brightstar becoming a controlled affiliate of SoftBank on January 29, 2014. These agreements were entered into in arms-length transactions in the ordinary course of business and are typical for Sprint's contractual arrangements with unrelated third-parties. These transactions are valued at approximately \$130 million.

Independence of Directors

Controlled Company

We have elected to be treated as a "controlled company" under NYSE listing standards because more than 50% of our voting power is held by SoftBank. Accordingly, we are exempt from certain requirements of the NYSE corporate governance rules, including the requirement that we have a majority of independent directors on our board and the requirement that the compensation and nominating and corporate governance committees of the board have written charters addressing certain specified matters.

Nonetheless, in keeping with good corporate governance practices, we maintain a majority of independent directors, our Audit Committee is comprised solely of independent directors and our Bylaws provide that, for so long as we are a controlled company, at least one member of our Compensation Committee and Nominating Committee will be independent. In addition, we maintain written charters for each of our standing committees. Independent directors have the ability to propose agenda items, including for executive sessions. We believe our board leadership structure provides the appropriate balance of independent directors, directors affiliated with our controlling stockholder and management working together to represent the interests of our entire stockholder base. In the event we cease to be a controlled company within the meaning of these rules, we would then be required to comply with these provisions after the transition periods specified by the NYSE.

Our board is currently comprised of nine members, five of whom are independent under rules of the NYSE. As a matter of practice, our board undertakes an annual review of director independence. During this review, our board considers all transactions and relationships between each director or any member of his immediate family and the companies by which they are employed as an executive officer (if applicable) have any relationships with our company and the Company and its affiliates. The purpose of this review is to determine whether any such relationships or transactions are considered "material relationships" that would be inconsistent with a determination that a director is independent. Our board has not adopted any "categorical standards" for assessing independence, preferring instead to consider and disclose existing relationships with the non-management directors and the Company. Our board observes all criteria for independence established by NYSE.

Messrs. Bethune, Bennett, and Ianna, Adm. Mullen and Ms. Tucker are independent.

Independence of Directors during the Predecessor Period (through July 10, 2013)

During the Predecessor Period before the SoftBank Merger, we were not a controlled company. The Sprint Nextel board adopted a definition of director independence that met the listing standards of the NYSE. Its Corporate Governance Guidelines required that at least two-thirds of the board be independent. A director was not considered to be independent unless the board, considering all relevant circumstances, determined that the director did not have a material relationship with the Company, including any of its consolidated subsidiaries.

Outside directors are directors who are not employees. In determining the independence of the outside directors, the Sprint Nextel board considered whether its outside directors, their immediate family members, and the companies by which they are employed as an executive officer (if applicable) have any relationships with our company that would prevent them from meeting the independence standards of the NYSE. In performing its review, the Sprint Nextel board considered the responses provided by the outside directors in their director questionnaires and determined that the following directors had no material relationship with our company and were independent using the definition described above: Messrs. Bennett, Bethune, and Ianna, Larry C. Glasscock, James H. Hance, Sven-Christer Nilsson, William R. Nuti and Rodney O'Neal and V. Janet Hill. Sprint Nextel's audit, compensation, finance, and nominating and corporate governance committees were each comprised solely of independent directors.

Item 14. Principal Accountant Fees and Services

KPMG LLP ("KPMG") served as Sprint Nextel's independent registered public accountant during the Predecessor Period. Upon the closing of the SoftBank Merger, our board appointed Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accountant for the Successor Period.

Fees to KPMG

Audit Fees

For professional services rendered for the audit of our consolidated financial statements for the 191-day period ended July 10, 2013, the review of the consolidated financial statements included in our Form 10-Qs for the first and second quarters 2013 and the statutory audits of our international subsidiaries, KPMG billed us a total of \$9.7 million.

For professional services rendered for the audit of our 2012 consolidated financial statements, the report on the effectiveness of internal control over financial reporting as required by the Sarbanes-Oxley Act, the review of the consolidated financial statements included in our 2012 Form 10-Qs and the statutory audits of our international subsidiaries, KPMG billed us a total of \$15.8 million.

These amounts also include reviews of documents filed with the SEC, accounting consultations related to the annual audit and preparation of letters for underwriters and other requesting parties.

Audit-Related Fees

For professional audit-related services rendered to us while serving as our independent registered public accountant, KPMG billed us a total of \$3.6 million in 2013. Audit-related services in 2013 generally included accounting research, the audits of our employee benefit plans, internal control reviews and other attestation services.

For professional audit-related services rendered to us, KPMG billed us a total of \$1.3 million in 2012. Audit-related services in 2012 generally included the audits of our employee benefit plans, internal control reviews and other attestation services.

Tax Fees

For professional tax services rendered to us while serving as our independent registered public accountant, KPMG billed us a total of approximately \$0.8 million in 2013. Tax services in 2013 primarily included tax consultation matters.

For professional tax services rendered to us, KPMG billed us a total of approximately \$0.8 million in 2012. Tax services in 2012 primarily included tax consultation matters.

All Other Fees

All other fees included non-audit services of \$0.2 million rendered to us for financial management advisory services in 2012.

The Audit Committee determined that the non-audit services rendered by KPMG in 2013 and 2012 were compatible with maintaining its independence as auditors of our consolidated financial statements.

Fees to Deloitte

For professional services rendered for the audit of our Successor consolidated financial statements, the audit of the effectiveness of internal control over financial reporting, the review of the consolidated financial statements, and the audits of certain subsidiaries for statutory reporting purposes, Deloitte billed us a total of \$9.1 million.

Audit-Related Fees

For professional audit-related services rendered to us, generally related to other attestation services including registration statements and other offering related services, Deloitte billed us a total of approximately \$1.1 million in 2013.

Tax Fees

For professional tax services rendered to us, Deloitte billed us a total of approximately \$0.1 million in 2013. Tax services in 2013 primarily related to tax compliance services at one of our subsidiaries.

All Other Fees

All other fees included non-audit services of approximately \$13.6 million which included approximately \$3.3 million for management advisory services and approximately \$10.3 million billed to us by Deloitte in 2013 for amounts billed to and paid by Sprint directly related to Deloitte providing subcontractor services to an independent third-party administrator that oversees the FCC 800 MHz Band Reconfiguration.

The Audit Committee determined that the non-audit services rendered by Deloitte in 2013 were compatible with maintaining its independence as auditors of our consolidated financial statements.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures concerning our independent registered public accounting firm, including the pre-approval of services to be provided. Our Audit Committee pre-approved all of the services described above. The Audit Committee is responsible for the pre-approval of all audit, audit-related, tax and non-audit services; however, pre-approval authority may be delegated to one or more members of the Audit Committee. The details of any services approved under this delegation must be reported to the full Audit Committee at its next regular meeting. Our independent registered public accounting firm is generally prohibited from providing certain non-audit services under our policy, which is more restrictive than the SEC rules related to non-audit services. Any permissible non-audit service engagement must be specifically approved in advance by the Audit Committee. We provide quarterly reporting to the Audit Committee regarding all audit, audit-related, tax and non-audit services provided by our independent registered public accounting firm.

PART IV

Item 15. Exhibits and Financial Statement Schedules

1. The consolidated financial statements of Sprint Corporation filed as part of this report are listed in the Index to Consolidated Financial Statements.
2. The consolidated financial statements of Clearwire Corporation through the date of acquisition filed as part of this report are listed in the Index to Consolidated Financial Statements.
3. The exhibits filed as part of this report are listed in the Exhibit Index

SIGNATURES
SPRINT CORPORATION
(Registrant)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 24th day of February, 2014 .

/s/ M ASAYOSHI S ON
Masayoshi Son, Chairman

/s/ D ANIEL R. H ESSE
Daniel R. Hesse, Director

/s/ R ONALD D. F ISHER
Ronald D. Fisher, Vice Chairman

/s/ F RANK I ANNA
Frank Ianna, Director

/ s / G ORDON M. B ETHUNE
Gordon M. Bethune, Director

/s/ M ICHAEL G. M ULLEN
Michael G. Mullen, Director

/s/ R OBERT R. B ENNETT
Robert R. Bennett, Director

Sara Martinez Tucker, Director

/s/ M ARCELO C LAURE
Marcelo Claire, Director

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 July 27, 2009, by and among Sprint Nextel Corporation, Sprint Mozart, Inc. and Virgin Mobile USA, Inc.	8-K	001-04721	2.1	7/8/2009	
2.2**	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	
2.3	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	
2.4	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	
2.5**	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	
2.6**	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	
2.7**	First Amendment to Agreement and Plan of Merger, dated as of April 18, 2013, by and among Sprint Nextel Corporation, Collie Acquisition Corp. and Clearwire Corporation (Filed as Annex-2 to Clearwire Corporation's Proxy Statement)	DEFM 14A	001-34196		4/23/2014	
2.8**	Second Amendment to Agreement and Plan of Merger, dated as of May 21, 2013, by and among Sprint Nextel Corporation, Collie Acquisition Corp. and Clearwire Corporation	8-K	001-04721	2.1	5/22/2013	
2.9**	Third Amendment to Agreement and 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	

Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
3.2	Amended and Restated Bylaws	8-K	001-04721	3.2	8/7/2013	
(4) Instruments Defining the Rights of Security Holders, including Indentures						
4.1	Indenture, dated as of October 1, 1998, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	10-Q	001-04721	4(b)	11/2/1998	
4.2	First Supplemental Indenture, dated as of January 15, 1999, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K	001-04721	4(b)	2/3/1999	
4.3	Second Supplemental Indenture, dated as of October 15, 2001, by and among Sprint Capital Corporation, Sprint Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K	001-04721	99	10/29/2001	
4.4	Third Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Capital Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.)	8-K	001-04721	4.5	9/11/2013	
4.5	Indenture, dated November 20, 2006, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	11/9/2011	
4.6	First Supplemental Indenture, dated November 9, 2011, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.2	11/9/2011	
4.7	Second Supplemental Indenture, dated November 9, 2011, by and among Sprint Nextel Corporation, the Subsidiary Guarantors and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.3	11/9/2011	
4.8	Third Supplemental Indenture, dated March 1, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	3/1/2012	
4.9	Fourth Supplemental Indenture, dated March 1, 2012, by and among Sprint Nextel Corporation, the Subsidiary Guarantors and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.2	3/1/2012	
4.10	Fifth Supplemental Indenture, dated as of August 14, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	8/14/2012	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
4.11	Sixth Supplemental Indenture, dated as of November 14, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	11/14/2012	
4.12	Seventh Supplemental Indenture, dated as of November 20, 2012, by and between Sprint Nextel Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	11/20/2012	
4.13	Eighth Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.4	9/11/2013	
4.14	Indenture, dated as of September 11, 2013, by and between Sprint Corporation and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	9/11/2013	
4.15	First Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.2	9/11/2013	
4.16	Second Supplemental Indenture, dated as of September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.3	9/11/2013	
4.17	Third Supplemental Indenture, dated as of December 12, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and The Bank of New York Mellon Trust Company, N.A.	8-K	001-04721	4.1	12/12/2013	
4.18	2021 Notes Registration Rights Agreement, dated September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and J.P. Morgan Securities LLC as representative of the initial purchasers	8-K	001-04721	10.1	9/11/2013	
4.19	2023 Notes Registration Rights Agreement, dated September 11, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and J.P. Morgan Securities LLC as representative of the initial purchasers	8-K	001-04721	10.2	9/11/2013	
4.20	2024 Notes Registration Rights Agreement, dated December 12, 2013, by and among Sprint Corporation, Sprint Communications, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representative of the initial purchasers	8-K	001-04721	10.1	12/12/2013	

Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
(10) Material Contracts						
10.1	Bond Purchase Agreement, dated as of October 15, 2012, by and between Sprint Nextel Corporation and Sprint Corporation (then known as “Starburst II, Inc.”)	8-K	001-04721	10.1	10/15/2012	
10.2	First Amendment to Bond Purchase Agreement, dated as of October 15, 2012, entered into as of June 10, 2013, by and between Sprint Nextel Corporation and Sprint Corporation (then known as “Starburst II, Inc.”)	8-K	001-04721	10.1	6/11/2013	
10.3	Note Purchase Agreement, dated as of December 17, 2012, by and among Clearwire Corporation, Clearwire Communications, LLC and Clearwire Finance, Inc., as issuers and Sprint Nextel Corporation, as purchaser	8-K	001-04721	10.1	12/18/2012	
10.4	First Amendment to the Note Purchase Agreement, dated January 31, 2013 by and among Clearwire Corporation, Clearwire Communications LLC, Clearwire Finance, Inc. and Sprint Nextel Corporation	10-K	001-04721	10.3	2/28/2013	
10.5	Second Amendment to the Note Purchase Agreement, dated as of February 26, 2013, by and among Clearwire Corporation, Clearwire Communications LLC, Clearwire Finance, Inc. and Sprint Nextel Corporation	10-K	001-04721	10.4	2/28/2013	
10.6	Credit Agreement, dated as of February 28, 2013, by and among Sprint Nextel Corporation, as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders named therein	8-K	001-04721	10.1	3/5/2013	
10.7	Incremental Amendment No. 1, dated as of April 2, 2013, to the Credit Agreement, dated as of February 28, 2013, among Sprint Nextel Corporation, the Subsidiary Guarantors party thereto, the Lenders thereto and JPMorgan Chase Bank, N.A., as administrative agent	10-Q	001-04721	10.4	5/6/2013	
10.8	Incremental Amendment No. 2, dated as of February 10, 2014, to the Credit Agreement, dated as of February 28, 2013, among Sprint Communications, Inc. (f/k/a Sprint Nextel Corporation), the Subsidiary Guarantors party thereto, the Lenders thereto and JPMorgan Chase Bank, N.A., as administrative agent					*
10.9	Waiver to Credit Agreement, dated as of September 9, 2013, by and among Sprint Communications, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent and Lender, and the lenders party thereto	8-K	001-04721	10.3	9/11/2013	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.10	Warrant Agreement for Sprint Corporation Common Stock, dated as of July 10, 2013, by and between Sprint Corporation and Starburst I, Inc.	8-K	001-04721	10.6	7/11/2013	
10.11	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	
10.12	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	
10.13	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	
(10) Executive Compensation Plans and Arrangements						
10.14	Form of Nonqualified Stock Option Agreement (Non-Affiliate Director Form) under the Nextel Amended and Restated Incentive Equity Plan	10-Q	000-19656	10.4	11/8/2004	
10.15	Summary of 2007 Long-Term Incentive Plan	10-K	001-04721	10.23	3/1/2007	
10.16	Summary of 2008 Long-Term Incentive Plan	8-K	001-04721		3/25/2008	
10.17	Summary of 2009 Long-Term Incentive Plan	8-K	001-04721		1/26/2009	
10.18	First Amended Summary of 2009 Long-Term Incentive Plan	8-K/A	001-04721		3/22/2010	
10.19	Second Amended Summary of 2009 Long-Term Incentive Plan	8-K/A	001-04721		2/28/2011	
10.20	Summary of 2010 Short-Term Incentive Plan	8-K	001-04721		3/3/2010	
10.21	Amended Summary of 2010 Short-Term Incentive Plan	8-K/A	001-04721		7/8/2010	
10.22	Summary of 2010 Long-Term Incentive Plan	8-K	001-04721		3/22/2010	
10.23	Amended Summary of 2010 Long-Term Incentive Plan	8-K/A	001-04721		2/28/2011	
10.24	Second Amended Summary of 2010 Long-Term Incentive Plan	8-K/A	001-04721		2/28/2012	
10.25	Summary of 2011 Long-Term Incentive Plan	8-K	001-04721		2/28/2011	
10.26	Amended Summary of 2011 Long-Term Incentive Plan	8-K/A	001-04721		2/28/2012	
10.27	Summary of 2011 Short-Term Incentive Plan	8-K	001-04721		2/28/2011	
10.28	Amended Summary of 2011 Short-Term Incentive Plan	8-K	001-04721		8/2/2011	
10.29	Summary of 2012 Short-Term Incentive Plan and 2012 Long-Term Incentive Plan	8-K	001-04721		2/28/2012	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.30	Summary of 2013 Long Term Incentive Plan	8-K	001-04721		7/30/2013	
10.31	Amended Summary of 2013 Long Term Incentive Plan	8-K/A	001-04721		9/20/2013	
10.32	Summary of 2013 Short-Term Incentive Compensation Plan	8-K	001-04721		3/5/2013	
10.33	Amended Summary of 2013 Short-Term Incentive Compensation Plan	8-K/A	001-04721		7/30/2013	
10.34	Form of Award Agreement (awarding stock options) under the 2009 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-Q	001-04721	10.2	5/8/2009	
10.35	Form of Award Agreement (awarding stock options) under the 2009 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-Q	001-04721	10.3	5/8/2009	
10.36	Form of Award Agreement (awarding stock options) under the 2010 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-Q	001-04721	10.1	5/5/2010	
10.37	Form of Award Agreement (awarding stock options) under the 2010 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-Q	001-04721	10.2	5/5/2010	
10.38	Form of Award Agreement (awarding restricted stock units) under the 2010 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-Q	001-04721	10.3	5/5/2010	
10.39	Form of Award Agreement (awarding restricted stock units) under the 2010 Long-Term Incentive Plan for all other executive officers	10-Q	001-04721	10.4	5/5/2010	
10.40	Form of Award Agreement (awarding stock options) under the 2011 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-Q	001-04721	10.1	5/5/2011	
10.41	Form of Award Agreement (awarding stock options) under the 2011 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-Q	001-04721	10.2	5/5/2011	
10.42	Form of Award Agreement (awarding restricted stock units) under the 2011 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-Q	001-04721	10.3	5/5/2011	
10.43	Form of Award Agreement (awarding restricted stock units) under the 2011 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-Q	001-04721	10.4	5/5/2011	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.44	Form of Award Agreement (awarding stock options) under the 2012 Long-Term Incentive Plan for executives officers with Nextel employment agreements	10-K	001-04721	10.34	2/28/2013	
10.45	Form of Award Agreement (awarding stock options) under the 2012 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-K	001-04721	10.32	2/28/2013	
10.46	Form of Award Agreement (awarding restricted stock units) under the 2012 Long-Term Incentive Plan for executive officers with Nextel employment agreements	10-K	001-04721	10.35	2/28/2013	
10.47	Form of Award Agreement (awarding restricted stock units) under the 2012 Long-Term Incentive Plan for all other executive officers other than those with Nextel employment agreements	10-K	001-04721	10.33	2/28/2013	
10.48	Form of Evidence of Award Agreement (awarding restricted stock units) under the 2007 Omnibus Incentive Plan to Robert L. Johnson	10-Q	001-04721	10.20	11/6/2013	
10.49	Form of Evidence of Award Agreement (awarding restricted stock units) under the 2007 Omnibus Incentive Plan to Section 16 officers other than Robert L. Johnson	10-Q	001-04721	10.21	11/6/2013	
10.50	Form of Evidence of Award Agreement (awarding performance-based restricted stock units) under the 2007 Omnibus Incentive Plan to Robert L. Johnson	10-Q	001-04721	10.22	11/6/2013	
10.51	Form of Evidence of Award Agreement (awarding performance-based restricted stock units) under the 2007 Omnibus Incentive Plan to Joseph J. Euteneuer	10-Q	001-04721	10.24	11/6/2013	
10.52	Form of Evidence of Award Agreement (awarding performance-based restricted stock units) under the 2007 Omnibus Incentive Plan to Section 16 officers other than Messrs. Robert L. Johnson and Joseph J. Euteneuer	10-Q	001-04721	10.23	11/6/2013	
10.53	Form of Stock Option Agreement under the Stock Option Exchange Program (for certain Nextel Communication Inc. employees)	Sch. TO-I	005-41991	d(2)	5/17/2010	
10.54	Form of Stock Option Agreement under the Stock Option Exchange Program (for all other employees other than those with Nextel employment agreements)	Sch. TO-I/A	005-41991	d(3)	5/21/2010	
10.55	Amended and Restated Employment Agreement, effective December 31, 2008, by and between Daniel R. Hesse and Sprint Nextel Corporation	8-K	001-04721	10.1	12/19/2008	
10.56	Letter Agreement, dated May 4, 2012, by and between Sprint Nextel Corporation and Daniel R. Hesse	8-K	001-04721	10.1	5/4/2012	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.57	First Amendment to Amended and Restated Employment Agreement, dated November 16, 2012, by and between Sprint Nextel Corporation and Daniel R. Hesse	8-K	001-04721	10.4	11/20/2012	
10.58	Employment Agreement, dated September 18, 2013, by and between Daniel R. Hesse and Sprint Corporation	8-K	001-04721	10.1	9/20/2013	
10.59	Daniel R. Hesse - Stock Option Retention Award Agreement	10-Q	001-04721	10.12	11/6/2013	
10.60	Daniel R. Hesse - Restricted Stock Unit Retention Award Agreement	10-Q	001-04721	10.13	11/6/2013	
10.61	Employment Agreement, executed December 20, 2010, effective April 4, 2011, by and between Joseph J. Euteneuer and Sprint Nextel Corporation	8-K	001-04721	10.1	12/21/2010	
10.62	First Amendment to Employment Agreement, dated November 20, 2012, by and between Sprint Nextel Corporation and Joseph J. Euteneuer	8-K	001-04721	10.3	11/20/2012	
10.63	Second Amendment to Employment Agreement, dated November 11, 2013, by and between Joseph J. Euteneuer and Sprint Communications, Inc.	8-K	001-04721	10.1	11/12/2013	
10.64	Amended and Restated Employment Agreement, effective December 31, 2008, by and between Steven L. Elfman and Sprint Nextel Corporation	10-K	001-04721	10.27.1	2/27/2009	
10.65	First Amendment to Amended and Restated Employment Agreement, dated November 16, 2012, by and between Sprint Nextel Corporation and Steven L. Elfman	8-K	001-04721	10.2	11/20/2012	
10.66	Second Amendment to the Amended and Restated Employment Agreement, dated September 10, 2013, by and between Steven L. Elfman and Sprint Communications, Inc.	8-K	001-04721	10.1	9/11/2013	
10.67	Amended and Restated Employment Agreement, effective December 31, 2008, by and between Robert L. Johnson and Sprint Nextel Corporation	10-K	001-04721	10.26.1	2/27/2009	
10.68	Compensatory Agreement, dated June 11, 2008, by and between Robert L. Johnson and Sprint Nextel Corporation	10-Q	001-04721	10.3	8/6/2008	
10.69	Letter, dated May 24, 2010, to Robert L. Johnson regarding the Sprint Nextel Corporation Relocation Program	10-Q	001-04721	10.1	8/5/2010	
10.70	Amended and Restated Employment Agreement, effective December 31, 2008, by and between Charles R. Wunsch and Sprint Nextel Corporation	10-K	001-04721	10.29	2/27/2009	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.71	First Amendment to Amended and Restated Employment Agreement, effective November 6, 2012, by and between Sprint Nextel Corporation and Charles R. Wunsch	10-K	001-04721	10.43.2	2/28/2013	
10.72	Amended and Restated Employment Agreement, effective December 31, 2008, by and between Paget L. Alves and Sprint Nextel Corporation	10-K	001-04721	10.28	2/27/2009	
10.73	First Amendment to Amended and Restated Special Compensation and Non-Compete Agreement, effective November 6, 2012, by and between Sprint Nextel Corporation and Paget L. Alves	10-K	001-04721	10.42.2	2/28/2013	
10.74	Employment Agreement, effective April 29, 2009, by and between Matthew Carter and Sprint Nextel Corporation	10-K	001-04721	10.33	2/26/2010	
10.75	First Amendment to Amended and Restated Employment Agreement, effective November 6, 2012, by and between Sprint Nextel Corporation and Matthew Carter Jr.	10-K	001-04721	10.44.3	2/28/2013	
10.76	Employment Agreement, effective September 6, 2013 by and between Sprint Corporation and Brandon Dow Draper	10-Q	001-04721	10.25	11/6/2013	
10.77	Brandon Dow Draper Sign-On Award of Restricted Stock Units	10-Q	001-04721	10.26	11/6/2013	
10.78	Employment Agreement, effective October 2, 2012, by and between Sprint Nextel Corporation and Jeffrey D. Hallock					*
10.79	First Amendment to Employment Agreement, dated January 8, 2013, by and between Sprint Nextel Corporation and Jeffrey D. Hallock					*
10.80	Amended and Restated Agreement Regarding Special Compensation and Post Employment Restrictive Covenants, dated December 31, 2008, by and between Sprint Nextel Corporation and Paul W. Schieber					*
10.81	First Amendment to Amended and Restated Agreement Regarding Special Compensation and Post Employment Restrictive Covenants, dated December 11, 2012, by and between Sprint Nextel Corporation and Paul W. Schieber					*
10.82	Employment Agreement, dated September 27, 2012 and effective as of January 2, 2013, by and between Sprint Nextel Corporation and Michael Schwartz	10-K	001-04721	10.48.1	2/28/2013	
10.83	First Amendment to Employment Agreement, dated December 10, 2012, by and between Sprint Nextel Corporation and Michael Schwartz	10-K	001-04721	10.48.2	2/28/2013	
10.84	Sprint Corporation 2007 Omnibus Incentive Plan	8-K	001-04721	10.2	9/20/2013	

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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
10.85	Sprint Corporation Change in Control Severance Plan	8-K	001-04721	10.3	9/20/2013	
10.86	Sprint Supplemental Executive Retirement Plan, as amended and restated effective November 6, 2009	10-K	001-04721	10.50	2/27/2012	
10.87	Sprint Nextel Deferred Compensation Plan, as amended and restated effective November 17, 2011	10-K	001-04721	10.46	2/27/2012	
10.88	Executive Deferred Compensation Plan, as amended and restated effective January 1, 2008	10-K	001-04721	10.35	2/27/2009	
10.89	Summary of Director Compensation Programs	10-Q	001-04721	10.19	11/6/2013	
10.90	Director's Deferred Fee Plan, as amended and restated effective January 1, 2008	10-K	001-04721	10.37	2/27/2009	
10.91	Form of Award Agreement (awarding restricted stock units) under the 2007 Omnibus Incentive Plan for non-employee directors	10-Q	001-04721	10.10	5/9/2007	
10.92	Form of Election to Defer Delivery of Shares subject to RSUs (Outside Directors)	10-K	001-04721	10.51	2/27/2012	
10.93	Form of Indemnification Agreement between Sprint Nextel and its Directors and Officers	10-K	001-04721	10.55	3/1/2007	
10.94	Nextel Communications, Inc. Amended and Restated Incentive Equity Plan as of January 1, 2008	10-K	001-04721	10.56	2/27/2012	

(12) Statement re Computation of Ratios

12	Computation of Ratio of Earnings to Fixed Charges					*
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(21) Subsidiaries of the Registrant

21	Subsidiaries of the Registrant					*
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(23) Consents of Experts and Counsel

23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm					*
23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm					*
23.3	Consent of Deloitte & Touche LLP, Independent Auditors					*
23.4	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm					*

(31) and (32) Officer Certifications

31.1	Certification of Chief Executive Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)					*
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Exhibit No.	Exhibit Description	Form	Incorporated by Reference			Filed/Furnished Herewith
			SEC File No.	Exhibit	Filing Date	
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.

SPRINT CORPORATION
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Sprint Corporation
Overland Park, Kansas

We have audited the accompanying Successor consolidated balance sheets of Sprint Corporation and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related Successor consolidated statements of comprehensive loss, the statement of stockholders' equity and the statement of cash flows for the period from October 5, 2012 (date of incorporation) through December 31, 2012 and the year ended December 31, 2013. We also have audited the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sprint Corporation and subsidiaries as of December 31, 2013 and 2012, and the related Successor results of their operations and their cash flows for the period from October 5, 2012 (date of incorporation) through December 31, 2012 and the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Notes 1 and 3 to the consolidated financial statements, on July 10, 2013, SoftBank Corp. completed a merger with Sprint Communications, Inc. (formerly Sprint Nextel Corporation) by which Sprint Corporation was the acquiring company of Sprint Communications, Inc. and applied the acquisition method of accounting as of the merger date.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 24, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Sprint Corporation:

We have audited the accompanying consolidated balance sheet of Sprint Communications, Inc. (formerly Sprint Nextel Corporation) and subsidiaries (the Predecessor Company) as of December 31, 2012, and the related consolidated statements of comprehensive loss, cash flows and stockholders' equity for the 191 day period ended July 10, 2013, and each of the years in the two-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Predecessor Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Clearwire Corporation and its consolidated subsidiary Clearwire Communications, LLC (collectively, "Clearwire") as of December 31, 2012 and for the two-year period ended December 31, 2012 and 2011. The Predecessor Company's investment in Clearwire included \$674 million at December 31, 2012 and its equity in losses of Clearwire included \$1.1 billion and \$1.7 billion for the years 2012 and 2011, respectively. The financial statements of Clearwire as of December 31, 2012 and for the two-year period ended December 31, 2012 and 2011 were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those amounts included for Clearwire, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Predecessor Company as of December 31, 2012, and the results of their operations and their cash flows for the 191 day period ended July 10, 2013, and each of the years in the two-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Sprint Communications, Inc. adopted accounting guidance regarding the presentation of the consolidated statement of comprehensive loss in 2011 and testing indefinite-lived intangible assets for impairment in 2012.

/s/ KPMG LLP

Kansas City, Missouri
October 21, 2013

SPRINT CORPORATION
CONSOLIDATED BALANCE SHEETS

	Successor		Predecessor
	December 31,		December 31,
	2013	2012	2012
<i>(in millions, except share and per share data)</i>			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,364	\$ 5	\$ 6,351
Short-term investments	1,105	—	1,849
Accounts and notes receivable, net	3,570	6	3,658
Device and accessory inventory	1,205	—	1,200
Deferred tax assets	186	—	1
Prepaid expenses and other current assets	628	—	700
Total current assets	13,058	11	13,759
Investments	143	3,104	1,053
Property, plant and equipment, net	16,164	—	13,607
Intangible assets			
Goodwill	6,434	—	359
FCC licenses and other	41,824	—	20,677
Definite-lived intangible assets, net	8,014	—	1,335
Other assets	458	—	780
Total assets	<u>\$ 86,095</u>	<u>\$ 3,115</u>	<u>\$ 51,570</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 3,312	\$ —	\$ 3,487
Accrued expenses and other current liabilities	6,363	4	5,008
Current portion of long-term debt, financing and capital lease obligations	994	—	379
Total current liabilities	10,669	4	8,874
Long-term debt, financing and capital lease obligations	32,017	—	23,962
Deferred tax liabilities	14,227	1	7,047
Other liabilities	3,598	—	4,600
Total liabilities	60,511	5	44,483
Commitments and contingencies			
Stockholders' equity:			
Common stock (Successor), voting, par value \$0.01 per share, 9.0 billion authorized, 3.934 billion issued at December 31, 2013	39	—	—
Class B common stock (Successor), voting, par value \$0.01 per share, 25.0 million authorized, 3.106 million issued at December 31, 2012	—	—	—
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	27,330	3,137	47,016
Accumulated deficit	(1,887)	(27)	(44,815)
Accumulated other comprehensive income (loss)	102	—	(1,133)
Total stockholders' equity	25,584	3,110	7,087
Total liabilities and stockholders' equity	<u>\$ 86,095</u>	<u>\$ 3,115</u>	<u>\$ 51,570</u>

See Notes to the Consolidated Financial Statements

SPRINT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Successor		Predecessor		
	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Year Ended December 31,	
	2013	2012	2013	2012	2011
	<i>(in millions, except per share amounts)</i>				
Net operating revenues	\$ 16,891	\$ —	\$ 18,602	\$ 35,345	\$ 33,679
Net operating expenses:					
Cost of services and products (exclusive of depreciation and amortization included below)	9,777	—	10,545	20,841	19,015
Selling, general and administrative	4,841	33	5,067	9,765	9,592
Severance, exit costs and asset impairments	309	—	652	298	106
Depreciation	2,026	—	3,098	6,240	4,455
Amortization	908	—	147	303	403
Other, net	—	—	(22)	(282)	—
	<u>17,861</u>	<u>33</u>	<u>19,487</u>	<u>37,165</u>	<u>33,571</u>
Operating (loss) income	(970)	(33)	(885)	(1,820)	108
Other (expense) income:					
Interest expense	(918)	—	(1,135)	(1,428)	(1,011)
Equity in losses of unconsolidated investments, net	—	—	(482)	(1,114)	(1,730)
Gain on previously-held equity interests	—	—	2,926	—	—
Other income (expense), net	73	10	19	190	(3)
	<u>(845)</u>	<u>10</u>	<u>1,328</u>	<u>(2,352)</u>	<u>(2,744)</u>
(Loss) income before income taxes	(1,815)	(23)	443	(4,172)	(2,636)
Income tax expense	(45)	(4)	(1,601)	(154)	(254)
Net loss	(1,860)	(27)	(1,158)	(4,326)	(2,890)
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustment	3	—	(8)	(4)	2
Unrealized holding gains (losses) on securities:					
Unrealized holding gains (losses) on securities	6	—	(4)	5	6
Less: Reclassification adjustment for realized gains included in net loss	—	—	—	(3)	(4)
Net unrealized holding gains (losses) on securities	6	—	(4)	2	2
Unrecognized net periodic pension and other postretirement benefits:					
Net actuarial gain (loss)	93	—	—	(404)	(349)
Less: Amortization of actuarial loss included in net loss	—	—	35	65	55
Net unrecognized net periodic pension and other postretirement benefits	93	—	35	(339)	(294)
Other comprehensive income (loss)	102	—	23	(341)	(290)
Comprehensive loss	<u>\$ (1,758)</u>	<u>\$ (27)</u>	<u>\$ (1,135)</u>	<u>\$ (4,667)</u>	<u>\$ (3,180)</u>
Basic and diluted net loss per common share	<u>\$ (0.54)</u>		<u>\$ (0.38)</u>	<u>\$ (1.44)</u>	<u>\$ (0.96)</u>
Basic and diluted weighted average common shares outstanding	<u>3,475</u>		<u>3,027</u>	<u>3,002</u>	<u>2,995</u>

See Notes to the Consolidated Financial Statements

SPRINT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor		Predecessor		
	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2012	2013	2012	2011
	<i>(in millions)</i>				
Cash flows from operating activities:					
Net loss	\$ (1,860)	\$ (27)	\$ (1,158)	\$ (4,326)	\$ (2,890)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:					
Asset impairments	—	—	—	102	78
Depreciation and amortization	2,934	—	3,245	6,543	4,858
Provision for losses on accounts receivable	261	—	194	561	559
Share-based and long-term incentive compensation expense	98	—	37	82	73
Deferred income tax expense	32	1	1,586	209	231
Equity in losses of unconsolidated investments, net	—	—	482	1,114	1,730
Gain on previously-held equity interests	—	—	(2,926)	—	—
Interest expense related to beneficial conversion feature on convertible bond	—	—	247	—	—
Gains from asset dispositions and exchanges	—	—	—	(29)	—
Contribution to pension plan	(7)	—	—	(108)	(136)
Spectrum hosting contract termination	—	—	—	(236)	—
Call premiums paid on debt redemptions	(180)	—	—	—	—
Amortization and accretion of long-term debt premiums and discounts	(160)	—	9	4	(12)
Other changes in assets and liabilities:					
Accounts and notes receivable	(558)	(6)	150	(892)	(729)
Inventories and other current assets	(391)	—	298	(486)	(238)
Accounts payable and other current liabilities	25	3	280	577	90
Non-current assets and liabilities, net	(379)	—	207	(11)	48
Other, net	124	29	20	(105)	29
Net cash (used in) provided by operating activities	(61)	—	2,671	2,999	3,691
Cash flows from investing activities:					
Capital expenditures	(3,847)	—	(3,140)	(4,261)	(3,130)
Expenditures relating to FCC licenses	(146)	—	(125)	(198)	(258)
Reimbursements relating to FCC licenses	—	—	—	—	135
Acquisitions, net of cash acquired	(14,112)	—	(4,039)	—	—
Investment in Clearwire (including debt securities)	—	—	(308)	(228)	(331)
Investment and derivative in Sprint Communications, Inc.	—	(3,100)	—	—	—
Proceeds from sales and maturities of short-term investments	1,715	—	2,445	1,513	980
Purchases of short-term investments	(1,719)	—	(1,221)	(3,212)	(830)
Other, net	1	—	3	11	(9)
Net cash used in investing activities	(18,108)	(3,100)	(6,385)	(6,375)	(3,443)
Cash flows from financing activities:					
Proceeds from debt and financings	9,500	—	204	9,176	4,000
Repayments of debt and capital lease obligations	(3,378)	—	(362)	(4,791)	(3,906)
Debt financing costs	(147)	—	(11)	(134)	(86)
Proceeds from issuance of common stock and warrants, net	18,567	3,105	60	29	18
Other, net	(14)	—	—	—	—
Net cash provided by (used in) financing activities	24,528	3,105	(109)	4,280	26
Net increase (decrease) in cash and cash equivalents	6,359	5	(3,823)	904	274
Cash and cash equivalents, beginning of period	5	—	6,351	5,447	5,173
Cash and cash equivalents, end of period	\$ 6,364	\$ 5	\$ 2,528	\$ 6,351	\$ 5,447

SPRINT CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions)

	Predecessor							
	Common Stock		Paid-in Capital	Treasury Shares		Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount		Shares	Amount			
Balance, December 31, 2010	3,008	\$ 6,016	\$ 46,841	20	\$ (227)	\$ (37,582)	\$ (502)	\$ 14,546
Net loss						(2,890)		(2,890)
Other comprehensive loss, net of tax							(290)	(290)
Issuance of common shares, net	7	14	—	(1)	21	(17)		18
Share-based compensation expense			43					43
Conversion of series 2 to series 1 common shares	(19)	(38)	(168)	(19)	206			—
Balance, December 31, 2011	2,996	\$ 5,992	\$ 46,716	—	\$ —	\$ (40,489)	\$ (792)	\$ 11,427
Net loss						(4,326)		(4,326)
Other comprehensive loss, net of tax							(341)	(341)
Issuance of common shares, net	14	27	2					29
Share-based compensation expense			44					44
Beneficial conversion feature on convertible bond			254					254
Balance, December 31, 2012	3,010	\$ 6,019	\$ 47,016	—	\$ —	\$ (44,815)	\$ (1,133)	\$ 7,087
Net loss						(1,158)		(1,158)
Other comprehensive income, net of tax							23	23
Issuance of common stock, net	16	33	27					60
Share-based compensation expense			18					18
Conversion of convertible debt	590	1,181	1,919					3,100
Balance, July 10, 2013	3,616	\$ 7,233	\$ 48,980	—	\$ —	\$ (45,973)	\$ (1,110)	\$ 9,130

SPRINT CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY — CONTINUED
(in millions)

	Successor					
	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance, October 5, 2012 ⁽¹⁾	—	\$ —	\$ —	\$ —	\$ —	\$ —
Capital contribution by SoftBank			3,105			3,105
Net loss				(27)		(27)
Expenses incurred by SoftBank for the benefit of Sprint			32			32
Balance, December 31, 2012 ⁽¹⁾	—	\$ —	\$ 3,137	\$ (27)	\$ —	\$ 3,110
Net loss				(1,860)		(1,860)
Expenses incurred by SoftBank for the benefit of Sprint			97			97
Other comprehensive income, net of tax					102	102
Issuance of common stock to SoftBank upon acquisition	3,076	31	18,370			18,401
Issuance of common stock to Sprint stockholders upon acquisition	851	8	5,336			5,344
Conversion of Sprint vested stock-based awards upon acquisition			193			193
Issuance of warrant to SoftBank prior to acquisition			139			139
Return of capital to SoftBank prior to acquisition			(14)			(14)
Issuance of common stock, net	7	—	27	—		27
Share-based compensation expense			45			45
Balance, December 31, 2013	3,934	\$ 39	\$ 27,330	\$ (1,887)	\$ 102	\$ 25,584

(1) For the successor period beginning October 5, 2012 and ending December 31, 2012, there were approximately 3 million shares of Class B common stock of Starburst II, Inc. issued and outstanding with an immaterial value. These shares were exchanged within the issuance of common stock to SoftBank upon acquisition.

See Notes to the Consolidated Financial Statements

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Operations

Sprint Corporation, including its consolidated 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. We have organized our operations to meet the needs of our targeted subscriber groups through focused communications solutions that incorporate the capabilities of our wireless and wireline services.

The Wireless segment includes retail, wholesale, and affiliate service revenue from a wide array of wireless voice and data transmission services and equipment revenue from the sale of wireless devices and accessories in the U.S., Puerto Rico and the U.S. Virgin Islands.

The Wireline segment includes revenue from domestic and international wireline voice and data communication services, including services to the cable multiple systems operators that 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.

On July 10, 2013, SoftBank Corp. and certain of its wholly-owned subsidiaries (together, "SoftBank") completed the merger (SoftBank Merger) with Sprint Nextel Corporation (Sprint Nextel) 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). As a result of the SoftBank Merger, Starburst II, Inc. (Starburst II), a wholly-owned subsidiary of SoftBank 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. In addition, in connection with the closing of the SoftBank Merger, 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. In addition, in order to align with SoftBank's reporting schedule, our Board of Directors have approved a change in our fiscal year end to March 31, effective March 31, 2014. As a result, we expect to file an additional Annual Report on Form 10-K for the transition period from January 1, 2014 to March 31, 2014. See *Note 3. Significant Transactions* for additional information regarding the SoftBank Merger and related transactions. 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 described below, and references to "Sprint Communications" are to Sprint Communications, Inc. and its consolidated subsidiaries.

In connection with the change of control, as a result of the SoftBank Merger, Sprint Communications' assets and liabilities were adjusted to fair value on the closing date of the SoftBank Merger. The consolidated financial statements distinguish 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. The Successor financial information includes the activity and accounts of Sprint Corporation as of and for the year ended December 31, 2013, which includes the activity and accounts of Sprint Communications, inclusive of the consolidation of Clearwire Corporation (Clearwire), prospectively for the 174-day period following completion of the SoftBank Merger (Post-merger period), 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 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 related to the \$3.1 billion convertible bond (Bond) Sprint Communications, Inc. issued to Starburst II. The Predecessor financial information represents the historical basis of presentation for Sprint Communications for all periods prior to the SoftBank Merger. As a result of the preliminary valuation of assets acquired and liabilities assumed at fair value at the time of the SoftBank Merger, the financial statements for the Successor period are presented on a measurement basis different than the Predecessor period (Sprint Communications historical cost) and are, therefore, not comparable. See *Note 3. Significant Transactions* for additional information regarding the SoftBank Merger.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On July 9, 2013, Sprint Communications completed the acquisition of the remaining equity interests in Clearwire that it did not already own for approximately \$3.5 billion, net of cash acquired, or \$5.00 per share (Clearwire Acquisition). The consideration paid was allocated to assets acquired and liabilities assumed based on their estimated preliminary fair values at the time of the Clearwire Acquisition. The effects of the Clearwire Acquisition are included in the Predecessor period financial information and are therefore included in the allocation of the consideration transferred at the closing date of the SoftBank Merger.

Note 2. Summary of Significant Accounting Policies and Other Information

Consolidation Policies and Estimates

The consolidated financial statements include our accounts, those of our 100% owned subsidiaries, and subsidiaries we control or in which we have a controlling financial interest. All intercompany transactions and balances have been eliminated in consolidation. Prior to the close of the Clearwire Acquisition, we applied the equity method of accounting to the investment in Clearwire because we did not have a controlling vote or the ability to control operating and financial policies.

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). This requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Significant estimates and assumptions are used for, but are not limited to, depreciable lives of assets, fair value of identified purchased tangible and intangible assets in a business combination, fair value assessments for purposes of impairment testing, and litigation reserves.

We completed several significant transactions in 2013 (*See Note 3. Significant Transactions*). Assigning fair market values to the assets acquired and liabilities assumed at the date of an acquisition or merger requires the use of significant judgments regarding estimates and assumptions. While the ultimate responsibility resides with management, for material acquisitions or mergers, we retain the services of certified valuation specialists to assist with assigning estimated values to certain acquired assets and assumed liabilities, including intangible assets.

Acquired intangible assets, excluding goodwill, are valued using a discounted cash flow methodology based on future cash flows specific to the type of intangible asset purchased. The estimated fair value of FCC licenses were determined by the use of the Greenfield direct value method, which estimates fair value through estimating discounted future cash flows of a hypothetical start-up business. The fair value of customer relationships was estimated using an excess earnings approach, which estimates fair value through estimating discounted future cash flows of existing subscribers as of the measurement date. Trademarks were valued using a relief from royalty approach, which estimates the amount a market participant would pay to utilize Sprint's trademarks. These approaches incorporate various estimates and assumptions, the most significant being projected revenue growth rates, earnings margins, and forecasted cash flows based on a discount rate and terminal growth rate. Management projects revenue growth rates, earnings margins and cash flows based on the historical operating results of the acquired entity, expected future performance, and the general macroeconomic environment.

Net property, plant and equipment was valued using a cost approach, which estimates the fair value of property, plant and equipment needed to replace the functionality provided by the existing property, plant and equipment.

Assumed liabilities are valued based on estimates of anticipated expenditures to be incurred to satisfy the assumed obligations, including contractual liabilities assumed, which require the exercise of professional judgment.

Assumed contracts may have favorable or unfavorable terms that must be valued as of the acquisition or merger date. Such valuation is subject to management judgment regarding the evaluation and interpretation of contract terms in relation to other economic circumstances, such as the market rates for leased property.

If we assume a performance obligation to subscribers as of the acquisition or merger date, a deferred revenue obligation is recognized. Judgment is required to evaluate whether a future performance obligation exists and to assign a value to the performance obligation.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These estimates are inherently subject to judgment and actual results could differ. Allocations of the purchase price for acquisitions or mergers are based on estimates of the fair value of the net assets acquired as discussed above, and are subject to finalization of the purchase price allocation during the measurement period. During the measurement period, the Company will adjust assets and liabilities if new information is obtained about facts or circumstances that existed as of the acquisition date that, if known, would have changed the recognition and/or measurement of those assets and liabilities as of that date. All changes that do not qualify as a measurement period adjustment will be included in current period earnings.

Certain prior period amounts have been reclassified to conform to the current period presentation. Subsequent events were evaluated for disclosure through the date on which the financial statements were filed with the SEC.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents generally include highly liquid investments with maturities at the time of purchase of three months or less. These investments may include money market funds, certificates of deposit, U.S. government and government-sponsored debt securities, corporate debt securities, municipal securities, bank-related securities, and credit and debit card transactions in process.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established to cover probable and reasonably estimable losses. Because of the number of subscriber accounts, it is not practical to review the collectibility of each of those accounts individually to determine the amount of allowance for doubtful accounts each period, although some account level analysis is performed with respect to large wireless and wireline subscribers. The estimate of allowance for doubtful accounts considers a number of factors, including collection experience, aging of the accounts receivable portfolios, credit quality of the subscriber base and other qualitative considerations, including macro-economic factors. Amounts written off against the allowance for doubtful accounts, net of recoveries and other adjustments, were \$98 million for the Successor year ended December 31, 2013 and \$374 million, \$549 million, and \$519 million for the Predecessor 191-day period ended July 10, 2013 and years ended December 31, 2012 and 2011, respectively.

Device and Accessory Inventory

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method. Costs of devices and related revenues generated from device sales (equipment net subsidy) are recognized at the time of sale. Expected equipment net subsidy is not recognized prior to the time of sale because the promotional discount decision is generally made at the point of sale and because the equipment net subsidies are expected to be recovered through service revenues.

The net realizable value of devices and other inventory is analyzed on a regular basis. This analysis includes assessing obsolescence, sales forecasts, product life cycle, marketplace and other considerations. If assessments regarding the above factors adversely change, we may be required to sell devices at a higher subsidy or potentially record expense in future periods prior to the point of sale.

Property, Plant and Equipment

Property, plant and equipment (PP&E), including improvements that extend useful lives, are recognized at cost. Depreciation on property, plant and equipment is generally calculated using the straight-line method based on estimated economic useful lives of 3 to 30 years for buildings and improvements and network equipment, site costs and related software and 3 to 12 years for non-network internal use software, office equipment and other. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the respective assets. We calculate depreciation on certain network assets using the group life method. Accordingly, ordinary asset retirements and disposals on those assets are charged against accumulated depreciation with no gain or loss recognized. Gains or losses associated with all other asset retirements or disposals are recognized in the consolidated statements of comprehensive loss. Depreciation rates for assets are revised periodically to account for

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

changes, if any, related to management's strategic objectives, technological changes or obsolescence. Repair and maintenance costs and research and development costs are expensed as incurred.

We capitalize costs for network and non-network software developed or obtained for internal use during the application development stage. These costs are included in PP&E and, when the software is placed in service, are depreciated over estimated useful lives of 3 to 5 years. Costs incurred during the preliminary project and post-implementation stage, as well as maintenance and training costs, are expensed as incurred.

Investments

Short-term investments are recognized at amortized cost and classified as current assets on the consolidated balance sheets when the original maturities at purchase are greater than three months but less than one year. Certain investments are accounted for using the equity method based on the Company's ownership interest and ability to exercise significant influence. Accordingly, the initial investment is recognized at cost and subsequently adjusted to recognize the Company's share of earnings or losses of the investee in each reporting period subsequent to the investment date.

Long-Lived Asset Impairment

Sprint evaluates long-lived assets, including intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is not recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group's carrying value over the estimated fair value. *See Note 9. Severance, Exit Costs and Asset Impairments* for additional information on asset impairments.

Certain assets that have not yet been deployed in the business, including network equipment, cell site development costs and software in development, are periodically assessed to determine recoverability. Network equipment and cell site development costs are expensed whenever events or changes in circumstances cause the Company to conclude the assets are no longer needed to meet management's strategic network plans and will not be deployed. Software development costs are expensed when it is no longer probable that the software project will be deployed. Network equipment that has been removed from the network is also periodically assessed to determine recoverability. If we experience significant operational challenges, including retaining and attracting subscribers, future cash flows of the Company may not be sufficient to recover the carrying value of our wireless asset group, and we could record asset impairments that are material to Sprint's consolidated results of operations and financial condition.

Indefinite-Lived Intangible Assets

Our indefinite-lived intangible assets primarily consist of goodwill, FCC licenses acquired primarily through FCC auctions and business combinations to deploy our wireless services, and certain of our trademarks. Goodwill represents the excess of consideration paid over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. In determining whether an intangible asset, other than goodwill, is indefinite-lived, we consider the expected use of the assets, the regulatory and economic environment within which they are being used, and the effects of obsolescence on their use. We assess our indefinite-lived intangible assets for impairment at least annually, which occurs during the first quarter or, if necessary, more frequently, whenever events or changes in circumstances indicate the asset may be impaired. Such indicators may include a sustained, significant decline in our market capitalization since our previous impairment assessment, a significant decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, and/or slower growth rates, among others.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Benefit Plans

We provide a defined benefit pension plan and certain other postretirement benefits to certain employees, and we sponsor a defined contribution plan for all employees.

As of the Successor year ended December 31, 2013 and Predecessor year ended December 31, 2012, the fair value of our pension plan assets and certain other postretirement benefit plan assets in aggregate was \$1.8 billion and \$1.6 billion, respectively, and the fair value of our projected benefit obligations in aggregate was \$2.3 billion and \$2.7 billion, respectively. As a result, the plans were underfunded by approximately \$500 million and \$1.1 billion at the Successor year ended December 31, 2013 and Predecessor year ended December 31, 2012, respectively, and were recorded as a net liability in our consolidated balance sheets. Estimated contributions totaling approximately \$68.5 million are expected to be paid during 2014.

The offset to the pension liability is recorded in equity as a component of "Accumulated other comprehensive income (loss)," net of tax, including \$93 million and \$404 million for the Successor period ended December 31, 2013 and Predecessor year ended December 31, 2012, respectively, which is amortized to "Selling, general and administrative" in Sprint's consolidated statement of comprehensive loss. The change in the net liability of the plan in 2013 was affected primarily by an increase in the discount rate, from 4.3% to 5.3%, used to estimate the projected benefit obligation. We intend to make future cash contributions to the pension plan in an amount necessary to meet minimum funding requirements according to applicable benefit plan regulations.

As of December 31, 2005, the pension plan was amended to freeze benefit plan accruals for participants. The objective for the investment portfolio of the pension plan is to achieve a long-term nominal rate of return, net of fees, which exceeds the plan's long-term expected rate of return on investments for funding purposes which was 7.75% for 2013. To meet this objective, our investment strategy for 2013 was governed by an asset allocation policy, whereby a targeted allocation percentage is assigned to each asset class as follows: 41% to U.S. equities; 18% to international equities; 21% to fixed income investments; 10% to real estate investments; and 10% to other investments including hedge funds. Actual allocations are allowed to deviate from target allocation percentages by plus or minus 5%. As of December 1, 2013, the target allocation percentage assigned to each asset class was revised as follows: 38% to U.S. equities; 16% to international equities; 28% to fixed income investments; 9% to real estate investments; and 9% to other investments including hedge funds. The long-term expected rate of return on investment for funding purposes is 7.75% for 2014.

Investments of the pension plan are measured at fair value on a recurring basis which is determined using quoted market prices or estimated fair values. As of December 31, 2013, 49% of the investment portfolio was valued at quoted prices in active markets for identical assets; 33% was valued using quoted prices for similar assets in active or inactive markets, or other observable inputs; and 18% was valued using unobservable inputs that are supported by little or no market activity.

Under our defined contribution plan, participants may contribute a portion of their eligible pay to the plan through payroll withholdings. For 2013, the Company matched 100% of the participants' pre-tax and Roth contribution (in aggregate) on the first 3% of eligible compensation and 50% of the participants' pre-tax and Roth (in aggregate) contribution on the next 2% of eligible compensation up to a maximum matching contribution of 4%. For the Predecessor years ended 2012 and 2011, the Company matched 50% of participants' contributions up to 2% of their eligible compensation. Fixed matching contributions totaled approximately \$35 million for the Successor year ended 2013, and \$32 million, \$30 million and \$31 million for the Predecessor 191-day period ended July 10, 2013 and years ended 2012 and 2011, respectively. Prior to 2013, the Company also made discretionary matching contributions, as determined by the Board of Directors of the Company, equal to 100% of participants' contributions up to 3.95% of eligible compensation, or \$60 million, in the Predecessor year ended 2012, and 1.2% of eligible compensation, or \$20 million in the Predecessor year ended 2011, based upon the attainment of certain profitability levels.

Revenue Recognition

Operating revenues primarily consist of wireless service revenues, revenues generated from device and accessory sales, revenues from wholesale operators and third-party affiliates, as well as long distance voice, data and

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Internet revenues. Service revenues consist of fixed monthly recurring charges, variable usage charges and miscellaneous fees such as activation fees, directory assistance, roaming, equipment protection, late payment and early termination charges, and certain regulatory related fees, net of service credits. We generally recognize service revenues as services are rendered, assuming all other revenue recognition criteria are met. We recognize equipment revenue and corresponding costs of devices when title and risk of loss passes to the indirect dealer or end-use subscriber. Incentives to retain and acquire subscribers, such as new devices at discounted prices, are recorded as a reduction to equipment revenue upon activation of the device with a service contract. We recognize revenue for access charges and other services charged at fixed amounts ratably over the service period, net of credits and adjustments for service discounts, billing disputes and fraud or unauthorized usage. We recognize excess wireless voice usage and long distance revenue at contractual rates per minute as minutes are used. Additionally, we recognize excess wireless data usage based on kilobytes and one-time use charges, such as for the use of premium services, when rendered. As a result of the cutoff times of our multiple billing cycles each month, we are required to estimate the amount of subscriber revenues earned but not billed from the end of each billing cycle to the end of each reporting period. These estimates are based primarily on rate plans in effect and our historical usage and billing patterns. Regulatory fees and costs are recorded gross. The largest component of the regulatory fees is universal service fund, which represented about 2% of net operating revenues in 2013, 2012 and 2011.

The accounting estimates related to the recognition of revenue in the results of operations require us to make assumptions about future billing adjustments for disputes with subscribers, unauthorized usage, future returns and mail-in rebates on device sales.

Dealer Commissions

Cash consideration given by us to a dealer or end-use subscriber is presumed to be a reduction of revenue unless we receive, or will receive, an identifiable benefit in exchange for the consideration, and the fair value of such benefit can be reasonably estimated, in which case the consideration will be recorded as a selling expense. We compensate our dealers using specific compensation programs related to the sale of our devices and our subscriber service contracts, or both. When a commission is earned by a dealer solely due to a selling activity relating to wireless service, the cost is recorded as a selling expense. When a commission is earned by a dealer due to the dealer selling one of our devices, the cost is recorded as a reduction to equipment revenue. Commissions are generally earned upon sale of device, service, or both, to an end-use subscriber. Incentive payments to dealers for sales associated with devices and service contracts are classified as contra-revenue, to the extent the incentive payment is reimbursement of loss on the device, and selling expense for the amount associated with the selling effort. Incentive payments to certain indirect dealers who purchase the iPhone[®] directly from Apple are recognized as selling expense when the device is activated with a Sprint service plan because Sprint does not recognize any equipment revenue or cost of products for those transactions.

Severance and Exit Costs

Liabilities for severance and exit costs are recognized based upon the nature of the cost to be incurred. For involuntary separation plans that are completed within the guidelines of our written involuntary separation plan, a liability is recognized when it is probable and reasonably estimable. For voluntary separation plans (VSP) a liability is recognized when the VSP is irrevocably accepted by the employee. For one-time termination benefits, such as additional severance pay or benefit payouts, and other exit costs, such as lease termination costs, the liability is measured and recognized initially at fair value in the period in which the liability is incurred, with subsequent changes to the liability recognized as adjustments in the period of change. Severance and exit costs associated with business combinations are recorded in the results of operations when incurred.

Compensation Plans

As of December 31, 2013, Sprint sponsored three incentive plans: the 2007 Omnibus Incentive Plan (2007 Plan); the 1997 Long-Term Incentive Program (1997 Program); and the Nextel Incentive Equity Plan (Nextel Plan) (together, "Compensation Plans"). Sprint previously also sponsored the Management Incentive Stock Option Plan (MISOP), which was deregistered in the first quarter 2012 after all outstanding options under the MISOP expired. Sprint also sponsors an Employee Stock Purchase Plan (ESPP). Under the 2007 Plan, we may grant share

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and non-share based awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other equity-based and cash awards to employees, outside directors and other eligible individuals as defined by the plan. As of December 31, 2013, the number of shares available and reserved for future grants under the 2007 Plan and ESPP totaled approximately 195 million common shares. The Compensation Committee of our board of directors, or one or more executive officers should the Compensation Committee so authorize, as provided in the 2007 Plan, will determine the terms of each share and non-share based award. No new grants can be made under the 1997 Program or the Nextel Plan. We use new shares to satisfy share-based awards or treasury shares, if available.

The fair value of each option award is estimated on the grant date using the Black-Scholes option valuation model, based on several assumptions including the risk-free interest rate, volatility, expected dividend yield and expected term. During the Successor year ended 2013, the Company granted 1.7 million stock options with weighted average grant date fair value of \$3.63 per share based upon assumptions of a risk free interest rate of 2.01%, weighted average expected volatility of 42.3%, expected dividend yield of 0% and expected term of 7.5 years. In general, options are granted with an exercise price equal to the market value of the underlying shares on the grant date, vest on an annual basis over three or four years, and have a contractual term of ten years. As of December 31, 2013, 48 million options were outstanding of which 34 million options were exercisable.

The fair value of each restricted stock unit award is calculated using the share price at the date of grant. Restricted stock units generally have performance and service requirements or service requirements only with vesting periods ranging from one to three years. Employees and directors who are granted restricted stock units are not required to pay for the shares but generally must remain employed with us, or continue to serve as a member of our board of directors, until the restrictions lapse, which is typically three years for employees and one year for directors. Certain restricted stock units outstanding as of December 31, 2013, are entitled to dividend equivalents paid in cash, if dividends are declared and paid on common shares, but performance-based restricted stock units are not entitled to dividend equivalent payments until the applicable performance and service criteria have been met. During the Successor year ended 2013, the Company granted 18 million service only and performance-based restricted stock units with a weighted average grant date fair value of \$6.23 per share. During the Predecessor 191-day period ended July 10, 2013, approximately 2 million service only and performance-based restricted stock units were granted with a weighted average grant date fair value of \$5.96 per share. At December 31, 2013, restricted stock unit awards totaling 33 million were outstanding.

Compensation Costs

The cost of employee services received in exchange for share-based awards classified as equity is measured using the estimated fair value of the award on the date of the grant, and that cost is recognized over the period that the award recipient is required to provide service in exchange for the award. Awards of instruments classified as liabilities are measured at the estimated fair value at each reporting date through settlement. Share-based compensation cost related to awards with graded vesting is recognized using the straight-line method.

Pre-tax share and non-share based compensation charges from our incentive plans included in net loss were \$98 million for the Successor period ended December 31, 2013, \$37 million for the Predecessor 191-day period ended July 10, 2013, and \$82 million and \$73 million for the Predecessor years ended 2012 and 2011, respectively. The net income tax benefit recognized in the consolidated financial statements for share-based compensation awards was \$34 million for the Successor period ended December 31, 2013, \$2 million for the Predecessor 191-day period ended July 10, 2013, and \$14 million and \$13 million for the Predecessor years ended 2012 and 2011. As of December 31, 2013, there was \$126 million of total unrecognized compensation cost related to non-vested incentive awards that are expected to be recognized over a weighted average period of 2.14 years.

Advertising Costs

We recognize advertising expense when incurred as selling, general and administrative expense. Advertising expenses totaled \$697 million for the Successor period ended December 31, 2013 and \$858 million for the Predecessor 191-day period ended July 10, 2013 and \$1.4 billion for each of the Predecessor years ended December 31, 2012 and 2011.

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New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance regarding *Disclosures about Offsetting Assets and Liabilities*, which requires common disclosure requirements to allow investors to better compare and assess the effect of offsetting arrangements on financial statements prepared under U.S. GAAP with financial statements prepared under IFRS. The standard was effective beginning in the first quarter 2013, requires retrospective application, and only affects disclosures in the footnotes to the financial statements. In October 2012, the FASB tentatively decided to limit the scope of this authoritative guidance to derivatives, repurchase agreements, and securities lending and securities borrowing arrangements. In January 2013, the FASB issued additional clarifying guidance which limited the scope of the disclosure requirements to derivatives, repurchase agreements and reverse purchase agreements, and securities lending and securities borrowing transactions that are either offset in accordance with specific criteria contained in U.S. GAAP or subject to a master netting arrangement or similar agreement. Based on the scope revision, this authoritative guidance did not impact our existing disclosures.

In February 2013, the 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) Income line items affected by the reclassification. The guidance was effective beginning in the first quarter 2013 and did not have a material effect on our consolidated financial statements as amounts reclassified out of other comprehensive income (loss), consisting primarily of the recognition of periodic pension costs and realized holding gains and losses, are immaterial for all periods presented.

In July 2013, the FASB issued authoritative guidance regarding *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*, which amends existing guidance related to the financial presentation of unrecognized tax benefits by requiring an entity to net its unrecognized tax benefits against the deferred tax assets for all available same-jurisdiction loss or other tax carryforwards that would apply in settlement of the uncertain tax positions. The amendments will be effective beginning in the first quarter of 2014 with early adoption permitted, will be applied prospectively to all unrecognized tax benefits that exist at the effective date, and are not expected to have a material effect on our consolidated financial statements.

Note 3. Significant Transactions

Acquisition of Assets from U.S. Cellular

On November 6, 2012, Sprint Communications entered into a definitive agreement 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. 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. In addition, Sprint Communications and U.S. Cellular entered into transition services agreements for services to be provided by U.S. Cellular during the period after closing and prior to the transfer of the acquired subscribers to Sprint's network. The transaction closed on May 17, 2013. Of the total purchase price, approximately \$605 million and \$32 million was allocated to spectrum and customer relationships, respectively.

Acquisition of Remaining Interest in Clearwire

On July 9, 2013 (Clearwire Acquisition Date), Sprint Communications completed the Clearwire Acquisition. Immediately prior to the completion of the Clearwire Acquisition, Sprint Communications owned 739,010,818 shares of Clearwire Common Stock representing approximately 50.1% of a non-controlling voting interest of the total issued and outstanding common stock. As a result of the Clearwire Acquisition, each share of

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common stock of Clearwire, par value \$0.0001 per share, other than shares owned by Sprint Communications, was converted into the right to receive \$5.00 per share in cash. The cash consideration paid totaled approximately \$3.5 billion, net of cash acquired of \$198 million. Approximately \$125 million of the cash consideration was accrued as "Accrued expenses and other current liabilities" on the consolidated balance sheet for dissenting shares relating to stockholders who exercised their appraisal rights.

Consideration

The fair value of consideration, which is measured at the estimated fair value of each element of consideration transferred as of the Clearwire Acquisition Date, was determined as the sum of (a) cash transferred to Clearwire stockholders, which included \$125 million of cash, which was held in escrow for dissenting shares, (b) the estimated fair value of Clearwire shares held by Sprint Communications immediately preceding the acquisition and (c) share-based payment awards (replacement awards) exchanged for awards held by Clearwire employees. The fair value of the consideration transferred was based on the most reliable measure for each element of consideration, which was determined to be the market price of Clearwire common shares as of the Clearwire Acquisition Date for all non-cash consideration.

The estimated fair value of the consideration transferred, based on the market price of Clearwire common shares, as determined using the closing price on the NASDAQ as of the Clearwire Acquisition Date, consisted of the following:

Consideration:

Cash to acquire the remaining equity interests of Clearwire	\$ 3,681
Estimated value of Sprint's previously-held equity interests ⁽¹⁾	3,251
Liability to holders of Clearwire equity awards for services provided in the pre-acquisition period ⁽²⁾	59
Total purchase price to be allocated	<u>\$ 6,991</u>

(1) Equals the estimated fair value of Sprint Communications' previously-held equity interest in Clearwire valued at \$4.40 per share, which represented an approximate 12% discount to Sprint Communications' acquisition price for shares not held by Sprint Communications prior to the Clearwire Acquisition Date. The difference between \$4.40 and the per share merger consideration of \$5.00 represents an estimate of a control premium, which would not generally be included in the valuation of Sprint Communications' non-controlling interest.

(2) \$47 million of the liability was paid in cash pursuant to the Clearwire Merger Agreement.

Acquisition-related costs (included in selling, general and administrative in the results of operations) for the Clearwire Acquisition totaled approximately \$19 million, of which \$2 million were recognized in the Predecessor year ended 2012 and \$17 million was recognized in the Predecessor 191-day period ended July 10, 2013.

Preliminary Purchase Price Allocation

The consideration transferred has been preliminarily allocated to assets acquired and liabilities assumed based on their estimated fair values at the time of the Clearwire Acquisition. The preliminary allocation of consideration transferred was based on management's judgment after evaluating several factors, including a preliminary valuation assessment. Additional analysis, including, but not limited to, the value of intangible assets, and any associated tax impacts, could result in a change in the total amount of goodwill. The preliminary allocation represents management's current best estimate of fair value, but these amounts could change as additional information is obtained and evaluated. Adjustments made since the initial purchase price allocation decreased recorded goodwill by approximately \$283 million and are primarily attributable to a reduction of approximately \$270 million made to deferred tax liabilities as a result of additional analysis. The remaining adjustments were insignificant.

Of the total acquisition-related costs, the contingent acquisition-related costs paid by, or incurred by, Sprint Communications, approximately \$7 million were recorded as an expense in the Predecessor period. The following table summarizes the preliminary purchase price allocation of consideration in the Clearwire Acquisition:

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Preliminary Purchase Price Allocation (in millions) :

Current assets	\$	778
Property, plant and equipment		1,245
Identifiable intangibles		12,870
Goodwill		423
Other assets		25
Current liabilities		(1,063)
Long-term debt		(4,288)
Deferred tax liabilities		(2,130)
Other liabilities		(869)
Net assets acquired	\$	6,991

The excess of the consideration transferred over the estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. Goodwill includes expected synergies from combining the businesses such as cost synergies from reduced network-related expenses through the elimination of redundant assets and enhanced spectrum positions, which are expected to provide greater network coverage. None of the goodwill resulting from the acquisition, which is allocated to the Wireless segment, is deductible for income tax purposes.

Identifiable intangible assets acquired in the Clearwire Acquisition include the following:

	Estimated Fair Value	Weighted Average Useful Life
	<i>(in millions)</i>	<i>(in years)</i>
Indefinite-lived intangible assets:		
Federal Communications Commission (FCC) licenses	\$ 11,884	n/a
Intangible assets subject to amortization:		
Favorable spectrum and tower leases	986	21
	<u>\$ 12,870</u>	

FCC licenses consist of the 2.5 gigahertz (GHz) spectrum acquired. Favorable spectrum and tower leases resulted from the favorable difference between the terms of the Clearwire tower and spectrum leases acquired and the current market terms for those leases at the Clearwire Acquisition Date (see Note 7. Intangible Assets).

Consolidated Statement of Comprehensive Loss for the period from July 10, 2013 to December 31, 2013

The following supplemental information presents the financial results of Clearwire operations included in the Consolidated Statement of Comprehensive Loss for the period from July 10, 2013 through December 31, 2013 :

	From July 10, 2013 through December 31, 2013	
	<i>(in millions)</i>	
Total revenues	\$	340
Net loss	\$	(1,017)

SoftBank Transaction

As discussed above, the SoftBank Merger was completed on July 10, 2013 (SoftBank Merger Date). Sprint Communications, Inc. stockholders received consideration in a combination of both cash and stock, subject to proration. Cash consideration paid in the SoftBank Merger was \$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. SoftBank provided an equity contribution of \$1.9 billion to Sprint at the close of the

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SoftBank Merger, which was not distributed to the then existing stockholders and is intended to be used for general corporate purposes.

In addition, pursuant to the Bond Agreement, on October 15, 2012, Sprint Communications, Inc. issued a Bond to Starburst II 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 completion of the SoftBank Merger and subsequent open market stock purchases, SoftBank owns approximately 80% of the outstanding voting common stock of Sprint Corporation and other Sprint stockholders own the remaining approximately 20% as of December 31, 2013, which consisted of common shares issued pursuant to the Merger Agreement.

Consideration Transferred

The fair value of consideration transferred, which is measured at the estimated fair value of each element of consideration transferred as of the SoftBank Merger Date, was determined as the sum of (a) cash transferred to Sprint Communications stockholders, (b) the number of shares of Sprint issued to Sprint Communications stockholders and (c) share-based payment awards (replacement awards) exchanged for awards held by Sprint employees. The fair value of the consideration transferred was based on the most reliable measure for each element of consideration, which was determined to be the market price of Sprint common shares as of July 11, 2013 for all non-cash consideration. The estimated fair value of the consideration transferred, based on the market price of Sprint common stock, as determined using the closing price of Sprint common stock on the New York Stock Exchange as of July 11, 2013, and the investments by SoftBank consisted of the following:

Consideration transferred and investments by SoftBank (in millions) :

Cash consideration paid to Sprint Communications stockholders	\$ 16,640
Issuance of Sprint Corporation common stock to former Sprint Communications stockholders	5,344
Estimated value of Sprint Corporation equity awards issued to holders of Sprint Communications equity awards for service provided in the pre-combination period	193
Total purchase price to be allocated	22,177
Convertible Bond	3,100
Additional capital contribution made by SoftBank	1,900
Total consideration transferred and investments by SoftBank	<u>\$ 27,177</u>

The fair value of the investments by SoftBank was determined based on the cash transferred, including \$3.1 billion to purchase the Bond and \$1.9 billion at the close of the SoftBank Merger. Merger-related costs (included in selling, general and administrative in the results of operations) for the SoftBank Merger totaled approximately \$129 million, of which \$32 million were recognized in 2012 and \$97 million were recognized in the 2013 Successor period.

Preliminary Purchase Price Allocation

The consideration transferred has been preliminarily allocated to assets acquired and liabilities assumed based on their estimated fair values as of the SoftBank Merger Date, inclusive of the Clearwire Acquisition described above. The preliminary allocation of consideration transferred was based on management's judgment after evaluating several factors, including a preliminary valuation assessment. Additional analysis, including, but not limited to, the value of intangible assets, and any associated tax impacts, could result in a change in the total amount of goodwill. The preliminary allocation represents management's current best estimate of fair value, but these amounts could change as additional information is obtained and evaluated. In addition, because approximately \$46 million of certain merger-related fees of Sprint Communications, the acquiree, were contingent upon the closing of the SoftBank Merger, these fees were not recorded as an expense subsequent to the close of the transaction. However, these fees are reflected in the preliminary purchase price allocation. Of the total acquisition-related costs, approximately \$73 million of contingent merger-related costs paid by, or incurred by SoftBank on behalf of, the accounting acquirer, formerly Starburst II, were recorded as an expense in the 2013 Successor period. Adjustments made since the initial purchase price allocation decreased recorded goodwill by approximately \$385 million. Indefinite-lived intangible assets increased by approximately \$254 million due to additional analysis performed by

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management during the fourth quarter of 2013 related to the value assigned to certain FCC licenses. Deferred tax liabilities decreased approximately \$126 million primarily due to adjustments related to FCC licenses. The remaining adjustments were insignificant.

The following table summarizes the preliminary purchase price allocation of consideration transferred:

Preliminary Purchase Price Allocation (in millions) :

Current assets	\$	8,517
Investments		133
Property, plant and equipment		14,558
Identifiable intangibles		50,626
Goodwill		6,434
Other assets		227
Current liabilities		(10,711)
Long-term debt		(29,481)
Deferred tax liabilities		(14,131)
Other liabilities		(3,995)
Net assets acquired, prior to conversion of the Bond		22,177
Conversion of Bond		3,100
Net assets acquired, after conversion of the Bond	\$	<u>25,277</u>

The excess of the consideration transferred over the estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. Goodwill includes expected synergies such as cost synergies related to scaled purchasing and other additional cost savings. Goodwill resulting from the SoftBank Merger is allocated to the Wireless segment, substantially all of which is not expected to be deductible for income tax purposes. Gross contractual receivables acquired and included within current assets above totaled approximately \$3.4 billion for which the estimated fair value is \$3.2 billion. The difference is the estimated amount of Sprint Communication's allowance for doubtful accounts at the SoftBank Merger Date.

Identifiable intangible assets acquired in the SoftBank Merger include the following:

	Estimated Fair Value	Weighted Average Useful Life
<i>(in millions)</i>		
Indefinite-lived intangible assets:		
FCC licenses	\$ 35,723	n/a
Trademarks	5,935	n/a
Intangible assets subject to amortization:		
Customer relationships	6,923	8
Other definite-lived intangible assets		
Favorable spectrum leases	884	23
Favorable tower leases	589	6
Trademarks	520	34
Other	52	10
	<u>\$ 50,626</u>	

Indefinite-lived intangible assets consist of 1.9 GHz, 800 megahertz (MHz), 900 MHz, and 2.5 GHz FCC licenses as well as the Sprint and Boost Mobile trademarks. Intangible assets subject to amortization consist of customer relationships, favorable spectrum and tower leases resulting from the favorable difference between the terms of the tower and spectrum leases acquired and the current market terms for those leases at the SoftBank Merger date, and the Virgin Mobile trade name (see Note 7. Intangible Assets).

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Pro Forma Financial Information

The following unaudited pro forma consolidated results of operations assume that the SoftBank Merger and Clearwire Acquisition were completed as of January 1, 2012 for 2013 and 2012, respectively.

	Years Ended December 31,	
	2013	2012
	<i>(in millions)</i>	
Net operating revenues	\$ 35,953	\$ 35,918
Net loss	\$ (4,290)	\$ (5,141)
Basic loss per common share	\$ (1.12)	\$ (1.35)

The unaudited pro forma financial information was prepared to illustrate the pro forma effect of the combination of Sprint, Sprint Communications and Clearwire using the consideration transferred as of each acquisition date as though the acquisition date for each transaction occurred on January 1, 2012. The preparation of the pro forma financial information also assumed a preliminary purchase price allocation of the consideration transferred among the assets acquired and liabilities assumed for each acquiree. The pro forma financial information adjusts the actual combined results for items that are recurring in nature and directly attributable to the Clearwire Acquisition and SoftBank Merger. The pro forma net loss provided excludes certain non-recurring items such as Sprint's gain on its previously held interest in Clearwire and transaction costs associated with the Clearwire Acquisition and SoftBank Merger. As a result, the pro forma financial information presented above excludes a net gain of \$1.4 billion (See Note 4. Investments) and acquisition related costs of approximately \$169 million.

This pro forma financial information has been prepared based on estimates and assumptions, which management believes are reasonable, and is not necessarily indicative of the consolidated financial position or results of operations that Sprint would have achieved had the Clearwire Acquisition and/or the SoftBank Merger actually occurred at January 1, 2012 or at any other historical date, nor is it reflective of our expected actual financial positions or results of operations for any future period.

Note 4. Investments

The components of investments were as follows:

	Successor		Predecessor
	December 31, 2013	December 31, 2012	December 31, 2012
	<i>(in millions)</i>		
Marketable equity securities	\$ 49	\$ —	\$ 45
Equity method and other investments	94	—	1,008
Bond investment	—	2,929	—
Bond derivative	—	175	—
	<u>\$ 143</u>	<u>\$ 3,104</u>	<u>\$ 1,053</u>

The bond investment, together with the bond derivative, for the Successor period relate to the convertible bond issued by Sprint Communications, Inc. (See Note 8. Long-term debt, financing and capital lease obligations) to Starburst II in connection with the Bond Agreement (See Note 3. Significant Transactions), which was accounted for as an available-for-sale investment carried at its estimated fair value by Starburst II.

Marketable equity securities

Investments in marketable equity securities are recognized at fair value and are considered available-for-sale securities. Accordingly, unrealized holding gains and losses on these securities are recognized in accumulated other comprehensive loss, net of related income tax. Realized gains or losses are measured and reclassified from

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accumulated other comprehensive loss into "Other income (expense), net" in Sprint's consolidated statement of comprehensive loss based on identifying the specific investments sold or where an other-than-temporary impairment exists.

Consolidation of Clearwire

Sprint's Ownership Interest and Equity in Earnings/Losses

Immediately prior to the Clearwire Acquisition, Sprint Communications held approximately 50.1% of non-controlling voting interest and a 6.0% non-controlling economic interest in Clearwire Corporation as well as a 44.1% non-controlling economic interest in Clearwire Communications LLC, a wholly-owned subsidiary of Clearwire Corporation, (together, "Clearwire") for which the carrying value totaled \$325 million . Prior to the close of the Clearwire Acquisition, we applied equity method accounting to the investment in Clearwire.

Equity in losses from Clearwire were \$482 million , \$1.1 billion , and \$1.7 billion for the Predecessor period ended July 9, 2013, and Predecessor years ended December 31, 2012 and 2011 , respectively. The equity in losses from our investment in Clearwire consisted of our share of Clearwire's net loss and other adjustments, if any, such as non-cash impairment of our investment, gains or losses associated with the dilution of our ownership interest resulting from Clearwire's equity issuances, derivative losses associated with the change in fair value of the embedded derivative included in exchangeable notes between Clearwire and Sprint, and other items recognized by Clearwire Corporation that did not affect our economic interest. Sprint's equity in losses for the Predecessor period ended July 9, 2013, includes a \$65 million derivative loss associated with the change in fair value of the embedded derivative. Equity in losses from Clearwire for the Predecessor years ended December 31, 2012 and 2011 included a \$204 million and \$135 million , respectively, pre-tax impairment reflecting a reduction in the carrying value of the investment in Clearwire to an estimated fair value and pre-tax dilution loss of \$27 million for the year ended December 31, 2011 . The Predecessor years ended December 31, 2012 and 2011 also included charges of approximately \$41 million and \$361 million , respectively, which were associated with Clearwire's write-off of certain network and other assets that no longer met its strategic plans.

Subsequent to the Clearwire Acquisition, Clearwire is consolidated as a wholly-owned subsidiary of Sprint. In connection with the acquisition, Sprint recorded a pre-tax gain of approximately \$2.9 billion to "Gain on previously-held equity interests" in its Predecessor consolidated statement of comprehensive loss immediately preceding the Clearwire Acquisition resulting from the difference between the estimated fair value of the interests owned prior to the acquisition (\$5.00 per share offer price less an estimated control premium of approximately \$0.60) and the carrying value of approximately \$325 million for those previously-held equity interests.

Summarized financial information for Clearwire for the periods preceding the Clearwire Acquisition is as follows:

	January 1 - July 9,	Years Ended December 31,	
	2013	2012	2011
	<i>(in millions)</i>		
Revenues	\$ 666	\$ 1,265	\$ 1,254
Operating expenses	(1,285)	(2,644)	(3,645)
Operating loss	\$ (619)	\$ (1,379)	\$ (2,391)
Net loss from continuing operations before non-controlling interests	\$ (1,102)	\$ (1,744)	\$ (2,856)
Net loss from discontinued operations before non-controlling interests	\$ —	\$ (168)	\$ (82)

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Note 5. Financial Instruments

Cash and cash equivalents, accounts and notes receivable, and accounts payable are carried at cost, which approximates fair value. Short-term investments (consisting primarily of time deposits, commercial paper, and Treasury securities), totaling approximately \$1.1 billion and \$1.8 billion as of the Successor year ended December 31, 2013 and Predecessor year ended December 31, 2012, respectively, are recorded at amortized cost, and the respective carrying amounts approximate fair value using quoted prices in active markets. The fair value of marketable equity securities totaling \$49 million as of the Successor year ended December 31, 2013 and \$45 million as of the Predecessor year ended December 31, 2012, respectively, are measured on a recurring basis using quoted prices in active markets.

The estimated fair value of the majority of our current and long-term debt, excluding the Bond and our credit facilities, is determined based on quoted prices in active markets or by using other observable inputs that are derived principally from or corroborated by observable market data. At March 31, 2013, the outstanding carrying value under our credit facilities, which totaled \$945 million (Predecessor) and approximated fair value at the time of transfer, was transferred out of estimated fair value using observable inputs and into estimated fair value using unobservable inputs due to the lack of an available pricing source. To estimate the fair value of Bond issued by Sprint Communications, Inc. to Starburst II (*see Note 3. Significant Transactions*) and its related bond derivative, a convertible bond pricing model was used based on the relevant interest rates, conversion feature and other significant inputs not observable in the market. The significant unobservable inputs used in the fair value measurement of the Bond and its related bond derivative are the credit condition of the companies, probability and timing of conversion, and discount for lack of marketability. Significant increases or decreases in any of those inputs, in isolation, would result or could have resulted in a significantly lower or higher fair value measurement. Immediately preceding the close of the SoftBank Merger on July 10, 2013, the Bond was converted into shares of Sprint Communications. As a result, there is no balance for the Bond or its related bond derivative as of December 31, 2013.

The following table presents carrying amounts and estimated fair values of current and long-term debt, and the available-for-sale bond investment and its related bond derivative:

		Predecessor			
Carrying amount at December 31, 2012	Quoted prices in active markets	Estimated Fair Value Using Input Type		Total estimated fair value	
		Observable	Unobservable		
<i>(in millions)</i>					
Current and long-term debt \$	23,569	\$ 17,506	\$ 6,118	\$ 3,104	\$ 26,728

		Successor			
Carrying amount at December 31, 2013	Quoted prices in active markets	Estimated Fair Value Using Input Type		Total estimated fair value	
		Observable	Unobservable		
<i>(in millions)</i>					
Current and long-term debt \$	32,485	\$ 27,000	\$ 5,356	\$ 1,389	\$ 33,745

Carrying amount at December 31, 2012	Quoted prices in active markets	Estimated Fair Value Using Input Type		Total estimated fair value	
		Observable	Unobservable		
<i>(in millions)</i>					
Bond investment \$	2,929	\$ —	\$ —	\$ 2,929	\$ 2,929
Bond derivative \$	175	\$ —	\$ —	\$ 175	\$ 175

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The following is a reconciliation of recurring unobservable assets:

	Successor								
	Balances as of December 31, 2012	Net purchases	Conversion of Convertible Bond	Accretion of bond discount recognized as interest income	Change in value of derivative	Realization of Gain on Bond recognized in other income, net	Transfers In (Out) of Unobservable Inputs	Balances as of December 31, 2013	
	<i>(in millions)</i>								
Bond investment \$	2,929	\$ —	\$ (3,100)	\$ 12	\$ —	\$ 159	\$ —	\$ —	
Bond derivatives \$	175	\$ —	\$ —	\$ —	\$ (175)	\$ —	\$ —	\$ —	

Note 6. Property, Plant and Equipment

Property, plant and equipment consists primarily of network equipment and other long-lived assets used to provide service to our subscribers. As a result of our network modernization and shut-down of the Nextel platform, estimated useful lives of related equipment were shortened, causing incremental depreciation charges during this period of implementation. The incremental effect of accelerated depreciation expense totaled approximately \$800 million for the Predecessor 191-day period ended July 10, 2013, and \$2.1 billion for the Predecessor year ended December 31, 2012, of which the majority related to shortened useful lives of Nextel platform assets for all periods.

The components of property, plant and equipment, and the related accumulated depreciation for the Predecessor and Successor periods were as follows:

	Successor December 31, 2013	Predecessor December 31, 2012
	<i>(in millions)</i>	
Land	\$ 265	\$ 330
Network equipment, site costs and related software	13,524	37,692
Buildings and improvements	725	4,893
Non-network internal use software, office equipment and other	794	1,860
Construction in progress	2,677	3,123
Less: accumulated depreciation	(1,821)	(34,291)
Property, plant and equipment, net	\$ 16,164	\$ 13,607

Network equipment, site costs and related software includes switching equipment, cell site towers, site development costs, radio frequency equipment, network software, digital fiber optic cable, transport facilities and transmission-related equipment. Buildings and improvements principally consists of owned general office facilities, retail stores and leasehold improvements. Non-network internal use software, office equipment and other primarily consists of furniture, information technology systems and equipment and vehicles. Construction in progress, which is not depreciated until placed in service, primarily includes materials, transmission and related equipment, labor, engineering, site development costs, interest and other costs relating to the construction and development of our network.

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Note 7. Intangible Assets**Indefinite-Lived Intangible Assets**

At December 31, 2013, we hold 1.9 GHz, 800 MHz, 900 MHz and 2.5 GHz FCC licenses authorizing the use of radio frequency spectrum to deploy our wireless services. As long as the Company acts within the requirements and constraints of the regulatory authorities, the renewal and extension of these licenses is reasonably certain at minimal cost. Accordingly, we have concluded that FCC licenses are indefinite-lived intangible assets.

	Predecessor		
	December 31, 2012	Net Additions	July 10, 2013
	(in millions)		
FCC licenses	\$ 20,268	\$ 12,580	\$ 32,848
Trademarks	409	—	409
Goodwill	359	715	1,074
	<u>\$ 21,036</u>	<u>\$ 13,295</u>	<u>\$ 34,331</u>

	Successor		
	July 11, 2013	Net Additions	December 31, 2013
	(in millions)		
FCC licenses	\$ 35,723	\$ 166 ⁽¹⁾	\$ 35,889
Trademarks	5,935	—	5,935
Goodwill	6,434	—	6,434
	<u>\$ 48,092</u>	<u>\$ 166</u>	<u>\$ 48,258</u>

(1) Net additions for the Successor period ended December 31, 2013 consist of approximately \$62 million in deposits made to acquire additional FCC licenses that is pending FCC approval.

During the Predecessor period from January 1, 2013 through July 10, 2013 Sprint acquired approximately \$605 million of 1.9 GHz spectrum and \$11.9 billion of 2.5 GHz spectrum from U.S. Cellular and Clearwire, respectively (see Note 3. Significant Transactions). The net additions during this Predecessor period also included approximately \$91 million of costs related to our 2004 FCC Report and Order to reconfigure the 800 MHz band (Report and Order) (see Note 12. Commitments and Contingencies).

The amounts reflected in the July 11, 2013 column represents the preliminary estimated fair value of each class of indefinite-lived intangible assets resulting from the SoftBank Merger (see Note 3. Significant Transactions). Trademarks, which include our Sprint and Boost Mobile tradenames, have also been identified as indefinite-lived intangible assets. The net additions for FCC licenses during the period from July 11, 2013 through December 31, 2013 were primarily as a result of work related to our Report and Order (see Note 12. Commitments and Contingencies).

Goodwill

Goodwill represents the excess of consideration paid over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations. We recognized \$6.4 billion of goodwill associated with the SoftBank Merger in the Successor period (see Note 3. Significant Transactions).

Goodwill Recoverability Assessment

The carrying value of Sprint's goodwill is included in the Wireless segment, which represents our wireless reporting unit. We estimate the fair value of the wireless reporting unit using both discounted cash flow and market-based valuation models. If the fair value of the wireless reporting unit exceeds its net book value, goodwill is not impaired, and no further testing is necessary. If the net book value of our wireless reporting unit exceeds its estimated fair value, we estimate the fair value of goodwill to determine the amount of impairment loss, if any. As a result of the preliminary remeasurement of assets acquired and liabilities assumed in connection with the SoftBank

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Merger, Sprint recognized goodwill at its estimate of fair value as of the SoftBank Merger Date. Since goodwill is reflected at its estimate of fair value, there is no cushion, or fair value in excess of carrying value as of the SoftBank Merger Date, and the risk associated with potential goodwill impairment in future reporting periods is heightened. The Company has not finalized the valuation associated with the SoftBank Merger. Any additional changes to the valuation and associated impact to our purchase price allocation could result in a change in the amount of goodwill reflected in these financial statements in future reporting periods.

The determination of the estimated fair value of the wireless reporting unit requires significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, transactions within the wireless industry and related control premiums, discount rate, terminal growth rate, earnings before interest, taxes, depreciation and amortization (EBITDA) and capital expenditure forecasts. Due to the inherent uncertainty involved in making those estimates, actual results could differ from those estimates. We evaluate the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of the wireless reporting unit for reasonableness.

Intangible Assets Subject to Amortization

Customer relationships are amortized using the sum-of-the-months' digits method, while all other definite-lived intangible assets are amortized using the straight line method over the estimated useful lives of the respective assets. We reduce the gross carrying value and associated accumulated amortization when specified intangible assets become fully amortized. Amortization expense related to favorable spectrum and tower leases are recognized in cost of services. During the third quarter 2013, we recorded \$6.9 billion of customer relationships, \$884 million of favorable spectrum leases, \$589 million of favorable tower leases, \$520 million for trademarks and \$52 million of other intangible assets as a result of the preliminary allocation of the SoftBank Merger and Clearwire Acquisition (*see Note 3. Significant Transactions*).

	Useful Lives	Successor			Predecessor		
		December 31, 2013			December 31, 2012		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
<i>(in millions)</i>							
Customer relationships	4 to 8 years	\$ 6,923	\$ (875)	\$ 6,048	\$ 234	\$ (230)	\$ 4
Other intangible assets							
Favorable spectrum leases	23 years	884	(20)	864	—	—	—
Favorable tower leases	3 to 7 years	589	(52)	537	—	—	—
Trademarks	34 years	520	(8)	512	1,168	(681)	487
Reacquired rights	9 to 14 years	—	—	—	1,571	(785)	786
Other	4 to 10 years	58	(5)	53	138	(80)	58
Total other intangible assets		2,051	(85)	1,966	2,877	(1,546)	1,331
Total definite-lived intangible assets		\$ 8,974	\$ (960)	\$ 8,014	\$ 3,111	\$ (1,776)	\$ 1,335
<i>(in millions)</i>							
		2014	2015	2016	2017	2018	
Estimated amortization expense		\$ 1,737	\$ 1,488	\$ 1,231	\$ 946	\$ 715	

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Note 8. Long-Term Debt, Financing and Capital Lease Obligations

	Interest Rates	Maturities	Successor	Predecessor
			December 31, 2013	December 31, 2012
<i>(in millions)</i>				
Notes				
Senior notes				
Sprint Corporation	7.13 - 7.88%	2021 - 2024	\$ 9,000	\$ —
Sprint Communications, Inc.	6.00 - 11.50%	2016 - 2022	9,280	9,280
Sprint Capital Corporation	6.88 - 8.75%	2019 - 2032	6,204	6,204
Guaranteed notes				
Sprint Communications, Inc.	7.00 - 9.00%	2018 - 2020	4,000	4,000
Secured notes				
iPCS, Inc.	3.49%	2014	181	481
Clearwire Communications LLC ⁽¹⁾	14.75%	2016	300	—
Exchangeable notes				
Clearwire Communications LLC ⁽¹⁾	8.25%	2040	629	—
Convertible bonds				
Sprint Communications, Inc.	1.00%	2019	—	3,100
Credit facilities				
Bank credit facility	2.75%	2018	—	—
Export Development Canada	3.62%	2015	500	500
Secured equipment credit facility	2.03%	2017	889	296
Vendor financing notes				
Clearwire Communications LLC	5.74 - 7.24%	2015	20	—
Financing obligation				
	6.09%	2021	339	698
Capital lease obligations and other				
	2.35 - 10.52%	2014 - 2023	187	74
Net discount from beneficial conversion feature on convertible bond				
			—	(247)
Net premiums (discounts)				
			1,482	(45)
			33,011	24,341
Less current portion				
			(994)	(379)
Long-term debt, financing and capital lease obligations				
			\$ 32,017	\$ 23,962

(1) Notes of Clearwire Communications LLC are also direct obligations of Clearwire Finance, Inc. and are guaranteed by certain Clearwire subsidiaries.

As of December 31, 2013, Sprint Corporation, the parent corporation, had \$9.0 billion in principal amount of senior notes outstanding. In addition, as of December 31, 2013, the outstanding principal amount of Senior notes issued by Sprint Communications, Inc. and Sprint Capital Corporation, Guaranteed notes issued by Sprint Communications, Inc., Secured notes issued by iPCS, Inc. (iPCS), and Exchangeable notes issued by Clearwire Communications LLC, totaling \$20.3 billion in principal amount of our long-term debt issued by 100% owned subsidiaries, was fully and unconditionally guaranteed by Sprint Corporation. The indentures and financing arrangements governing certain of our subsidiaries' debt contain provisions that limit cash dividend payments on subsidiary common stock. Except in the case of notes issued by and secured by assets of Clearwire Communications LLC and iPCS, Inc., the transfer of cash in the form of advances from subsidiaries to the parent corporation generally is not restricted.

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As of December 31, 2013, about \$1.9 billion of our outstanding debt, comprised of certain notes, financing and capital lease obligations and mortgages, is secured by \$15.7 billion of property, plant and equipment and other assets, net and gross. Cash interest payments, net of amounts capitalized of \$30 million, \$278 million, and \$413 million, totaled \$1.0 billion, \$1.4 billion, and \$1.0 billion during each of the years ended December 31, 2013 (Successor), 2012 (Predecessor), and 2011 (Predecessor), respectively. Cash interest payments, net of amounts capitalized of \$29 million, totaled \$814 million during the Predecessor 191-day period ended July 10, 2013, respectively. Our weighted average effective interest rate related to our notes and credit facilities was 6.4% for the Successor year ended December 31, 2013 and 8.9% and 7.5% for the Predecessor 191-day period ended July 10, 2013 and year ended December 31, 2012.

Notes

As of December 31, 2013, our outstanding notes consist of Senior notes, Guaranteed notes, and exchangeable notes of Clearwire Communications LLC, all of which are unsecured, as well as Secured notes of iPCS and Clearwire Communications LLC, which are secured solely by the respective underlying assets of iPCS and Clearwire Communications LLC. Cash interest on all of the notes is generally payable semi-annually in arrears. As of December 31, 2013, approximately \$28.8 billion aggregate principal amount of the notes were redeemable at the Company's discretion at the then-applicable redemption prices plus accrued interest.

As of December 31, 2013, approximately \$20.1 billion aggregate principal amount of our Senior notes and Guaranteed notes provide holders with the right to require us to repurchase the notes if a change of control triggering event (as defined in the applicable indentures and supplemental indentures) occurs. As of December 31, 2013, approximately \$300 million aggregate principal amount of Clearwire Communications LLC notes and approximately \$181 million aggregate principal amount of iPCS Secured notes provide holders with the right to require us to repurchase the notes if a change of control occurs. If we are required to make such a change of control offer, we will offer a cash payment equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest.

Upon the close of the Clearwire Acquisition, the Clearwire Communications, LLC 8.25% Exchangeable Notes due 2040 became exchangeable at any time, at the holder's option, for a fixed amount of cash equal to \$706.21 for each \$1,000 principal amount of notes surrendered. As a result, \$444 million, which is the total cash consideration payable upon an exchange of all \$629 million principal amount of notes outstanding, is now classified as a current debt obligation. The remaining carrying value of these notes is classified as a long-term debt obligation.

Debt Issuances

On September 11, 2013, Sprint Corporation issued \$2.25 billion aggregate principal amount of 7.250% notes due 2021 and \$4.25 billion aggregate principal amount of 7.875% notes due 2023 in a private placement (144A) transaction with registration rights. Interest on the notes is payable semi-annually on March 15 and September 15. The notes are guaranteed by Sprint Communications, Inc.

On December 12, 2013, Sprint Corporation issued \$2.5 billion aggregate principal amount of 7.125% notes due 2024 in a private placement (144A) transaction with registration rights. Interest on the notes is payable semi-annually on June 15 and December 15. The notes are guaranteed by Sprint Communications, Inc.

Debt Retirements

On May 1, 2013, the Company paid \$300 million in principal amount upon maturity of its outstanding iPCS, Inc. Secured Floating Rate Notes due 2013.

From September 11, 2013 through December 1, 2013, approximately \$2.8 billion in principal amount of Clearwire Communications LLC's 12% Senior secured notes due 2015 were retired. From October 30, 2013 to December 1, 2013, \$500 million in principal amount of Clearwire Communications LLC's 12% second-priority secured notes due 2017 were retired. In addition, we paid approximately \$180 million in call premiums associated with these retirements.

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Credit Facilities

The Company has a \$3.0 billion unsecured revolving bank credit facility that expires in February 2018. Borrowings under the revolving bank credit facility bear interest at a rate equal to the London Interbank Offered Rate (LIBOR) plus a spread that varies depending on the Company's credit ratings. As of December 31, 2013, approximately \$914 million in letters of credit were outstanding under this credit facility, including the letter of credit required by the Report and Order (*see Note 12. Commitments and Contingencies*). As a result of the outstanding letters of credit, which directly reduce the availability of borrowings under this facility, the Company had approximately \$2.1 billion of borrowing capacity available as of December 31, 2013. The unsecured loan agreement with Export Development Canada (EDC Agreement) and secured equipment credit facility were amended on March 12, 2013, and June 24, 2013, respectively to provide for terms similar to those of the revolving bank credit facility, except that under the terms of the EDC Agreement and the secured equipment credit facility, repayments of outstanding amounts cannot be re-drawn. As of December 31, 2013, the EDC Agreement was fully drawn.

As of December 31, 2013, we had fully drawn the first and second tranche of the secured equipment credit facility totaling \$1.0 billion and made two equal regularly scheduled principal repayments (one in the Predecessor 191-day period ended July 10, 2013 and the other in the Successor year ended December 31, 2013) totaling \$111 million during 2013. The cost of funds under this facility includes a fixed interest rate of 2.03%, and export credit agency premiums and other fees that, in total, equate to an expected effective interest rate of approximately 6% based on assumptions such as timing and amounts of drawdowns. The facility is secured by a lien on the equipment purchased from Ericsson, Inc. and is fully and unconditionally guaranteed by Sprint Communications, Inc.

Financing, Capital Lease and Other Obligations

We have approximately 3,000 cell sites that we sold and subsequently leased back. Terms extend through 2021, with renewal options for an additional 20 years. These cell sites continue to be reported as part of our property, plant and equipment due to our continued involvement with the property sold and the transaction is accounted for as a financing. Our capital lease and other obligations are primarily for the use of wireless network equipment.

Covenants

Certain indentures that govern our outstanding notes also require compliance with various covenants, including covenants that limit the ability of the Company and its subsidiaries to sell all or substantially all of its assets, and limit the ability of the Company and its subsidiaries to incur indebtedness and liens, each as defined by the terms of the indentures and supplemental indentures.

As of December 31, 2013, the Company was in compliance with all restrictive and financial covenants associated with its borrowings. A default under any of our borrowings could trigger defaults under certain of our other debt obligations, which in turn could result in the maturities being accelerated.

Under our revolving bank credit facility and other bank agreements, we are currently restricted from paying cash dividends because our ratio of total indebtedness to adjusted EBITDA (each as defined in the applicable agreement) exceeds 2.5 to 1.0.

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Future Maturities of Long-Term Debt, Financing Obligation and Capital Lease Obligations

Aggregate amount of maturities for long-term debt, financing obligation and capital lease obligations outstanding as of December 31, 2013, were as follows (in millions):

2014	\$	994
2015		857
2016		2,622
2017		2,489
2018		3,047
2019 and thereafter		21,520
		<u>31,529</u>
Net premiums		1,482
	\$	<u>33,011</u>

Note 9. Severance, Exit Costs and Asset Impairments
Severance and Exit Costs Activity

For the Successor year ended December 31, 2013 as well as for the Predecessor 191-day period ended July 10, 2013 and year ended 2012, we recognized lease exit costs associated with the decommissioning of the Nextel Platform and access exit costs related to payments that will continue to be made under our backhaul access contracts for which we will no longer be receiving any economic benefit.

For the Successor year ended December 31, 2013 as well as the Predecessor 191-day period ended July 10, 2013 and year ended 2011, we also recognized severance costs associated with reductions in our work force. During December 2013, the Company recorded a \$165 million severance charge associated with a reduction in force plan in order to reduce operating costs. We also expect to incur additional severance charges during the first quarter of 2014 as certain parts of the plan become finalized. The majority of the cash payments associated with the plan are expected to be made by the end of 2014.

As a result of our network modernization and the completion of the Significant Transactions (*see Note 3. Significant Transactions*), we expect to incur additional exit costs in the future related to the transition of our existing backhaul architecture to a replacement technology for our network and the efforts associated with the integration of our Significant Transactions, such as the evaluation of future use of the Clearwire 4G broadband network, among other initiatives. These additional exit costs are expected to range between approximately \$225 million to \$325 million, of which the majority are expected to be incurred through first quarter 2016.

The following provides the activity in the severance and exit costs liability included in "Accounts payable," "Accrued expenses and other current liabilities" and "Other liabilities" within the consolidated balance sheets:

	Predecessor				
	December 31, 2012	Purchase Price Adjustments	Net Expense <i>(in millions)</i>	Cash Payments and Other	July 10, 2013
Lease exit costs	\$ 190	\$ 131	\$ 478 ⁽¹⁾	\$ (33)	\$ 766
Severance costs	11	—	58 ⁽²⁾	(15)	54
Access exit costs	43	—	151 ⁽³⁾	(5)	189
	<u>\$ 244</u>	<u>\$ 131</u>	<u>\$ 687</u>	<u>\$ (53)</u>	<u>\$ 1,009</u>

(1) For the 191-day period ended July 10, 2013, we recognized net costs of \$478 million (solely attributable to our Wireless segment).

(2) For the 191-day period ended July 10, 2013, we recognized costs of \$58 million (\$55 million Wireless, and \$3 million was Wireline).

(3) Of the \$151 million (\$133 million Wireless; \$18 million Wireline) recognized for the 191-day period ended July 10, 2013, \$35 million was recognized as "Cost of services and products" and \$116 million was recognized in "Severance, exit costs and asset impairments."

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	Predecessor			
	December 31, 2011	Net Expense	Cash Payments and Other	December 31, 2012
Lease exit costs	\$ 58	\$ 196 ⁽⁴⁾	\$ (64)	\$ 19
Severance costs	21	—	(10)	1
Access exit costs	—	44 ⁽⁵⁾	(1)	4
	<u>\$ 79</u>	<u>\$ 240</u>	<u>\$ (75)</u>	<u>\$ 24</u>

(4) For the year ended December 31, 2012, we recognized costs of \$196 million (solely attributable to our Wireless segment).

(5) For the year ended December 31, 2012, we recognized costs of \$44 million (\$21 million Wireless; \$23 million Wireline) as "Cost of services and products."

	Predecessor			
	December 31, 2010	Net Expense	Cash Payments and Other	December 31, 2011
	(in millions)			
Lease exit costs	\$ 87	\$ —	\$ (29)	\$ 5
Severance costs	7	28 ⁽⁶⁾	(14)	2
	<u>\$ 94</u>	<u>\$ 28</u>	<u>\$ (43)</u>	<u>\$ 7</u>

(6) For the year ended December 31, 2011, we recognized costs of \$28 million (\$25 million Wireless; \$3 million Wireline).

	Successor			
	July 11, 2013	Net Expense	Cash Payments and Other	December 31, 2013
	(in millions)			
Lease exit costs	\$ 933 ⁽⁷⁾	\$ 56 ⁽⁸⁾	\$ (225)	\$ 764
Severance costs	54	219 ⁽⁹⁾	(48)	225
Access exit costs	189	53 ⁽¹⁰⁾	(93)	149
	<u>\$ 1,176</u>	<u>\$ 328</u>	<u>\$ (366)</u>	<u>\$ 1,138</u>

(7) The July 11, 2013 opening balance takes into account purchase price adjustments as it relates to the SoftBank Merger.

(8) For the year ended December 31, 2013, we recognized costs of \$56 million (\$54 million Wireless, \$2 million Wireline).

(9) For the year ended December 31, 2013, we recognized costs of \$219 million (\$191 million Wireless, \$28 million Wireline).

(10) For the year ended December 31, 2013, \$19 million (solely attributable to Wireline) was recognized as "Cost of services and products" and \$34 million (solely attributable to Wireless) was recognized in "Severance, exit costs and assets impairments."

Asset Impairments

There were no asset impairments for the Successor year ended December 31, 2013 or the Predecessor 191-day period ended July 10, 2013. We recorded asset impairments of \$102 million, and \$78 million, for the Predecessor years ended 2012, and 2011, respectively. Asset impairments in 2012 consisted of \$18 million of assets associated with a decision to utilize fiber backhaul, which we expect to be more cost effective, rather than microwave backhaul, \$66 million of capitalized assets that we no longer intend to deploy as a result of the termination of the spectrum hosting arrangement with LightSquared in the first quarter 2012, and \$18 million related to network asset equipment (\$13 million Wireless; \$5 million Wireline) that is no longer necessary for management's strategic plans. Asset impairments in 2011 primarily related to network asset equipment in our Wireless segment that was no longer necessary for management's strategic plans.

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Note 10. Supplemental Financial Information

	Successor ⁽¹⁾	Predecessor
	December 31,	
	2013	2012
<i>(in millions)</i>		
Accounts and notes receivable, net		
Trade	\$ 3,495	\$ 3,239
Unbilled trade and other	231	602
Less allowance for doubtful accounts	(156)	(183)
	<u>\$ 3,570</u>	<u>\$ 3,658</u>
Prepaid expenses and other current assets		
Prepaid expenses	\$ 480	\$ 370
Deferred charges and other	148	330
	<u>\$ 628</u>	<u>\$ 700</u>
Accounts payable ⁽²⁾		
Trade	\$ 2,475	\$ 2,521
Accrued interconnection costs	386	393
Capital expenditures and other	451	573
	<u>\$ 3,312</u>	<u>\$ 3,487</u>
Accrued expenses and other current liabilities		
Deferred revenues	\$ 1,339	\$ 1,540
Accrued taxes	291	303
Payroll and related	591	512
Accrued interest	491	328
Accrued capital expenditures	1,438	939
Other	2,213	1,386
	<u>\$ 6,363</u>	<u>\$ 5,008</u>
Other liabilities		
Deferred rental income-communications towers	\$ 242	\$ 700
Deferred rent	121	1,431
Asset retirement obligations	688	609
Unfavorable lease liabilities	1,122	—
Post-retirement benefits and other non-current employee related liabilities	538	1,141
Other	887	719
	<u>\$ 3,598</u>	<u>\$ 4,600</u>

- (1) Successor balances at December 31, 2012 primarily consisted of interest receivable and accrued taxes and were insignificant, therefore, they are excluded from the table.
- (2) Includes liabilities in the amounts of \$134 million and \$117 million as of the Successor year ended December 31, 2013 and Predecessor year ended December 31, 2012, respectively, for checks issued in excess of associated bank balances but not yet presented for collection.

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Note 11. Income Taxes

Income tax expense consists of the following:

	Successor		Predecessor		
	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2012	2013	2012	2011
	<i>(in millions)</i>				
Current income tax (expense) benefit					
Federal	\$ 1	\$ (3)	\$ 2	\$ 34	\$ (1)
State	(13)	—	(17)	22	(20)
Total current income tax (expense) benefit	(12)	(3)	(15)	56	(21)
Deferred income tax (expense) benefit					
Federal	(46)	(1)	(1,402)	(199)	(136)
State	14	—	(184)	(10)	(95)
Total deferred income tax expense	(32)	(1)	(1,586)	(209)	(231)
Foreign income tax expense	(1)	—	—	(1)	(2)
Total income tax expense	\$ (45)	\$ (4)	\$ (1,601)	\$ (154)	\$ (254)

The differences that caused our effective income tax rates to vary from the 35% U.S. federal statutory rate for income taxes were as follows:

	Successor		Predecessor		
	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2012	2013	2012	2011
	<i>(in millions)</i>				
Income tax (expense) benefit at the federal statutory rate	\$ 635	\$ 8	\$ (155)	\$ 1,460	\$ 923
Effect of:					
State income taxes, net of federal income tax effect	47	—	(18)	137	80
State law changes, net of federal income tax effect	10	—	—	(5)	(38)
Reduction (increase) in liability for unrecognized tax benefits	2	—	(7)	38	(1)
Tax expense related to equity awards	—	—	—	(15)	(13)
Change in valuation allowance	(708)	(4)	(1,410)	(1,756)	(1,221)
Other, net	(31)	(8)	(11)	(13)	16
Income tax expense	\$ (45)	\$ (4)	\$ (1,601)	\$ (154)	\$ (254)
Effective income tax rate	(2.5)%	(17.4)%	361.4%	(3.7)%	(9.6)%

Income tax (expense) benefit allocated to other items was as follows:

	Successor		Predecessor		
	Year Ended December 31,	87 Days Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2012	2013	2012	2011
	<i>(in millions)</i>				
Unrecognized net periodic pension and other postretirement benefit cost ⁽¹⁾	\$ (58)	\$ (58)	\$ (18)	\$ —	\$ —
Unrealized holding gains/losses on securities ⁽¹⁾	\$ (3)	\$ (3)	\$ —	\$ —	\$ (1)

⁽¹⁾ These amounts have been recognized in accumulated other comprehensive income (loss).

Deferred income taxes are recognized for the temporary differences between the carrying amounts of our assets and liabilities for financial statement purposes and their tax bases. Deferred tax assets are also recorded for operating loss, capital loss and tax credit carryforwards. The sources of the differences that give rise to the deferred

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income tax assets and liabilities as of December 31, 2013 and 2012, along with the income tax effect of each, were as follows:

	Successor ⁽¹⁾		Predecessor	
	December 31, 2013		December 31, 2012	
	Current	Long-Term	Current	Long-Term
	(in millions)			
Deferred tax assets				
Net operating loss carryforwards	\$ —	\$ 6,908	\$ —	\$ 4,398
Tax credit carryforwards	—	374	—	431
Capital loss carryforwards	—	82	—	126
Property, plant and equipment	—	762	—	—
Debt obligations	—	633	—	—
Deferred rent	—	473	—	562
Pension and other postretirement benefits	—	194	—	430
Accruals and other liabilities	857	616	577	499
	<u>857</u>	<u>10,042</u>	<u>577</u>	<u>6,446</u>
Valuation allowance	<u>(594)</u>	<u>(7,004)</u>	<u>(472)</u>	<u>(5,183)</u>
	<u>263</u>	<u>3,038</u>	<u>105</u>	<u>1,263</u>
Deferred tax liabilities				
Property, plant and equipment	—	—	—	420
FCC licenses	—	12,089	—	6,313
Trademarks	—	2,459	—	188
Intangibles	—	2,407	—	354
Investments	—	—	—	802
Other	77	310	104	233
	<u>77</u>	<u>17,265</u>	<u>104</u>	<u>8,310</u>
Current deferred tax asset	<u>\$ 186</u>		<u>\$ 1</u>	
Long-term deferred tax liability		<u>\$ 14,227</u>		<u>\$ 7,047</u>

(1) Deferred tax assets and liabilities for the Successor year ended December 31, 2012 were considered immaterial.

The realization of deferred tax assets, including net operating loss carryforwards, is dependent on the generation of future taxable income sufficient to realize the tax deductions, carryforwards and credits. However, our history of annual losses reduces our ability to rely on expectations of future income in evaluating the ability to realize our deferred tax assets. Valuation allowances on deferred tax assets are recognized if it is determined that it is more likely than not that the asset will not be realized. As a result, the Company recognized income tax expense to increase the valuation allowance \$708 million for the Successor year ended December 31, 2013 and \$1.4 billion and \$1.8 billion for the Predecessor 191-day period ended July 10, 2013 and year ended December 31, 2012, respectively, on deferred tax assets primarily related to losses incurred during the period that are not currently realizable and expenses recorded during the period that are not currently deductible for income tax purposes. The remaining decrease in the carrying amount of the valuation allowance for the Successor year ended December 31, 2013 is primarily related to the net impact of acquisition accounting for the SoftBank Merger and Clearwire Acquisition. For the Predecessor year ended December 31, 2012 the remaining increase in the carrying amount of the valuation allowance is primarily associated with the tax effect of items reflected in other comprehensive income (loss) and other accounts. We do not expect to record significant tax benefits on future net operating losses until our circumstances justify the recognition of such benefits.

We believe it is more likely than not that our remaining deferred income tax assets, net of the valuation allowance, will be realized based on current income tax laws and expectations of future taxable income stemming from the reversal of existing deferred tax liabilities. Uncertainties surrounding income tax law changes, shifts in

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operations between state taxing jurisdictions and future operating income levels may, however, affect the ultimate realization of all or some of these deferred income tax assets.

Income tax expense of \$45 million, \$154 million and \$254 million for the Successor year ended December 31, 2013 and Predecessor years ended December 31, 2012 and 2011, respectively, is primarily attributable to taxable temporary differences from amortization of FCC licenses. Income tax expense of \$1.6 billion for the Predecessor 191-day period ended July 10, 2013, is primarily attributable to taxable temporary differences from the \$2.9 billion gain on the previously-held equity interests in Clearwire. The gain on the previously-held equity interests in Clearwire was principally attributable to the increase in the fair value of FCC licenses held by Clearwire. FCC licenses are amortized over 15 years for income tax purposes but, because these licenses have an indefinite life, they are not amortized for financial statement reporting purposes. These temporary differences result in net deferred income tax expense since they cannot be scheduled to reverse during the loss carryforward period. In addition, during the year ended December 31, 2012, a \$69 million tax benefit was recorded as a result of the successful resolution of various state income tax uncertainties. During 2011, a \$59 million expense was recorded as a result of the effect of changes in corporate state income tax laws.

During the Successor year ended December 31, 2013, and Predecessor 191-day period ended July 10, 2013 and years ended December 31, 2012 and 2011, we generated \$263 million, \$238 million, \$319 million, and \$194 million, respectively, of foreign income, which is included in loss before income taxes. We have no material unremitted earnings of foreign subsidiaries. Cash paid or received for income taxes was insignificant during the Successor year ended December 31, 2013 and Predecessor years ended December 31, 2012 and 2011, as well as during the Predecessor 191-day period ended July 10, 2013.

As of December 31, 2013, we had federal operating loss carryforwards of \$16.6 billion, state operating loss carryforwards of \$18.5 billion and foreign net operating loss carryforwards of \$834 million. Related to these loss carryforwards, we have recorded federal tax benefits of \$5.8 billion, net state tax benefits of \$858 million and foreign tax benefits of \$277 million before consideration of the valuation allowances. Approximately \$981 million of the federal net operating loss carryforwards expire between 2016 and 2020. The remaining \$15.6 billion expire in varying amounts between 2021 and 2034. The state operating loss carryforwards expire in varying amounts through 2034. Foreign operating loss carryforwards of \$460 million do not expire. The remaining foreign operating loss carryforwards expire in varying amounts starting in 2015.

In addition, we had available, for income tax purposes, federal alternative minimum tax net operating loss carryforwards of \$17.1 billion and state alternative minimum tax net operating loss carryforwards of \$3.9 billion. The loss carryforwards expire in varying amounts through 2034. We also had available capital loss carryforwards of \$216 million. Related to these capital loss carryforwards are tax benefits of \$82 million. The capital loss carryforwards expire between 2014 and 2017.

We also had available \$447 million of federal and state income tax credit carryforwards as of December 31, 2013. Included in this amount are \$7 million of income tax credits which expire prior to 2016 and \$317 million which expire in varying amounts between 2016 and 2034. The remaining \$123 million do not expire.

Unrecognized tax benefits are established for uncertain tax positions based upon estimates regarding potential future challenges to those positions at the largest amount that is greater than fifty percent likely of being realized upon ultimate settlement. These estimates are updated at each reporting date based on the facts, circumstances and information available. Interest related to these unrecognized tax benefits is recognized in interest expense. Penalties are recognized as additional income tax expense. The total unrecognized tax benefits attributable to uncertain tax positions as of the Successor year ended December 31, 2013 and Predecessor 191-day period ended July 10, 2013 and year ended December 31, 2012 were \$166 million, \$182 million, and \$171 million, respectively. At the Successor year ended December 31, 2013, the total unrecognized tax benefits included items that would favorably affect the income tax provision by \$153 million, if recognized without an offsetting valuation allowance adjustment. As of the Successor year ended December 31, 2013 and Predecessor 191-day period ended July 10, 2013 and year ended December 31, 2012, the accrued liability for income tax related interest and penalties was \$3 million, \$7 million, and \$5 million, respectively.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Successor	Predecessor		
	Year Ended December 31,	191 Days Ended July 10,	Years Ended December 31,	
	2013	2013	2012	2011
		<i>(in millions)</i>		
Balance at beginning of period	\$ —	\$ 171	\$ 225	\$ 228
Predecessor balance acquired in the SoftBank Merger	182	—	—	—
Additions based on current year tax positions	10	4	1	4
Additions based on prior year tax positions	—	7	1	4
Reductions for prior year tax positions	—	—	(1)	(1)
Reductions for settlements	(23)	—	(52)	(2)
Reductions for lapse of statute of limitations	(3)	—	(3)	(8)
Balance at end of period	<u>\$ 166</u>	<u>\$ 182</u>	<u>\$ 171</u>	<u>\$ 225</u>

We file income tax returns in the U.S. federal jurisdiction and each state jurisdiction which imposes an income tax. We also file income tax returns in a number of foreign jurisdictions. However, our foreign income tax activity has been immaterial.

Settlement agreements were reached with the Appeals or Exam division of the Internal Revenue Service (IRS) for examination issues in dispute for years prior to 2010. The issues were immaterial to our consolidated financial statements. As of December 31, 2013, there are no federal income tax examinations being handled by the IRS Exam division nor are there any issues being handled by the IRS Appeals division.

We are involved in multiple state income tax examinations related to various years beginning with 1996, which are in various stages of the examination, administrative review or appellate process. Based on our current knowledge of the examinations, administrative reviews and appellate processes, we believe it is reasonably possible a number of our uncertain tax positions may be resolved during the next twelve months which could result in a reduction of up to \$25 million in our unrecognized tax benefits.

The federal and state statutes of limitations for assessment of tax liability generally lapse three and four years, respectively, after the date the tax returns are filed. However, income tax attributes that are carried forward, such as net operating loss carryforwards, may be challenged and adjusted by taxing authorities at any time prior to the expiration of the statute of limitations for the tax year in which they are utilized.

Note 12. Commitments and Contingencies

Litigation, Claims and Assessments

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 Sprint Communications has opposed that motion. 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.

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

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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.

On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications has fraudulently failed to collect and pay more than \$100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint seeks recovery of triple damages as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint Communications has appealed that order and the argument of that motion is scheduled for February 2014. We believe the complaint is without merit and intend to continue to defend this 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. On July 23, 2012, the SEC issued a formal order of investigation relating to Sprint Communications' sales tax collection. On July 2, 2013, the SEC notified Sprint Communications that it was closing its investigation and did not intend to recommend an enforcement action against it.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain of its current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court; two suits are pending in state court in Johnson County, Kansas; and five suits are pending in federal court in Kansas. The Kansas suits have been stayed. 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, Sprint Communications, Inc. has received several complaints purporting to assert claims on behalf of Sprint Communications 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 are 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. 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 are stayed pending the resolution of the state cases. Plaintiffs in the state cases have indicated that they do not intend to challenge the transaction as completed. We intend to defend these cases vigorously, and we do not expect the resolution of these matters to have a material effect on our financial position or results of operations.

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. There were initially 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; *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. All suits except the *ACP Master, LTD* suit have been voluntarily dismissed by the plaintiffs. Plaintiffs in the *ACP Master, LTD* suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. There were three cases filed in state court in King County, Washington, and those cases have been dismissed with prejudice. Sprint Communications intends to defend the *ACP Master, LTD* cases vigorously, and, because these cases are still in the preliminary stages, we have not yet determined what effect the lawsuits will have, if any, on our financial position or results of operations.

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Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require us to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, we would be indemnified for monetary losses that we incur with respect to the actions of our suppliers or service providers. We do not expect the resolution of these cases to have a material adverse effect on our financial position or results of operations.

In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability (NALs) to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to our Assurance Wireless business. No NAL has yet been issued with respect to Sprint and we do not know if one will be issued. Further, we are not able to reasonably estimate the amount of any claim for penalties that might be asserted. However, based on the information currently available, if a claim is asserted by the FCC, Sprint does not believe that any amount ultimately paid would be material to the Company's results of operations or financial position.

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.

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 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 is \$2.8 billion under the Report and Order. 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, were approximately \$3.3 billion, of which primarily all payments incurred during the year ended December 31, 2013 related to FCC licenses. When incurred, these costs are generally accounted for either as property, plant and equipment or as additions to FCC licenses. Although costs incurred through December 31, 2013 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 US Treasury, because we have exceeded the \$2.8 billion of required expenditures, and (ii) that the FCC remove the \$850

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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.

Future Minimum Commitments

As of December 31, 2013, the minimum estimated amounts due under operating leases, spectrum leases and service credits, and purchase orders and other commitments were as follows:

	Total	2014	2015	2016	2017	2018	2019 and thereafter
	<i>(in millions)</i>						
Operating leases	16,651	2,250	1,989	1,893	1,819	1,776	6,924
Spectrum leases and service credits	6,855	189	190	196	214	212	5,854
Purchase orders and other commitments	22,164	11,954	5,679	2,360	765	591	815
Total	<u>\$ 45,670</u>	<u>\$ 14,393</u>	<u>\$ 7,858</u>	<u>\$ 4,449</u>	<u>\$ 2,798</u>	<u>\$ 2,579</u>	<u>\$ 13,593</u>

Operating Leases

We lease various equipment, office facilities, retail outlets and kiosks, switching facilities and cell sites under operating leases. The non-cancelable portion of these leases generally ranges from monthly up to 15 years. These leases, with few exceptions, provide for automatic renewal options and escalations that are either fixed or based on the consumer price index. Any rent abatements, along with rent escalations, are included in the computation of rent expense calculated on a straight-line basis over the lease term. Our lease term for most leases includes the initial non-cancelable term plus at least one renewal period, if the non-cancelable term is less than ten years, as the exercise of the related renewal option or options is reasonably assured. Our cell site leases generally provide for an initial non-cancelable term of five to twelve years with up to 5 renewal options for five years each.

During 2011 and 2012, we renegotiated cell site leases in connection with our network modernization and the shutdown of the Nextel platform. Our rental commitments for operating leases, including lease renewals that are reasonably assured, consisted mainly of leases for cell and switch sites, real estate, information technology and network equipment and office space. Total rental expense was \$1.3 billion for the Successor year ended 2013, and \$2.0 billion, and \$1.9 billion for the Predecessor years ended in 2012 and 2011, respectively. Rental expense for the Predecessor 191-day period ended July 10, 2013 was \$1.0 billion. Total rent expense increased in 2012 as compared to 2011 primarily as a result of rent leveling charges associated with renegotiated cell site leases in 2011 and 2012.

Spectrum Leases and Service Credits

Certain of the spectrum leases provide for minimum lease payments, additional charges and escalation clauses. Leased spectrum agreements have terms of up to 30 years and the weighted average remaining lease term at December 31, 2013 was approximately 23 years, including renewal terms. We expect that all renewal periods in our spectrum leases will be renewed by us.

We also have commitments to provide services to certain lessors in launched markets, and to reimburse lessors for certain capital equipment and third-party service expenditures, over the term of the lease. We accrue a monthly obligation for the services and equipment based on the total estimated available service credits divided by the term of the lease. The obligation is reduced as actual invoices are presented and paid to the lessors. During the Successor period ended December 31, 2013 we satisfied \$1 million related to these commitments. The maximum remaining commitment at December 31, 2013 is \$100 million and is expected to be incurred over the term of the related lease agreements, which generally range from 15 to 30 years.

Purchase Orders and Other Commitments

We are a party to other commitments, which includes, among other things, service, spectrum, network equipment, devices and other executory contracts in connection with conducting our business. Amounts actually paid under some of these agreements will likely be higher due to variable components of these agreements. The more significant variable components that determine the ultimate obligation owed include such items as hours contracted, subscribers and other factors. In addition, we are a party to various arrangements that are conditional in

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nature and obligate us to make payments only upon the occurrence of certain events, such as the delivery of functioning software or a product. Because it is not possible to predict the timing or amounts that may be due under these conditional arrangements, no such amounts have been included in the table above.

Note 13. Stockholders' Equity and Per Share Data

Our certificate of incorporation authorizes 10,020,000,000 shares of capital stock as follows:

- 9,000,000,000 shares of common stock, par value \$0.01 per share;
- 1,000,000,000 shares of non-voting common stock, par value \$0.01 per share; and
- 20,000,000 shares of preferred stock, par value \$0.0001 per share.

Classes of Common Stock

Voting Common Stock

The holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders. There were approximately 3.9 billion shares of common stock outstanding as of December 31, 2013 .

Treasury Shares

Shares of common stock repurchased by us are recorded at cost as treasury shares and result in a reduction of stockholders' equity. We reissue treasury shares as part of our stockholder approved stock-based compensation programs, as well as upon conversion of outstanding securities that are convertible into common stock. When shares are reissued, we determine the cost using the FIFO method.

Dividends

We did not declare any dividends on our common shares in 2013 , 2012 , or 2011 . We are currently restricted from paying cash dividends by the terms of our revolving bank credit facility (*See Note 8. Long-Term Debt, Financing and Capital Lease Obligations*) .

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax are as follows:

	Successor	Predecessor
	December 31, 2013	December 31, 2012
	<i>(in millions)</i>	
Unrecognized net periodic pension and postretirement benefit cost	\$ 93	\$ (1,169)
Unrealized net gains related to investments	6	9
Foreign currency translation adjustments	3	27
Accumulated other comprehensive income (loss)	\$ 102	\$ (1,133)

Per Share Data

Basic net loss per common share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share adjusts basic net loss per common share, computed using the treasury stock method, for the effects of potentially dilutive common shares, if the effect is not antidilutive. Outstanding options and restricted stock units (exclusive of participating securities) that had no effect on our computation of dilutive weighted average number of shares outstanding as their effect would be antidilutive were approximately 70 million , 61 million , 78 million and 71 million shares for the Successor year ended December 31, 2013 , and Predecessor 191-day period ended July 10, 2013 and years ended 2012 and 2011 , respectively. In addition, as of the Successor year ended December 31, 2013 , all 55 million shares issuable under the warrant which was issued to SoftBank at the close of the SoftBank Merger were treated as potentially dilutive securities. The warrant is exercisable at \$5.25 per share at the option of Softbank, in whole or in part, at any time within the five -year term.

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Note 14. Segments

Sprint operates two reportable segments: Wireless and Wireline.

- Wireless primarily includes retail, wholesale, and affiliate revenue from a wide array of wireless voice and data transmission services and equipment revenue from the sale of wireless devices and accessories in the U.S., Puerto Rico and the U.S. Virgin Islands.
- Wireline primarily includes revenue from domestic and international wireline voice and data communication services, including services to the cable multiple systems operators that resell our local and long distance services and use our back office systems and network assets in support of their telephone services provided over cable facilities primarily to residential end-use subscribers.

We define segment earnings as wireless or wireline operating (loss) income before other segment expenses such as depreciation, amortization, severance, exit costs, goodwill impairments, asset impairments, and other items, if any, solely and directly attributable to the segment representing items of a non-recurring or unusual nature. Expense and income items excluded from segment earnings are managed at the corporate level. Transactions between segments are generally accounted for based on market rates, which we believe approximate fair value. The Company generally re-establishes these rates at the beginning of each fiscal year. Over the past several years, there has been an industry-wide trend of lower rates due to increased competition from other wireline and wireless communications companies as well as cable and Internet service providers.

Segment financial information is as follows:

<u>Statement of Operations Information</u>	Predecessor			Consolidated
	Wireless	Wireline	Corporate, Other and Eliminations	
	<i>(in millions)</i>			
191 Days Ended July 10, 2013				
Net operating revenues	\$ 17,125	\$ 1,471	\$ 6	\$ 18,602
Inter-segment revenues ⁽¹⁾	—	430	(430)	—
Total segment operating expenses	(14,355)	(1,629)	425	(15,559)
Segment earnings	<u>\$ 2,770</u>	<u>\$ 272</u>	<u>\$ 1</u>	<u>3,043</u>
Less:				
Depreciation				(3,098)
Amortization				(147)
Other, net ⁽²⁾				(683)
Operating loss				(885)
Interest expense				(1,135)
Equity in losses of unconsolidated investments, net			\$ (482)	
Gain on previously-held equity interests			2,926	2,444
Other income, net				19
Income before income taxes				<u>\$ 443</u>

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<u>Statement of Operations Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2012				
Net operating revenues	\$ 32,355	\$ 2,999	\$ 12	\$ 35,366
Inter-segment revenues ⁽¹⁾	—	882	(882)	—
Total segment operating expenses	(28,208)	(3,232)	877	(30,563)
Segment earnings	<u>\$ 4,147</u>	<u>\$ 649</u>	<u>\$ 7</u>	4,803
Less:				
Depreciation				(6,240)
Amortization				(303)
Business combination and hurricane-related charges ⁽³⁾				(64)
Other, net ⁽²⁾				(16)
Operating loss				(1,820)
Interest expense				(1,428)
Equity in losses of unconsolidated investments, net			<u>\$ (1,114)</u>	(1,114)
Other income, net				190
Loss before income taxes				<u>\$ (4,172)</u>

<u>Statement of Operations Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2011				
Net operating revenues	\$ 30,301	\$ 3,370	\$ 8	\$ 33,679
Inter-segment revenues ⁽¹⁾	—	956	(956)	—
Total segment operating expenses	(26,034)	(3,526)	953	(28,607)
Segment earnings	<u>\$ 4,267</u>	<u>\$ 800</u>	<u>\$ 5</u>	5,072
Less:				
Depreciation				(4,455)
Amortization				(403)
Other, net ⁽²⁾				(106)
Operating income				108
Interest expense				(1,011)
Equity in losses of unconsolidated investments, net			<u>\$ (1,730)</u>	(1,730)
Other expense, net				(3)
Loss before income taxes				<u>\$ (2,636)</u>

<u>Other Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
Capital expenditures for the 191 days ended July 10, 2013	\$ 2,840	\$ 174	\$ 126	\$ 3,140
2012				
Capital expenditures	\$ 3,753	\$ 240	\$ 268	\$ 4,261
Total assets	\$ 38,297	\$ 2,195	\$ 11,078	\$ 51,570
2011				
Capital expenditures	\$ 2,702	\$ 168	\$ 260	\$ 3,130
Total assets	\$ 37,606	\$ 2,355	\$ 9,422	\$ 49,383

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Successor				
<u>Statement of Operations Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2013				
Net operating revenues	\$ 15,642	\$ 1,240	\$ 9	\$ 16,891
Inter-segment revenues ⁽¹⁾	—	396	(396)	—
Total segment operating expenses	(13,464)	(1,414)	353	(14,525)
Segment earnings	<u>\$ 2,178</u>	<u>\$ 222</u>	<u>\$ (34)</u>	<u>2,366</u>
Less:				
Depreciation				(2,026)
Amortization				(908)
Other, net ⁽²⁾				(402)
Operating loss				(970)
Interest expense				(918)
Other income, net				73
Loss before income taxes				<u>\$ (1,815)</u>

<u>Statement of Operations Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2012				
Net operating revenues	\$ —	\$ —	\$ —	\$ —
Inter-segment revenues ⁽¹⁾	—	—	—	—
Total segment operating expenses	—	—	(33)	(33)
Segment earnings	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (33)</u>	<u>(33)</u>
Other income, net				10
Loss before income taxes				<u>\$ (23)</u>

<u>Other Information</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2013				
Capital expenditures	\$ 3,535	\$ 153	\$ 159	\$ 3,847
Total assets	\$ 75,128	\$ 1,548	\$ 9,419	\$ 86,095
2012				
Total assets	\$ —	\$ —	\$ 3,115	\$ 3,115

- (1) Inter-segment revenues consist primarily of wireline services provided to the Wireless segment for resale to or use by wireless subscribers.
- (2) Other, net for the Successor year ended December 31, 2013 consists of \$309 million of severance and exit costs and \$100 million of business combination fees paid to unrelated parties in connection with the transactions with SoftBank and Clearwire (\$75 million included in our corporate segment and \$25 million included in our wireless segment and classified as selling, general and administrative expenses), partially offset by \$7 million of insurance reimbursement towards 2012 hurricane-related charges (included in our wireless segment and classified as a contra-expense in cost of services expense). Other, net for the Predecessor 191-day period ended July 10, 2013 consists of \$652 million of severance and exit costs and \$53 million of business combination fees paid to unrelated parties in connection with the transactions with SoftBank and Clearwire (included in our corporate segment and classified as selling, general and administrative expenses), partially offset by \$22 million of favorable developments in connection with an E911 regulatory tax-related contingency. Other, net for the Predecessor year ended December 31, 2012 consists of \$196 million of lease exit costs and \$102 million of asset impairment charges, partially offset by net operating income of \$236 million associated with the termination of the spectrum hosting arrangement with LightSquared, a gain of \$29 million on spectrum swap transactions, and a benefit of \$17 million resulting from favorable developments relating to access cost disputes associated with prior periods. Other, net for the Predecessor year ended December 31, 2011 consists of \$106 million of severance, exit costs and asset impairments associated with the shut-down of the Nextel platform.
- (3) Includes \$45 million of hurricane-related charges for the Predecessor year ended December 31, 2012, which are classified in our consolidated statements of comprehensive loss as follows: \$21 million as contra-revenue in net operating revenues of Wireless, \$20 million as cost of services and products (\$17 million Wireless; \$3 million Wireline), and \$4 million as selling, general and administrative expenses in our Wireless segment. Also includes \$19 million of business combination charges for fees paid to unrelated parties necessary for the proposed transactions with SoftBank and Clearwire, which is included in our corporate segment and classified as selling, general and administrative expenses.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Predecessor

<u>Operating Revenues by Service and Products</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations ⁽¹⁾</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
191 Days Ended July 10, 2013				
Wireless services	\$ 15,139	\$ —	\$ —	\$ 15,139
Wireless equipment	1,707	—	—	1,707
Voice	—	771	(236)	535
Data	—	188	(93)	95
Internet	—	913	(100)	813
Other	279	29	5	313
Total net operating revenues	\$ 17,125	\$ 1,901	\$ (424)	\$ 18,602
	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations ⁽¹⁾</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2012				
Wireless services ⁽²⁾	\$ 28,624	\$ —	\$ —	\$ 28,624
Wireless equipment	3,248	—	—	3,248
Voice	—	1,627	(515)	1,112
Data	—	398	(176)	222
Internet	—	1,781	(190)	1,591
Other	483	75	11	569
Total net operating revenues	\$ 32,355	\$ 3,881	\$ (870)	\$ 35,366
	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations ⁽¹⁾</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2011				
Wireless services	\$ 27,129	\$ —	\$ —	\$ 27,129
Wireless equipment	2,911	—	—	2,911
Voice	—	1,915	(643)	1,272
Data	—	460	(163)	297
Internet	—	1,878	(151)	1,727
Other	261	73	9	343
Total net operating revenues	\$ 30,301	\$ 4,326	\$ (948)	\$ 33,679

Successor

<u>Operating Revenues by Service and Products</u>	<u>Wireless</u>	<u>Wireline</u>	<u>Corporate, Other and Eliminations ⁽¹⁾</u>	<u>Consolidated</u>
	<i>(in millions)</i>			
2013				
Wireless services	\$ 13,579	\$ —	\$ —	\$ 13,579
Wireless equipment	1,797	—	—	1,797
Voice	—	719	(240)	479
Data	—	138	(69)	69
Internet	—	747	(81)	666
Other	266	32	3	301

Total net operating revenues

\$ 15,642 \$ 1,636 \$ (387) \$ 16,891

(1) Revenues eliminated in consolidation consist primarily of wireline services provided to the Wireless segment for resale to or use by wireless subscribers.

(2) Wireless services related to the Wireless segment for the Predecessor year ended December 31, 2012 excludes \$21 million of hurricane-related contra-revenue charges reflected in net operating revenues in our consolidated statement of comprehensive loss.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Quarterly Financial Data (Unaudited)

	Predecessor			
	Quarter			
	1st	2nd	3rd	4th
	<i>(in millions, except per share amounts)</i>			
2012				
Net operating revenues	\$ 8,734	\$ 8,843	\$ 8,763	\$ 9,005
Operating loss	\$ (255)	\$ (629)	\$ (231)	\$ (705)
Net loss	\$ (863)	\$ (1,374)	\$ (767)	\$ (1,322)
Basic and diluted loss per common share ⁽¹⁾	\$ (0.29)	\$ (0.46)	\$ (0.26)	\$ (0.44)
	Quarter			
	1st	2nd	July 10, 2013	
	<i>(in millions, except per share amounts)</i>			
2013				
Net operating revenues	\$ 8,793	\$ 8,877	\$ 932	
Operating income (loss)	\$ 29	\$ (874)	\$ (40)	
Net (loss) income	\$ (643)	\$ (1,597)	\$ 1,082	
Basic (loss) earnings per common share ⁽¹⁾	\$ (0.21)	\$ (0.53)	\$ 0.35	
Diluted (loss) earnings per common share ⁽¹⁾	\$ (0.21)	\$ (0.53)	\$ 0.30	
	Successor			
	Quarter			
	1st	2nd	3rd	4th
	<i>(in millions, except per share amounts)</i>			
2013				
Net operating revenues	\$ —	\$ —	\$ 7,749	\$ —
Operating loss	\$ (14)	\$ (22)	\$ (358)	\$ —
Net loss	\$ (9)	\$ (114)	\$ (699)	\$ —
Basic and diluted loss per common share ⁽¹⁾	\$ —	\$ —	\$ (0.18)	\$ —

(1) The sum of the quarterly earnings per share amounts may not equal the annual amounts because of the changes in the weighted average number of shares outstanding during the year.

SPRINT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Related-Party Transactions

Clearwire Related-Party Transactions

Sprint's relationship with Clearwire, which is now a wholly-owned subsidiary, includes agreements by which we resell wireless data services utilizing Clearwire's 4G network. In addition, Clearwire subscribers utilize the third generation (3G) Sprint network which provides dual-mode service to subscribers in those areas where access to its 4G network is not available. Cost of services and products included in our consolidated statements of comprehensive loss related to our agreement to purchase 4G services from Clearwire totaled \$207 million for the Predecessor period from January 1, 2013 to the Clearwire Acquisition and \$417 million and \$405 million for the Predecessor years ended December 31, 2012 and 2011, respectively.

SoftBank Related-Party Transactions

In addition to agreements arising out of or relating to the SoftBank Merger, Sprint and SoftBank have entered into various other arrangements with SoftBank Parties or with third parties to which SoftBank Parties are also parties, including for international wireless roaming, wireless and wireline call termination, real estate and other services. Transactions under these agreements were immaterial through the Successor year ended December 31, 2013.

Note 17. Subsequent Events

On February 10, 2014, the unsecured revolving bank credit facility was amended to provide additional lender commitments to bring the total capacity from \$3.0 billion to \$3.3 billion .

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Clearwire Corporation
Bellevue, Washington

We have audited the accompanying consolidated financial statements of Clearwire Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of July 9, 2013, and the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' equity for the 190 days ended July 9, 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clearwire Corporation and its subsidiaries as of July 9, 2013, and the results of their operations and their cash flows for the 190 days ended July 9, 2013 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective July 9, 2013, Sprint Communications, Inc. acquired all of the outstanding stock of Clearwire Corporation in a business combination accounted for as a purchase. As a result of the acquisition, Clearwire Corporation became a consolidated subsidiary of Sprint Corporation as of that date. Our opinion is not modified with respect to this matter.

Seattle, Washington
February 21, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Clearwire Corporation
Bellevue, Washington

We have audited the accompanying consolidated balance sheet of Clearwire Corporation and subsidiaries (the "Company") as of December 31, 2012 and the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' equity for each of the two years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Clearwire Corporation and subsidiaries as of December 31, 2012 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Seattle, Washington
February 21, 2014

CLEARWIRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	July 9, 2013	December 31, 2012
(In thousands, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 193,912	\$ 193,445
Short-term investments	476,224	675,112
Restricted cash	1,642	1,653
Accounts receivable, net of allowance of \$2,000 and \$3,145	21,226	22,769
Inventory	19,403	10,940
Prepays and other assets	135,948	83,769
Total current assets	848,355	987,688
Property, plant and equipment, net	2,019,326	2,259,004
Restricted cash	2,019	3,709
Spectrum licenses, net	4,222,900	4,249,621
Other intangible assets, net	18,204	24,660
Other assets	137,105	141,107
Total assets	\$ 7,247,909	\$ 7,665,789
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 260,667	\$ 177,855
Other current liabilities	332,113	227,610
Total current liabilities	592,780	405,465
Long-term debt, net	4,322,935	4,271,357
Deferred tax liabilities, net	218,450	143,992
Other long-term liabilities	961,328	963,353
Total liabilities	6,095,493	5,784,167
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Class A common stock, par value \$0.0001, 1,500,000 and 2,000,000 shares authorized; 823,197 and 691,315 shares outstanding	82	69
Class B common stock, par value \$0.0001, 1,500,000 and 1,400,000 shares authorized; 650,588 and 773,733 shares outstanding	65	77
Additional paid-in capital	3,477,182	3,158,244
Accumulated other comprehensive loss	(2)	(6)
Accumulated deficit	(2,926,193)	(2,346,393)
Total Clearwire Corporation stockholders' equity	551,134	811,991
Non-controlling interests	601,282	1,069,631
Total stockholders' equity	1,152,416	1,881,622
Total liabilities and stockholders' equity	\$ 7,247,909	\$ 7,665,789

See notes to consolidated financial statements

CLEARWIRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	190 Days Ended July 9,	Year ended December 31,	
	2013	2012	2011
	(In thousands)		
Revenues	\$ 665,602	\$ 1,264,694	\$ 1,253,466
Operating expenses:			
Cost of goods and services and network costs (exclusive of items shown separately below)	439,351	908,078	1,249,966
Selling, general and administrative expense	294,913	558,202	698,067
Depreciation and amortization	370,411	768,193	687,636
Spectrum lease expense	178,989	326,798	308,693
Loss from abandonment of network and other assets	833	82,206	700,341
Total operating expenses	1,284,497	2,643,477	3,644,703
Operating loss	(618,895)	(1,378,783)	(2,391,237)
Other income (expense):			
Interest income	612	1,895	2,335
Interest expense	(305,632)	(553,459)	(505,992)
Gain on derivative instruments	5,337	1,356	145,308
Other income (expense), net	1,753	(12,153)	681
Total other expense, net	(297,930)	(562,361)	(357,668)
Loss from continuing operations before income taxes	(916,825)	(1,941,144)	(2,748,905)
Income tax benefit (provision)	(185,480)	197,399	(106,828)
Net loss from continuing operations	(1,102,305)	(1,743,745)	(2,855,733)
Less: non-controlling interests in net loss from continuing operations of consolidated subsidiaries	522,505	1,182,183	2,158,831
Net loss from continuing operations attributable to Clearwire Corporation	(579,800)	(561,562)	(696,902)
Net loss from discontinued operations attributable to Clearwire Corporation, net of tax	—	(167,005)	(20,431)
Net loss attributable to Clearwire Corporation	\$ (579,800)	\$ (728,567)	\$ (717,333)

See notes to consolidated financial statements

CLEARWIRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	190 Days Ended July 9,	Year ended December 31,	
	2013	2012	2011
	(In thousands)		
Net loss:			
Net loss from continuing operations	\$ (1,102,305)	\$ (1,743,745)	\$ (2,855,733)
Less: non-controlling interests in net loss from continuing operations of consolidated subsidiaries	522,505	1,182,183	2,158,831
Net loss from continuing operations attributable to Clearwire Corporation	(579,800)	(561,562)	(696,902)
Net loss from discontinued operations	—	(168,361)	(81,810)
Less: non-controlling interests in net loss from discontinued operations of consolidated subsidiaries	—	1,356	61,379
Net loss from discontinued operations attributable to Clearwire Corporation, net of tax	—	(167,005)	(20,431)
Net loss attributable to Clearwire Corporation	(579,800)	(728,567)	(717,333)
Other comprehensive income (loss):			
Unrealized foreign currency gains (losses) during the period	43	(699)	3,913
Less: reclassification adjustment of cumulative foreign currency (gains) losses to net loss from continuing operations	—	(8,739)	—
Unrealized investment holding gains (losses) during the period	(35)	56	(1,185)
Less: reclassification adjustment of investment holding gains to net loss	—	—	(4,945)
Other comprehensive income (loss)	8	(9,382)	(2,217)
Less: non-controlling interests in other comprehensive (income) loss of consolidated subsidiaries	(4)	6,056	1,851
Other comprehensive income (loss) attributable to Clearwire Corporation	4	(3,326)	(366)
Comprehensive loss:			
Comprehensive loss	(1,102,297)	(1,921,488)	(2,939,760)
Less: non-controlling interests in comprehensive loss of consolidated subsidiaries	522,501	1,189,595	2,222,061
Comprehensive loss attributable to Clearwire Corporation	\$ (579,796)	\$ (731,893)	\$ (717,699)

See notes to consolidated financial statements

CLEARWIRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	190 Days Ended July 9,		Year ended December 31,	
	2013	2012	2011	
	(In thousands)			
Cash flows from operating activities:				
Net loss from continuing operations	\$ (1,102,305)	\$ (1,743,745)	\$ (2,855,733)	
Adjustments to reconcile net loss to net cash used in operating activities:				
Deferred income taxes	184,599	(199,199)	105,308	
Non-cash gain on derivative instruments	(5,337)	(1,356)	(145,308)	
Accretion of discount on debt	36,832	41,386	40,216	
Depreciation and amortization	370,411	768,193	687,636	
Amortization of spectrum leases	27,871	54,328	53,674	
Non-cash rent expense	82,332	197,169	342,962	
Loss on property, plant and equipment (Note 4)	10,085	171,780	966,441	
Other operating activities	20,973	42,740	27,745	
Changes in assets and liabilities:				
Inventory	(10,057)	11,200	15,697	
Accounts receivable	(2,770)	50,401	(54,212)	
Prepays and other assets	(53,431)	326	22,447	
Prepaid spectrum licenses	—	1,904	(4,360)	
Deferred revenue	39,227	170,455	16,497	
Accounts payable and other liabilities	60,329	(17,090)	(152,180)	
Net cash used in operating activities of continuing operations	(341,241)	(451,508)	(933,170)	
Net cash provided by (used in) operating activities of discontinued operations	—	(3,000)	2,381	
Net cash used in operating activities	(341,241)	(454,508)	(930,789)	
Cash flows from investing activities:				
Capital expenditures	(76,843)	(112,997)	(405,655)	
Purchases of available-for-sale investments	(501,814)	(1,797,787)	(957,883)	
Disposition of available-for-sale investments	699,450	1,339,078	1,255,176	
Other investing activities	1,224	(655)	20,229	
Net cash provided by (used in) investing activities of continuing operations	122,017	(572,361)	(88,133)	
Net cash provided by (used in) investing activities of discontinued operations	—	1,185	(3,886)	
Net cash provided by (used in) investing activities	122,017	(571,176)	(92,019)	
Cash flows from financing activities:				
Principal payments on long-term debt	(20,566)	(26,985)	(29,957)	
Proceeds from issuance of long-term debt	240,000	300,000	—	
Debt financing fees	—	(6,205)	(1,159)	
Equity investment by strategic investors	199	8	331,400	
Proceeds from issuance of common stock	—	58,460	387,279	
Net cash provided by financing activities of continuing operations	219,633	325,278	687,563	
Net cash provided by financing activities of discontinued operations	—	—	—	
Net cash provided by financing activities	219,633	325,278	687,563	
Effect of foreign currency exchange rates on cash and cash equivalents	58	107	(4,573)	
Net increase (decrease) in cash and cash equivalents	467	(700,299)	(339,818)	
Cash and cash equivalents:				
Beginning of period	193,445	893,744	1,233,562	
End of period	193,912	193,445	893,744	
Less: cash and cash equivalents of discontinued operations at end of period	—	—	1,815	
Cash and cash equivalents of continuing operations at end of period	\$ 193,912	\$ 193,445	\$ 891,929	
Supplemental cash flow disclosures:				
Cash paid for interest including capitalized interest paid	\$ 256,227	\$ 505,913	\$ 474,849	
Non-cash investing activities:				

Fixed asset purchases in accounts payable and accrued expenses	\$	18,337	\$	20,795	\$	14,144
Fixed asset purchases financed by long-term debt	\$	50,126	\$	36,229	\$	11,514
Non-cash financing activities:						
Vendor financing obligations	\$	(11,128)	\$	(4,644)	\$	(3,332)
Capital lease obligations	\$	(38,998)	\$	(31,585)	\$	(8,182)
Class A common stock issued for repayment of long-term debt	\$	—	\$	88,456	\$	—
Repayment of long-term debt through issuances of Class A common stock	\$	—	\$	(88,456)	\$	—

See notes to consolidated financial statements

CLEARWIRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the 190 Days Ended July 9, 2013 and the Years Ended December 31, 2012 and 2011

	Class A Common Stock		Class B Common Stock		Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amounts	Shares	Amounts					
	(In thousands)								
Balances at December 31, 2010	243,544	\$ 24	743,481	\$ 74	\$ 2,221,110	\$ 2,495	\$ (900,493)	\$ 4,546,788	\$ 5,869,998
Net loss from continuing operations	—	—	—	—	—	—	(696,902)	(2,158,831)	(2,855,733)
Net loss from discontinued operations	—	—	—	—	—	—	(20,431)	(61,379)	(81,810)
Foreign currency translation adjustment	—	—	—	—	—	1,149	—	2,764	3,913
Unrealized gain on investments	—	—	—	—	—	(1,515)	—	(4,615)	(6,130)
Issuance of common stock, net of issuance costs, and other capital transactions	208,671	21	96,222	9	478,394	664	—	210,088	689,176
Share-based compensation and other transactions	—	—	—	—	15,130	—	—	11,494	26,624
Balances at December 31, 2011	452,215	45	839,703	83	2,714,634	2,793	(1,617,826)	2,546,309	3,646,038
Net loss from continuing operations	—	—	—	—	—	—	(561,562)	(1,182,183)	(1,743,745)
Net loss from discontinued operations	—	—	—	—	—	—	(167,005)	(1,356)	(168,361)
Foreign currency translation adjustment	—	—	—	—	—	(3,354)	—	(6,084)	(9,438)
Unrealized gain on investments	—	—	—	—	—	28	—	28	56
Issuance of common stock, net of issuance costs, and other capital transactions	239,100	24	(65,970)	(6)	415,467	527	—	(287,806)	128,206
Share-based compensation and other transactions	—	—	—	—	28,143	—	—	723	28,866
Balances at December 31, 2012	691,315	69	773,733	77	3,158,244	(6)	(2,346,393)	1,069,631	1,881,622
Net loss from continuing operations	—	—	—	—	—	—	(579,800)	(522,505)	(1,102,305)
Foreign currency translation adjustment	—	—	—	—	—	16	—	27	43
Unrealized loss on investments	—	—	—	—	—	(12)	—	(23)	(35)
Issuance of common stock, net of issuance costs, and other capital transactions	131,882	13	(123,145)	(12)	295,834	—	—	56,284	352,119
Share-based compensation and other transactions	—	—	—	—	23,104	—	—	(2,132)	20,972
Balances at July 9, 2013	823,197	\$ 82	650,588	\$ 65	\$ 3,477,182	\$ (2)	\$ (2,926,193)	\$ 601,282	\$ 1,152,416

See notes to consolidated financial statements

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Clearwire Corporation, including its consolidated subsidiaries, ("Clearwire", "we," "us," "our," or the "Company") is a provider of fourth generation, or 4G, wireless broadband services. We build and operate next generation mobile broadband networks that provide high-speed mobile Internet and residential Internet access services in communities throughout the country. Our current 4G mobile broadband network operates on the Worldwide Interoperability of Microwave Access technology 802.16e standard, which we refer to as mobile WiMAX. In our current 4G mobile broadband markets in the United States, we offer our services through retail channels and through our wholesale partners.

Sprint Acquisition

On December 17, 2012, we entered into an agreement and plan of merger with Sprint Nextel Corporation, which we refer to as the Merger Agreement, pursuant to which Sprint Nextel Corporation agreed to acquire all of the outstanding shares of Clearwire Corporation Class A and Class B common stock, which we refer to as Class A Common Stock and Class B Common Stock, respectively, not currently owned by Sprint Nextel Corporation, SoftBank Corp., which we refer to as SoftBank, or their affiliates. The merger, which we refer to as the Sprint Acquisition, closed on July 9, 2013, which we refer to as the Acquisition Date, and as of that date we became a wholly-owned subsidiary of Sprint Communications, Inc. (formerly known as Sprint Nextel Corporation), which we refer to as Sprint, and an indirect wholly-owned subsidiary of Sprint Corporation. At the closing of the Sprint Acquisition, the outstanding shares of common stock were converted automatically into the right to receive \$5.00 per share in cash, without interest, which we refer to as the Merger Consideration. As a result of the Sprint Acquisition and the resulting change in ownership and control, the acquisition method of accounting will be applied by Sprint, pushed-down to us and included in our consolidated financial statements for all periods presented subsequent to the Acquisition Date. This will result in a new basis of presentation based on the estimated fair values of our assets and liabilities for the successor period beginning as of the day following the consummation of the merger. The estimated fair values will be based on management's judgment after evaluating several factors, including a preliminary valuation assessment.

The accompanying consolidated financial statements and notes represent the period of time prior to the Sprint Acquisition and do not reflect adjustments which will be made as a result of the Sprint Acquisition, including the acquisition method of accounting. Prior to the Sprint Acquisition, Sprint applied the equity method of accounting to its investment in Clearwire. Clearwire's accompanying consolidated financial statements have been included as an Exhibit to Sprint's Form 10-K as required by Regulation S-X, Rule 3.09.

Note Purchase Agreement

In connection with the Merger Agreement, on December 17, 2012, we entered into a Note Purchase Agreement, which we refer to as the Note Purchase Agreement, with Clearwire Communications LLC, which we refer to as Clearwire Communications, Clearwire Finance Inc., and together with Clearwire Communications, which we refer to as the Issuers, and Sprint, in which Sprint agreed to purchase from us at our election up to an aggregate principal amount of \$800.0 million of 1.00% Exchangeable Notes due 2018, which we refer to as the Sprint Notes, in ten monthly installments of \$80.0 million each on the first business day of each month, which we refer to as the Draw Date, beginning January 2013 and through the pendency of the merger. The Notes accrue interest at 1.00% per annum and are exchangeable into shares of Class A Common Stock at an exchange rate of 666.67 shares per \$1,000 aggregate principal amount of the Notes, which is equivalent to a price of \$1.50 per share, subject to anti-dilution protections. See Note 9, Long-term Debt, net, for further information.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Liquidity

To date, we have invested heavily in building and maintaining our networks. We have a history of operating losses, and we expect to have significant losses in the future. We do not expect our operations to generate cumulative positive cash flows during the next twelve months.

We expect to meet our funding needs for the near future through our cash and investments held at July 9, 2013 and cash receipts from our mobile WiMAX, services from our retail and wholesale business, other than Sprint, and Sprint under the 2011 November 4G MVNO Amendment. Additionally, we anticipate receiving funds from Sprint for the deployment of our Time Division Duplex, which we refer to as TDD, Long Term Evolution, which we refer to as LTE, network and the use of additional spectrum not specified in the 2011 November 4G MVNO Amendment. As a wholly-owned subsidiary of Sprint, to the extent we are not able to fund our business through our retail and wholesale revenue streams, we expect to receive funding for any shortfall from Sprint such that we will continue to be a going concern for at least the next twelve months.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as U.S. GAAP. The following is a summary of our significant accounting policies:

Principles of Consolidation — The consolidated financial statements include all of the assets, liabilities and results of operations of our wholly-owned subsidiaries, and subsidiaries we control or in which we have a controlling financial interest. Investments in entities that we do not control and are not the primary beneficiary, but for which we have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method. All intercompany transactions are eliminated in consolidation.

Non-controlling interests on the consolidated balance sheets include third-party investments in entities that we consolidate, but do not wholly own. We classify our non-controlling interests as part of equity and we allocate net loss, other comprehensive income (loss) and other equity transactions to our non-controlling interests in accordance with their applicable ownership percentages. We also continue to attribute to our non-controlling interests their share of losses even if that attribution results in a deficit non-controlling interest balance. See Note 14, Stockholders' Equity, for further information.

Financial Statement Presentation — We have reclassified certain prior period amounts to conform with the current period presentation.

Use of Estimates — Preparing financial statements in conformity with U.S. GAAP requires management to make complex and subjective judgments. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, observance of trends in the industry, information provided by our subscribers and information available from other outside sources, as appropriate. Additionally, changes in accounting estimates are reasonably likely to occur from period to period. These factors could have a material impact on our financial statements, the presentation of our financial condition, changes in financial condition or results of operations.

Significant estimates inherent in the preparation of the accompanying financial statements include: impairment analysis of spectrum licenses with indefinite lives, including judgments about when an impairment indicator may or may not have occurred and estimates of the fair value of our spectrum licenses, the recoverability and determination of useful lives for long-lived assets, which include property, plant and equipment and other intangible assets, tax valuation allowances and valuation of derivatives.

Cash and Cash Equivalents — Cash equivalents consist of money market mutual funds and highly liquid short-term investments, with original maturities of three months or less. Cash equivalents are stated at cost, which

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

approximates market value. Cash and cash equivalents exclude cash that is contractually restricted for operational purposes. We maintain cash and cash equivalent balances with financial institutions that exceed federally insured limits. We have not experienced any losses related to these balances, and management believes the credit risk related to these balances to be minimal.

Restricted Cash — Restricted cash consists primarily of amounts to satisfy certain contractual obligations and is classified as a current or non-current asset based on its designated purpose. The majority of this restricted cash has been designated to satisfy certain lease obligations.

Investments — We have an investment portfolio comprised primarily of U.S. Government and Agency marketable debt securities. We classify marketable debt securities as available-for-sale investments and these securities are stated at their estimated fair value. Our investments are recorded as short-term investments when the original maturities are greater than three months but remaining maturities are less than one year. Our investments with maturities of more than one year are recorded as long-term investments. Unrealized gains and losses are recorded within accumulated other comprehensive income (loss). Realized gains and losses are measured and reclassified from accumulated other comprehensive income (loss) on the basis of the specific identification method.

We account for certain of our investments using the equity method based on our ownership interest and our ability to exercise significant influence. Accordingly, we record our investment initially at cost and we adjust the carrying amount of the investment to recognize our share of the earnings or losses of the investee each reporting period. We cease to recognize investee losses when our investment basis is zero. At July 9, 2013 and December 31, 2012, our balance in equity method investees was \$0.

We recognize realized losses when declines in the fair value of our investments below their cost basis are judged to be other-than-temporary. In determining whether a decline in fair value is other-than-temporary, we consider various factors including market price, investment ratings, the financial condition and near-term prospects of the issuer, the length of time and the extent to which the fair value has been less than the cost basis, and our intent and ability to hold the investment until maturity or for a period of time sufficient to allow for any anticipated recovery in market value. If it is judged that a decline in fair value is other-than-temporary, a realized loss equal to the excess of the cost basis over fair value is recorded in the consolidated statements of operations, and a new cost basis in the investment is established.

Fair Value Measurements — Fair value is 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. In determining fair value, we consider the principal or most advantageous market in which the asset or liability would transact, and if necessary, consider assumptions that market participants would use when pricing the asset or liability.

The accounting guidance for fair value measurement requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. Financial assets and financial liabilities are classified in the hierarchy based on the lowest level of input that is significant to the fair value measurement. Our assessment of 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.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in less active markets; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are significant to the fair value measurement and cannot be corroborated by market data.

If listed prices or quotes are not available, fair value is based upon internally developed or other available models that primarily use, as inputs, market-based or independently sourced market parameters, including but not limited to interest rate curves, volatilities, equity prices, and credit curves. We use judgment in determining certain assumptions that market participants would use in pricing the financial instrument, including assumptions about discount rates and credit spreads. The degree of management judgment involved in determining fair value is dependent upon the availability of observable market parameters. For assets or liabilities that trade actively and have quoted market prices or observable market parameters, there is minimal judgment involved in measuring fair value. When observable market prices and parameters are not fully available, management judgment is necessary to estimate fair value. In addition, changes in market conditions may reduce the availability and reliability of quoted prices or observable data. See Note 11, Fair Value, for further information.

Accounts Receivable — Accounts receivables are stated at amounts due from subscribers and our wholesale partners net of an allowance for doubtful accounts. See Note 15, Related Party Transactions, for further information regarding accounts receivable balances with related parties.

Inventory — Inventory primarily consists of customer premise equipment, which we refer to as CPE, and other accessories sold to retail subscribers and is stated at the lower of cost or net realizable value. Cost is determined under the average cost method. We record inventory write-downs for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Property, Plant and Equipment — Property, plant and equipment, excluding construction in progress, is stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets once the assets are placed in service. Our network construction expenditures are recorded as construction in progress until the network or other asset is placed in service, at which time the asset is transferred to the appropriate property, plant and equipment, which we refer to as PP&E, category. We capitalize costs of additions and improvements, including salaries, benefits and related overhead costs associated with constructing PP&E and interest costs related to construction. The estimated useful life of PP&E is determined based on historical usage of identical or similar equipment, with consideration given to technological changes and industry trends that could impact the network architecture and asset utilization. Leasehold improvements are recorded at cost and amortized over the lesser of their estimated useful lives or the related lease term, including renewals that are reasonably assured. Included within Network and base station equipment is equipment recorded under capital leases which is generally being amortized over the lease term. Maintenance and repairs are expensed as incurred.

PP&E is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or circumstances exist, we determine the recoverability of the asset's carrying value by estimating the expected undiscounted future cash flows that are directly associated with and that are expected to arise as a direct result of the use and disposal of the asset. If the expected undiscounted future cash flows are less than the carrying amount of the asset, a loss is recognized for the difference between the fair value of the asset and its carrying value. For purposes of testing impairment, our long-lived assets, including PP&E and intangible assets with definite useful lives, and our spectrum license assets are combined into a single asset group. This represents the lowest level for which there are identifiable cash flows which

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

are largely independent of other assets and liabilities, and management believes that utilizing these assets as a group represents the highest and best use of the assets and is consistent with management's strategy of utilizing our spectrum licenses on an integrated basis as part of our nationwide network. For PP&E, there were no impairment losses recorded in the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 .

In addition to the analyses described above, we periodically assess certain assets that have not yet been deployed in our networks, including equipment and cell site development costs, classified as construction in progress. This assessment includes the provision for differences between recorded amounts and the results of physical counts and the provision for excessive and obsolete equipment. See Note 4, Property, Plant and Equipment, for further information.

Internally Developed Software — We capitalize costs related to computer software developed or obtained for internal use, and interest costs incurred during the period of development. Software obtained for internal use has generally been enterprise-level business and finance software customized to meet specific operational needs. Costs incurred in the application development phase are capitalized and amortized over the useful life of the software once the software has been placed in service, which is generally three years. We periodically assess capitalized software costs that have not been placed in service to determine whether any projects are no longer expected to be completed. The capitalized cost associated with any projects that are not expected to be completed are written down. Costs recognized in the preliminary project phase and the post-implementation phase, as well as maintenance and training costs, are expensed as incurred.

Spectrum Licenses — Spectrum licenses primarily include owned spectrum licenses with indefinite lives and favorable spectrum leases. Indefinite lived spectrum licenses acquired are stated at cost and are not amortized. While owned spectrum licenses in the United States are issued for a fixed time, renewals of these licenses have occurred routinely and at nominal cost. Moreover, we have determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of our owned spectrum licenses and therefore, the licenses are accounted for as intangible assets with indefinite lives. The impairment test for intangible assets with indefinite useful lives consists of a comparison of the fair value of an intangible asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess. The estimated fair value of spectrum licenses are determined by the use of the Greenfield direct value method, which estimates value through estimating discounted future cash flows of a hypothetical start-up business . Spectrum licenses with indefinite useful lives are assessed for impairment annually, or more frequently, if an event indicates that the asset might be impaired. We had no impairments for any of the periods presented for indefinite lived intangible assets.

Favorable spectrum leases are stated at cost, net of accumulated amortization, and are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying value of spectrum leases are amortized on a straight-line basis over their estimated useful lives or lease term, including expected renewal periods, as applicable. There were no impairment losses for favorable spectrum leases in the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 .

Other Intangible Assets — Other intangible assets consist of subscriber relationships, trademarks, patents and other, and are stated at cost net of accumulated amortization. Amortization is calculated using either the straight-line method or an accelerated method over the assets' estimated remaining useful lives. Other intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There were no impairment losses for our other intangible assets in the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 .

Derivative Instruments and Hedging Activities — It is our policy that hedging activities are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. We record all derivatives on the balance sheet at fair value as either assets or liabilities. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and whether it qualifies for hedge accounting.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

During 2010, we issued exchangeable notes that included embedded exchange options, which we refer to as the Exchange Options, which qualified as derivative instruments and are required to be accounted for separately from the host debt instruments and recorded as derivative financial instruments at fair value. The embedded Exchange Options do not qualify for hedge accounting, and as such, all future changes in the fair value of these derivative instruments will be recognized currently in earnings until such time as the Exchange Options are exercised or expire. See Note 10, Derivative Instruments, for further information.

Debt Issuance Costs — Debt issuance costs are initially capitalized as a deferred cost and amortized to interest expense under the effective interest method over the expected term of the related debt. Unamortized debt issuance costs related to extinguishment of debt are expensed at the time the debt is extinguished and recorded in other income (expenses), net in the consolidated statements of operations. Unamortized debt issuance costs are considered long-term and recorded in Other assets in the consolidated balance sheets.

Interest Capitalization — We capitalize interest related to the construction of our network infrastructure assets, as well as the development of software for internal use. Capitalization of interest commences with pre-construction period administrative and technical activities, which includes obtaining leases, zoning approvals and building permits, and ceases when the construction is substantially complete and available for use or when we suspend substantially all construction activity. Interest is capitalized on construction in progress and software under development. Interest capitalization is based on rates applicable to borrowings outstanding during the period and the balance of qualified assets under construction during the period. Capitalized interest is reported as a cost of the network assets or software assets and depreciated over the useful lives of those assets. See Note 4, Property, Plant and Equipment.

Income Taxes — We record deferred income taxes based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities using the tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are also recorded for net operating loss, capital loss, and tax credit carryforwards. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount considered more likely than not to be realized. We also apply a recognition threshold that a tax position is required to meet before being recognized in the financial statements. Our policy is to recognize any interest related to unrecognized tax benefits in interest expense or interest income. We recognize penalties as additional income tax expense.

Revenue Recognition — We primarily earn revenue by providing access to our high-speed wireless networks. Also included in revenue are sales of CPE and additional add-on services. In our 4G mobile broadband markets, we offer our services through retail channels and through our wholesale partners. We believe that the geographic diversity of our retail subscriber base minimizes the risk of incurring material losses due to concentration of credit risk. Sprint, our major wholesale customer, accounts for substantially all of our wholesale revenues to date, and comprises approximately 36% of total revenues during the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011.

Revenue consisted of the following (in thousands):

	190 Days Ended July 9,	Year Ended December 31,	
	2013	2012	2011
Retail and other revenue	\$ 424,723	\$ 796,225	\$ 759,805
Wholesale revenue	240,879	468,469	493,661
Total revenues	<u>\$ 665,602</u>	<u>\$ 1,264,694</u>	<u>\$ 1,253,466</u>

Revenue from retail subscribers is billed one month in advance and recognized ratably over the service period. Revenues associated with the sale of CPE and other equipment is recognized when title and risk of loss is transferred. Billed shipping and handling costs are classified as revenue.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Revenue arrangements with multiple deliverables are divided into separate units and, where available, revenue is allocated using vendor-specific objective evidence or third-party evidence of the selling prices; otherwise estimated selling prices are utilized. Any revenue attributable to the delivered elements is recognized currently in revenue and any revenue attributable to the undelivered elements is deferred and will be recognized as the undelivered elements are expected to be delivered over the remaining term of the agreements.

With the exception of the Universal Service Fee, which we refer to as USF, a regulatory surcharge, taxes and other fees collected from customers are excluded from revenues. USF is recorded on a gross basis and included in revenues when billed to customers. USF included in revenue for the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 were \$0.9 million, \$2.8 million and \$3.9 million, respectively.

For the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011, substantially all of our wholesale revenues were derived from our agreements with Sprint. In November 2011, we entered into the November 2011 4G MVNO Amendment. As a result, the minimum payments under the previous amendment to the 4G MVNO agreement entered into with Sprint in April 2011 were replaced with the provisions of the November 2011 4G MVNO Amendment. Under the November 2011 4G MVNO Amendment, Sprint is paying us \$925.9 million for unlimited 4G mobile WiMAX services for resale to its retail subscribers in 2012 and 2013, approximately two-thirds of which was paid for service provided in 2012, and the remainder paid for service provided in 2013. As part of the November 2011 4G MVNO Amendment, we also agreed to usage based pricing for WiMAX services after 2013 and for LTE service beginning in 2012.

In 2011, revenues from wholesale subscribers were billed one month in arrears and were generally recognized as they are earned, based on terms defined in our commercial agreements with our wholesale partners. For 2011, substantially all of our wholesale revenues were derived from our agreement with Sprint. Under that agreement, revenues were earned as Sprint utilized our network, with usage-based pricing that included volume discounts.

Advertising Costs — Advertising costs are expensed as incurred or the first time the advertising occurs. Advertising expense was \$22.6 million, \$69.7 million and \$76.4 million for the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011, respectively.

Operating Leases — We have operating leases for spectrum licenses, towers and certain facilities, and equipment for use in our operations. Certain of our spectrum licenses are leased from third-party holders of Educational Broadband Service, which we refer to as EBS, spectrum licenses granted by the FCC. EBS licenses authorize the provision of certain communications services on the EBS channels in certain markets throughout the United States. We account for these spectrum leases as executory contracts which are similar to operating leases. Signed leases which have unmet conditions required to become effective are not amortized until such conditions are met and are included in spectrum licenses in the accompanying consolidated balance sheets, if such leases require upfront payments. For leases containing scheduled rent escalation clauses, we record minimum rental payments on a straight-line basis over the term of the lease, including the expected renewal periods as appropriate. For leases containing tenant improvement allowances and rent incentives, we record deferred rent, which is classified as a liability, and that deferred rent is amortized over the term of the lease, including the expected renewal periods as appropriate, as a reduction to rent expense.

We periodically terminate unutilized tower leases, or when early termination is not available under the terms of the lease, we advise our landlords of our intention not to renew. At the time we notify our landlords of our intention not to renew, we recognize a cease-to-use tower lease liability based on the remaining lease rentals adjusted for any prepaid or deferred rent recognized under the lease, reduced by estimated sublease rentals, if any, that could be reasonably obtained for the property.

Discontinued Operations — As a result of a strategic decision to focus investment in the United States market, during the second quarter of 2011, we committed to sell our operations in Belgium, Germany and Spain. These businesses comprised substantially all of the remaining operations previously reported in our International segment. During the year ended December 31, 2012, we completed the sale of operations in Germany, Belgium and

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Spain. Associated results of operations for the years ended December 31, 2012 and 2011 are separately reported as discontinued operations.

Summarized financial information for discontinued operations is show below (in thousands):

	Year Ended December 31,	
	2012	2011
Total revenues	\$ 8,473	\$ 20,767
Loss from discontinued operations before income taxes	\$ (1,185)	\$ (86,749)
Income tax benefit (provision)	(167,176)	4,939
Net loss from discontinued operations	(168,361)	(81,810)
Less: non-controlling interests in net loss from discontinued operations of consolidated subsidiaries	1,356	61,379
Net loss from discontinued operations attributable to Clearwire Corporation	\$ (167,005)	\$ (20,431)

New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance regarding Disclosures about Offsetting Assets and Liabilities, which requires common disclosure requirements to allow investors to better compare and assess the effect of offsetting arrangements on financial statements prepared under U.S. GAAP with financial statements prepared under IFRS. The standard was effective beginning in the first quarter 2013, requires retrospective application, and only affects disclosures in the footnotes to the financial statements. In October 2012, the FASB tentatively decided to limit the scope of this authoritative guidance to derivatives, repurchase agreements, and securities lending and securities borrowing arrangements. In January 2013, the FASB issued additional clarifying guidance which limited the scope of the disclosure requirements to derivatives, repurchase agreements and reverse purchase agreements, and securities lending and securities borrowing transactions that are either offset in accordance with specific criteria contained in U.S. GAAP or subject to a master netting arrangement or similar agreement. Based on the scope revision, this authoritative guidance did not impact our existing disclosures.

In February 2013, the 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) Income line items affected by the reclassification. The guidance was effective beginning in the first quarter 2013 and did not have a material effect on our consolidated financial statements as amounts reclassified out of other comprehensive income, consisting primarily of the recognition of foreign currency gains, are immaterial for all periods presented.

In July 2013, the FASB issued authoritative guidance regarding *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*, which amends existing guidance related to the financial presentation of unrecognized tax benefits by requiring an entity to net its unrecognized tax benefits against the deferred tax assets for all available same-jurisdiction loss or other tax carryforwards that would apply in settlement of the uncertain tax positions. The amendments will be effective beginning in the first quarter of 2014 with early adoption permitted, will be applied prospectively to all unrecognized tax benefits that exist at the effective date, and are not expected to have a material effect on our consolidated financial statements.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

3. Investments

Investments as of July 9, 2013 and December 31, 2012 consisted of the following (in thousands):

	July 9, 2013			December 31, 2012				
	Cost	Gross Unrealized		Fair Value	Cost	Gross Unrealized		Fair Value
		Gains	Losses			Gains	Losses	
Short-term								
U.S. Government and Agency Issues	\$ 476,170	\$ 54	\$ —	\$ 476,224	\$ 675,024	\$ 88	\$ —	\$ 675,112

During the first quarter of 2012, we sold the Auction Market Preferred securities and recorded a gain of \$3.3 million to Other income (expense), net on the consolidated statements of operations representing the total proceeds received. We no longer own any collateralized debt obligations or Auction Market Preferred securities.

No other-than-temporary impairment losses were recorded for the 190 days ended July 9, 2013 or the years ended December 31, 2012 or 2011 .

4. Property, Plant and Equipment

Property, plant and equipment as of July 9, 2013 and December 31, 2012 consisted of the following (in thousands):

	Useful Lives (Years)	July 9, 2013	December 31, 2012
Network and base station equipment	5-15	\$ 3,400,849	\$ 3,396,376
Customer premise equipment	2	35,962	45,376
Furniture, fixtures and equipment	3-5	487,470	480,160
Leasehold improvements	Lesser of useful life or lease term	27,714	30,142
Construction in progress	N/A	184,022	156,630
		4,136,017	4,108,684
Less: accumulated depreciation and amortization		(2,116,691)	(1,849,680)
		<u>\$ 2,019,326</u>	<u>\$ 2,259,004</u>
	190 Days Ended July 9, 2013	Year Ended December 31, 2012 2011	
Supplemental information (in thousands):			
Capitalized interest		\$ 6,751	\$ 6,598
Depreciation expense		\$ 362,777	\$ 749,765
		\$ 18,823	\$ 665,344

We have entered into lease arrangements related to our network construction and equipment that meet the criteria for capital leases. At July 9, 2013 and December 31, 2012 , we have recorded capital lease assets with an original cost of \$151.8 million and \$112.8 million , respectively, within network and base station equipment.

Construction in progress is primarily composed of costs incurred during the process of completing network projects not yet placed in service. The balance at July 9, 2013 included \$145.5 million of costs related to completing network projects not yet placed in service, \$38.1 million of network and base station equipment not yet assigned to a project and \$0.4 million of costs related to information technology, which we refer to as IT, and other corporate projects.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Charges associated with Property, plant and equipment

We periodically assess assets that have not yet been deployed in our networks, including equipment and cell site development costs, classified as construction in progress. We evaluate for losses related to (1) shortage, or loss incurred in deploying such equipment, (2) reserve for excessive and obsolete equipment not yet deployed in the network, and (3) abandonment of network and corporate projects no longer expected to be deployed. In addition to charges incurred in the normal course of business, this assessment includes evaluating the impact of changes in our business plans and strategic network plans on those assets.

During 2012, we solidified our TDD-LTE network architecture, including identifying the sites at which we expect to overlay TDD-LTE technology in the first phase of our deployment. Any projects that are not required to deploy TDD-LTE technology at those sites, or that are no longer viable due to the development of the TDD-LTE network architecture, were abandoned and the related costs written down. In addition, any network equipment not required to support our network deployment plans or sparing requirements were written down to estimated salvage value.

We incurred the following charges associated with PP&E for the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 (in thousands):

	190 Days Ended July 9,	Year Ended December 31,	
	2013	2012	2011
Abandonment of network projects no longer meeting strategic network plans	\$ 671	\$ 81,642	\$ 397,204
Abandonment of network projects associated with terminated leases	—	—	233,468
Abandonment of corporate projects	162	564	69,669
Total loss from abandonment of network and other assets	833	82,206	700,341
Charges for disposal and differences between recorded amounts and results of physical counts ⁽¹⁾⁽²⁾	5,315	30,961	56,188
Charges for excessive and obsolete equipment ⁽¹⁾	3,937	58,613	209,912
Total losses on property, plant and equipment	<u>\$ 10,085</u>	<u>\$ 171,780</u>	<u>\$ 966,441</u>

⁽¹⁾ Included in Cost of goods and services and network costs on the consolidated statements of operations.

⁽²⁾ For the year ended December 31, 2012, \$14.0 million related to retail operations is included in Selling, general and administrative expense on the consolidated statements of operations.

5. Spectrum Licenses

Owned and leased spectrum licenses as of July 9, 2013 and December 31, 2012 consisted of the following (in thousands):

	July 9, 2013			December 31, 2012		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Indefinite-lived owned spectrum	\$ 3,104,664	\$ —	\$ 3,104,664	\$ 3,104,129	\$ —	\$ 3,104,129
Spectrum leases and prepaid spectrum	1,371,737	(265,740)	1,105,997	1,370,317	(237,317)	1,133,000
Pending spectrum and transition costs	12,239	—	12,239	12,492	—	12,492
Total spectrum licenses	<u>\$ 4,488,640</u>	<u>\$ (265,740)</u>	<u>\$ 4,222,900</u>	<u>\$ 4,486,938</u>	<u>\$ (237,317)</u>	<u>\$ 4,249,621</u>

Indefinite-lived Owned Spectrum Licenses — Spectrum licenses, which are issued on both a site-specific and a wide-area basis, authorize wireless carriers to use radio frequency spectrum to provide service to certain

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

geographical areas in the United States. These licenses are generally acquired as an asset purchase or through a business combination. In some cases, we acquire licenses directly from the governmental authority.

Spectrum Leases and Prepaid Spectrum — We also lease spectrum from third parties who hold the spectrum licenses. These leases are accounted for as executory contracts, which are treated like operating leases. Upfront consideration paid to third-party holders of these leased licenses at the inception of a lease agreement is capitalized as prepaid spectrum lease costs and is expensed over the term of the lease agreement, including expected renewal terms, as applicable. Favorable spectrum leases of \$1.0 billion were recorded as an asset as a result of purchase accounting in November 2008 and are amortized over the lease term.

	190 Days Ended July 9, 2013	Year Ended December 31,	
	2013	2012	2011
Supplemental Information (in thousands):			
Amortization of prepaid and other spectrum licenses	\$ 29,022	\$ 56,554	\$ 55,870

As of July 9, 2013, future amortization of spectrum licenses, spectrum leases and prepaid lease costs (excluding pending spectrum and spectrum transition costs) is expected to be as follows (in thousands):

Remainder of 2013	\$ 25,752
2014	53,928
2015	53,376
2016	52,588
2017	51,328
Thereafter	869,025
Total	\$ 1,105,997

6. Other Intangible Assets

Other intangible assets as of July 9, 2013 and December 31, 2012 consisted of the following (in thousands):

		July 9, 2013			December 31, 2012		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Subscriber relationships	7 years	\$ 108,275	\$ (91,888)	\$ 16,387	\$ 108,275	\$ (86,040)	\$ 22,235
Trade names and trademarks	5 years	3,804	(3,550)	254	3,804	(3,106)	698
Patents and other	10 years	3,297	(1,734)	1,563	3,270	(1,543)	1,727
Total other intangibles		\$ 115,376	\$ (97,172)	\$ 18,204	\$ 115,349	\$ (90,689)	\$ 24,660

As of July 9, 2013, the future amortization of other intangible assets is expected to be as follows (in thousands):

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Remainder of 2013	\$	5,822
2014		7,740
2015		3,874
2016		329
2017		329
Thereafter		110
Total	\$	18,204

	190 Days Ended July 9,		Year Ended December 31,	
	2013		2012	2011
Supplemental Information (in thousands):				
Amortization expense	\$	6,483	\$	16,232
			\$	20,096

We evaluate all of our patent renewals on a case by case basis, based on renewal costs.

7. Supplemental Information on Liabilities

Current liabilities

Current liabilities consisted of the following (in thousands):

	July 9, 2013	December 31, 2012
Accounts payable and accrued expenses:		
Accounts payable	\$ 139,857	\$ 83,701
Accrued interest	55,813	42,786
Salaries and benefits	29,816	22,010
Business and income taxes payable	31,621	20,363
Other accrued expenses	3,560	8,995
Total accounts payable and accrued expenses	260,667	177,855
Other current liabilities:		
Derivative instruments	—	5,333
Deferred revenues ⁽¹⁾	229,517	124,466
Current portion of long-term debt	44,510	36,080
Cease-to-use lease liability ⁽¹⁾	44,240	55,158
Other ⁽¹⁾	13,846	6,573
Total other current liabilities	332,113	227,610
Total	\$ 592,780	\$ 405,465

Other long-term liabilities

Other long-term liabilities consisted of the following (in thousands):

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

	July 9, 2013	December 31, 2012
Deferred rents associated with tower and spectrum leases ⁽¹⁾	\$ 795,597	\$ 717,741
Cease-to-use liability ⁽¹⁾	104,841	114,284
Deferred revenue ⁽¹⁾	13,750	83,887
Other ⁽¹⁾	47,140	47,441
Total	\$ 961,328	\$ 963,353

⁽¹⁾ See Note 15, Related Party Transactions, for further detail regarding balances with related parties.

8. Income Taxes

The income tax provision (benefit) consists of the following for the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 (in thousands):

	For the 190 Days Ended July 9,		Year Ended December 31,	
	2013	2012	2011	
Current taxes:				
International	\$ —	\$ —	\$ (59)	
State	881	1,800	1,579	
Total current taxes	881	1,800	1,520	
Deferred taxes:				
Federal	170,248	(182,520)	96,292	
State	14,351	(16,679)	9,016	
Total deferred taxes	184,599	(199,199)	105,308	
Income tax provision (benefit)	\$ 185,480	\$ (197,399)	\$ 106,828	

The income tax rate computed using the federal statutory rates is reconciled to the reported effective income tax rate as follows:

	For the 190 Days Ended July 9,		Year Ended December 31,	
	2013	2012	2011	
Federal statutory income tax rate	35.0 %	35.0 %	35.0 %	
State income taxes (net of federal benefit)	0.3	0.7	0.7	
Non-controlling interest	(19.9)	(21.3)	(27.5)	
Basis adjustments in investments in Clearwire Communications LLC	(11.1)	1.1	(1.5)	
Other, net	0.8	(1.0)	0.1	
Allocation to items of equity other than other comprehensive income	12.0	(1.2)	1.7	
Valuation allowance	(37.3)	(3.1)	(12.4)	
Effective income tax rate	(20.2)%	10.2 %	(3.9)%	

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Components of deferred tax assets and liabilities as of July 9, 2013 and December 31, 2012 were as follows (in thousands):

	July 9, 2013	December 31, 2012
Noncurrent deferred tax assets:		
Net operating loss carryforward	\$ 886,883	\$ 553,195
Capital loss carryforward	86,319	221,453
Other assets	331	625
Total deferred tax assets	973,533	775,273
Valuation allowance	(852,968)	(458,935)
Net deferred tax assets	120,565	316,338
Noncurrent deferred tax liabilities:		
Investment in Clearwire Communications	339,771	460,834
Other	(756)	(504)
Total deferred tax liabilities	339,015	460,330
Net deferred tax liabilities	\$ 218,450	\$ 143,992

We determine deferred income taxes based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities using the tax rates expected to be in effect when any temporary differences reverse or when the net operating loss, which we refer to as NOL, capital loss or tax credit carry-forwards are utilized.

As of July 9, 2013, excluding NOL carry-forwards that we permanently will be unable to use (as discussed below), we had United States federal tax NOL carry-forwards of approximately \$2.01 billion of which \$1.35 billion is subject to certain annual limitations imposed under Section 382 of the Internal Revenue Code. The NOL carry-forwards begin to expire in 2021. We had \$435.4 million of tax NOL carry-forwards in foreign jurisdictions; \$426.1 million have no statutory expiration date, and \$9.3 million begins to expire in 2015. We also have federal capital loss carry-forwards of \$227.5 million which is also subject to certain annual limitations imposed under Section 382 of the Internal Revenue Code. The capital loss carry-forwards begin to expire between 2015 and 2017. Our U.S. federal NOL carry-forwards and capital loss carry-forwards in total are subject to the annual limitations imposed under Section 382 of the Internal Revenue Code. We currently do not project that the Company will generate capital gain income to utilize the capital loss carry-forwards. However, if the Company generates sufficient capital gain income to enable utilization of capital loss carry-forwards in excess of \$227.5 million, then NOL carry-forwards of up to \$227.5 million may no longer be available to offset future taxable income.

We have recorded a valuation allowance against our deferred tax assets to the extent that we determined that it is more likely than not that these items will either expire before we are able to realize their benefits or that future deductibility is uncertain. As it relates to the United States tax jurisdiction, we determined that our temporary taxable difference associated with our investment in Clearwire Communications LLC, which we refer to as Clearwire Communications, will not fully reverse within the carry-forward period of the NOLs and accordingly does not represent relevant future taxable income.

Sprint Holdco LLC, which we refer to as Sprint, exchanged 57.5 million of Clearwire Communications Class B common interests, which we refer to as Class B Common Interests, and a corresponding number of shares of Class B Common Stock, for an equal number of shares of Class A Common Stock, and which we refer to as the Sprint Exchange, on July 5, 2013. Intel Capital Wireless Investment Corporation 2008A, which we refer to as Intel,

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exchanged 65.6 million Class B Common Interests, and a corresponding number of shares of Class B Common Stock, for an equal number of shares of Class A Common Stock, and which we refer to as the Intel Exchange, on July 9, 2013. The Sprint Exchange and the Intel Exchange resulted in significant changes to the financial statement and tax basis, respectively, that Clearwire has in its interest in Clearwire Communications, as well as, a decrease in the amount of temporary differences which will reverse within the NOL carryforward period (see discussion below).

Our deferred tax assets primarily represent NOL carry-forwards associated with Clearwire's operations prior to the formation of the Company on November 28, 2008 and the portion of the partnership losses allocated to Clearwire after the formation of the Company. The Company is subject to a change in control test under Section 382 of the Internal Revenue Code, that if met, would limit the annual utilization of any pre-change in control NOL carry-forward as well as the ability to use certain unrealized built in losses as future tax deductions. We believe that the Sprint Acquisition, which occurred on July 9, 2013, when combined with other issuances of our Class A Common Stock and certain third party investor transactions involving our Class A Common Stock since September 27, 2012, resulted in a change in control under Section 382 of the Internal Revenue Code. As a result of this change in control and the changes in control that occurred on September 27, 2012 and December 13, 2011, respectively, we believe that we permanently will be unable to use a significant portion of our NOL carry-forwards and credit carry-forwards, which are collectively referred to as tax attributes, that arose before the change in control to offset future taxable income. As a result of the annual limitations under Sections 382 and 383 of the Internal Revenue Code on the utilization of tax attributes following an ownership change, it was determined that approximately \$2.03 billion of United States NOL carry-forwards will expire unutilized. The United States tax attributes are presented net of these limitations. In addition, subsequent changes of ownership for purposes of Sections 382 and 383 of the Internal Revenue Code could further diminish our use of remaining United States tax attributes.

We have recognized a deferred tax liability for the difference between the financial statement carrying value and the tax basis of the partnership interest. As it relates to the United States tax jurisdiction, we determined that our temporary taxable difference associated with our investment in the partnership will not completely reverse within the carry-forward period of the NOLs. The portion of such temporary difference that will reverse within the carry-forward period of the NOLs represents relevant future taxable income. Management has reviewed the facts and circumstances, including the history of NOLs, projected future tax losses, and determined that it is appropriate to record a valuation allowance against the portion of our deferred tax assets that are not deemed realizable. As a result of the Sprint Exchange and Intel Exchange, there was a net decrease in the amount of temporary difference which will reverse within the NOL carry-forward period. Therefore, management determined that it was appropriate to increase the valuation allowance recorded against our deferred tax assets, along with recording a corresponding deferred tax expense for our continuing operations. The income tax expense reflected in our condensed consolidated statements of operations for continuing operations primarily reflects United States deferred taxes and certain state taxes.

We file income tax returns for Clearwire and our subsidiaries in the United States federal jurisdiction and various state and foreign jurisdictions. As of July 9, 2013, the tax returns for Clearwire for the years 2003 through 2012 remain open to examination by the Internal Revenue Service and various state tax authorities.

Our policy is to recognize any interest related to unrecognized tax benefits in interest expense or interest income. We recognize penalties as additional income tax expense. As of July 9, 2013, we had no material uncertain tax positions and therefore accrued no interest or penalties related to uncertain tax positions.

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9. Long-term Debt, Net

Long-term debt at July 9, 2013 and December 31, 2012 consisted of the following (in thousands):

	July 9, 2013					
	Interest Rates	Effective Rate ⁽¹⁾	Maturities	Par Amount	Net Discount	Carrying Value
Notes:						
2015 Senior Secured Notes	12.00%	12.92%	2015	\$ 2,947,494	\$ (23,622)	\$ 2,923,872
2016 Senior Secured Notes	14.75%	15.36%	2016	300,000	—	300,000
Second-Priority Secured Notes	12.00%	12.42%	2017	500,000	—	500,000
Exchangeable Notes	8.25%	16.93%	2040	629,250	(153,009)	476,241
Sprint Notes	1.00%	N/A ⁽⁵⁾	2018	240,000	(227,265)	12,735
Vendor Financing Notes ⁽³⁾	LIBOR based ⁽²⁾	6.37%	2014/2015	31,982	—	31,982
Capital lease obligations and other ⁽³⁾				122,615	—	122,615
Total debt, net				<u>\$ 4,771,341</u>	<u>\$ (403,896)</u>	4,367,445
Less: Current portion of Vendor Financing Notes and capital lease obligations and other ⁽⁴⁾						(44,510)
Total long-term debt, net						<u>\$ 4,322,935</u>

⁽¹⁾ Represents weighted average effective interest rate based on year-end balances.

⁽²⁾ Coupon rate based on 3-month LIBOR plus a spread of 5.50% (secured) and 7.00% (unsecured). Included in the balance are unsecured notes with par amount of \$15.2 million at July 9, 2013 .

⁽³⁾ As of July 9, 2013 , par amount of approximately \$138.0 million is secured by assets classified as Network and base station equipment. The remaining par amount is unsecured.

⁽⁴⁾ Included in Other current liabilities on the consolidated balance sheet.

⁽⁵⁾ The discount on the Sprint Notes is accreted as interest expense on a straight-line basis over the life of the notes due to the magnitude of the initial discount. For further discussion, see *Sprint Notes* below.

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	December 31, 2012					
	Interest Rates	Effective Rate ⁽¹⁾	Maturities	Par Amount	Net Discount	Carrying Value
Notes:						
2015 Senior Secured Notes	12.00%	12.92%	2015	\$ 2,947,494	\$ (27,900)	\$ 2,919,594
2016 Senior Secured Notes	14.75%	15.36%	2016	300,000	—	300,000
Second-Priority Secured Notes	12.00%	12.42%	2017	500,000	—	500,000
Exchangeable Notes	8.25%	16.93%	2040	629,250	(165,050)	464,200
Vendor Financing Notes ⁽³⁾	LIBOR based	6.37%	2014/2015	32,056	(51)	32,005
	⁽²⁾					
Capital lease obligations ⁽³⁾				91,638	—	91,638
Total debt, net				<u>\$ 4,500,438</u>	<u>\$ (193,001)</u>	4,307,437
Less: Current portion of Vendor Financing Notes and capital lease obligations ⁽⁴⁾						<u>(36,080)</u>
Total long-term debt, net						<u>\$ 4,271,357</u>

(1) Represents weighted average effective interest rate based on year-end balances.

(2) Coupon rate based on 3-month LIBOR plus a spread of 5.50% (secured) and 7.00% (unsecured). Included in the balance are unsecured notes with par amount of \$4.6 million at December 31, 2012.

(3) As of December 31, 2012, par amount of approximately \$118.8 million is secured by assets classified as Network and base station equipment.

(4) Included in Other current liabilities on the consolidated balance sheet.

Notes

2015 Senior Secured Notes — During the fourth quarter of 2009, Clearwire Communications completed offerings of \$2.52 billion 12% senior secured notes due 2015, which we refer to as the 2015 Senior Secured Notes. The 2015 Senior Secured Notes provide for bi-annual payments of interest in June and December. In connection with the issuance of the 2015 Senior Secured Notes, we also issued \$252.5 million of notes to Sprint and Comcast with identical terms as the 2015 Senior Secured Notes in replacement of equal amounts of indebtedness under the senior term loan facility.

During December 2010, Clearwire Communications issued an additional \$175.0 million of 2015 Senior Secured Notes with substantially the same terms.

The holders of the 2015 Senior Secured Notes have the right to require us to repurchase all of the notes upon the occurrence of certain change of control events or a sale of certain assets, at a price of 101% of the principal amount or 100% of the principal amount, respectively, plus any unpaid accrued interest to the repurchase date. Change of control excludes a change of control by permitted holders including, but not limited to, Sprint, any of its successors and its respective affiliates. As of December 1, 2012, we may redeem all or a part of the 2015 Senior Secured Notes by paying a make-whole premium as stated in the terms, plus any unpaid accrued interest to the repurchase date.

Our payment obligations under the 2015 Senior Secured Notes are guaranteed by certain domestic subsidiaries on a senior basis and secured by certain assets of such subsidiaries on a first-priority lien basis. The 2015 Senior Secured Notes contain limitations on our activities, which among other things include incurring additional indebtedness and guarantee indebtedness; making distributions or payment of dividends or certain other restricted payments or investments; making certain payments on indebtedness; entering into agreements that restrict distributions from restricted subsidiaries; selling or otherwise disposing of assets; merger, consolidation or sales of

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substantially all of our assets; entering transactions with affiliates; creating liens; issuing certain preferred stock or similar equity securities and making investments and acquiring assets.

See Note 16, Subsequent Events.

2016 Senior Secured Notes — In January 2012, Clearwire Communications completed an offering of senior secured notes with a par value of \$300.0 million, due 2016 and bearing interest at 14.75%, which we refer to as the 2016 Senior Secured Notes. The 2016 Senior Secured Notes provide for bi-annual payments of interest in June and December.

The holders of the 2016 Senior Secured Notes have the right to require us to repurchase all of the notes upon the occurrence of specific kinds of changes of control at a price of 101% of the principal plus any unpaid accrued interest to the repurchase date. Change of control excludes a change of control by permitted holders including, but not limited to, Sprint, any of its successors and its respective affiliates. Under certain circumstances, Clearwire Communications will be required to use the net proceeds from the sale of assets to make an offer to purchase the 2016 Senior Secured Notes at an offer price equal to 100% of the principal amount plus any unpaid accrued interest.

Our payment obligations under the 2016 Senior Secured Notes are guaranteed by certain domestic subsidiaries on a senior basis and secured by certain assets of such subsidiaries on a first-priority lien basis. The 2016 Senior Secured Notes contain the same limitations on our activities as those of the 2015 Senior Secured Notes.

Second-Priority Secured Notes — During December 2010, Clearwire Communications completed an offering of \$500.0 million 12% second-priority secured notes due 2017, which we refer to as the Second-Priority Secured Notes. The Second-Priority Secured Notes provide for bi-annual payments of interest in June and December.

The holders of the Second-Priority Secured Notes have the right to require us to repurchase all of the notes upon the occurrence of certain change of control events or a sale of certain assets at a price of 101% of the principal amount or 100% of the principal amount, respectively, plus any unpaid accrued interest to the repurchase date. Change of control excludes a change of control by permitted holders including, but not limited to, Sprint, any of its successors and its respective affiliates. Prior to December 1, 2013, we may redeem up to 35% of the aggregate principal amount of the Second-Priority Secured Notes at a redemption price of 112% of the aggregate principal amount, plus any unpaid accrued interest to the repurchase date. After December 1, 2014, we may redeem all or a part of the Second-Priority Secured Notes by paying a make-whole premium as stated in the terms, plus any unpaid accrued interest to the repurchase date.

Our payment obligations under the Second-Priority Secured Notes are guaranteed by certain domestic subsidiaries on a senior basis and secured by certain assets of such subsidiaries on a second-priority lien basis. The Second-Priority Secured Notes contain the same limitations on our activities as those of the 2015 Senior Secured Notes.

See Note 16, Subsequent Events.

Exchangeable Notes — During December 2010, Clearwire Communications completed offerings of \$729.2 million 8.25% exchangeable notes due 2040, which we refer to as the Exchangeable Notes. The Exchangeable Notes provide for bi-annual payments of interest in June and December. The Exchangeable Notes are subordinated to the 2015 Senior Secured Notes and 2016 Senior Secured Notes and rank equally in right of payment with the Second-Priority Secured Notes.

The holders of the Exchangeable Notes have the right to exchange their notes for Class A Common Stock, at any time, prior to the maturity date. We have the right to settle the exchange by delivering cash or shares of Class A Common Stock, subject to certain conditions. The initial exchange rate for each note is 141.2429 shares per \$1,000 note, equivalent to an initial exchange price of approximately \$7.08 per share, subject to adjustments upon the occurrence of certain corporate events, which we refer to as the Exchangeable Notes Exchange Rate. Upon exchange, we will not make additional cash payment or provide additional shares for accrued or unpaid interest, make-whole premium or additional interest.

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The holders of the Exchangeable Notes have the right to require us to repurchase all of the notes upon the occurrence of a fundamental change, including a change of control, event at a price of 100% of the principal amount plus any unpaid accrued interest to the repurchase date. The holders who elect to exchange the Exchangeable Notes in connection with the occurrence of a fundamental change will be entitled to additional shares that are specified based on the date on which such event occurs and the price paid per share of Class A Common Stock in the fundamental change, with a maximum number of shares issuable per note not to exceed 169.4915 shares per \$1,000 note. If our stock price is less than \$5.90 per share, subject to certain adjustments, no additional shares shall be added to the exchange rate. Upon the consummation of the Sprint Acquisition, each \$1,000 principal amount of Exchangeable Notes was changed into a right to exchange such principal amount of Exchange Notes into cash equal to the product of the Merger Consideration, multiplied by the Exchangeable Notes Exchange Rate.

The holders of the Exchangeable Notes have the option to require us to repurchase for cash the Exchangeable Notes on December 1, 2017, 2025, 2030 and 2035 at a price equal to 100% of the principal amount of the notes plus any unpaid accrued interest to the repurchase date. On or after December 1, 2017, we may, at our option, redeem all or part of the Exchangeable Notes at a price equal to 100% of the principal amount of the notes plus any unpaid accrued interest to the redemption date.

Our payment obligations under the Exchangeable Notes are guaranteed by certain domestic subsidiaries in the same priority as the Second-Priority Secured Notes.

Upon issuance of the Exchangeable Notes, we recognized a derivative liability representing the embedded exchange feature with an estimated fair value of \$231.5 million and an associated debt discount on the Exchangeable Notes. The discount is accreted over the expected life, approximately 7 years, of the Exchangeable Notes using the effective interest rate method. See Note 10, Derivative Instruments, for additional discussion of the derivative liability.

During the first quarter of 2012, Clearwire and Clearwire Communications entered into securities purchase agreements with certain institutional investors, which we refer to as the Exchange Transaction, pursuant to which Clearwire issued 38.0 million shares of Class A Common Stock for an aggregate price of \$83.5 million, which we refer to as the Purchase Price, and Clearwire Communications repurchased \$100.0 million in aggregate principal amount, plus accrued but unpaid interest, of its Exchangeable Notes for a total price equal to the Purchase Price.

See Note 16, Subsequent Events

Sprint Notes — In connection with the Merger Agreement, we entered into the Note Purchase Agreement with the Issuers and Sprint, in which Sprint agreed to purchase from us at our election up to an aggregate principal amount of \$800 million of notes maturing on June 1, 2018 in ten monthly installments of \$80 million. Interest on the notes is 1% and is payable semi-annually in June and December. We elected to forego the January, February and June 2013 draws and elected to take the March, April and May 2013 draws and received \$240 million from Sprint.

Sprint has the right to exchange notes held in connection with the Note Purchase Agreement for Clearwire Class A common stock or Clearwire Class B common stock and Clearwire Communications Class B common units at the applicable exchange rate at any time prior to the maturity date after July 9, 2013. The applicable exchange rate is 666.67 shares of Clearwire Class A common stock (or Clearwire Class B common stock and Clearwire Communications Class B common units) per \$1,000 principal, equivalent to an exchange price of approximately \$1.50 per share.

The Sprint Notes are guaranteed by the Issuers' existing wholly-owned domestic subsidiaries. The Sprint Notes are expressly subordinated to the 2015 and 2016 Senior Secured Notes; rank equally in right of payments with all the Issuers' and the guarantors' other existing and future senior indebtedness; and senior to any existing and future subordinated indebtedness. The Sprint Notes do not contain any financial or operating covenants.

The Sprint Notes contain a beneficial conversion feature, which we refer to as BCF. A BCF will be recorded if the Company's stock price is greater than the exchange price on the commitment date. Therefore, on the settlement

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date of each draw of the Sprint Notes, the BCF will be calculated based on the closing price on settlement date less the exchange price of \$1.50 per share multiplied by the number of shares of Clearwire Class A common stock issued. The amount of the BCF for each draw is limited to the proceeds received for that draw. The BCF is recognized as a discount to the debt and an increase to Additional paid-in capital on the consolidated balance sheets. The debt discount will be accreted from the date of issuance through the stated maturity into Interest expense on the consolidated statements of operations on a straight-line basis.

See Note 16, Subsequent Events.

At July 9, 2013, we were in compliance with our debt covenants.

Vendor Financing Notes

We have a vendor financing facility, which we refer to as the Vendor Financing Facility, which allows us to obtain financing by entering into notes, which we refer to as Vendor Financing Notes. The Vendor Financing Notes mature during 2014 and 2015 and the coupon rates are based on 3-month LIBOR plus a spread of 5.50% and 7.00% for secured and unsecured notes, respectively.

Capital Lease Obligations

Certain of our network equipment have been acquired under capital lease facilities. At the inception of the capital lease, the lower of either the present value of the minimum lease payments required by the lease or the fair value of the equipment, is recorded as a capital lease obligation. The initial non-cancelable term of these capital leases are three to twelve years and may include one or more renewal options at the end of the initial lease term that may be exercised at our discretion. Lease payments for the initial lease term and any fixed renewal periods are established at the inception of the lease and interest expense is recognized using the effective interest rate method based on the rate imputed using the contractual terms of the lease.

Our lease agreements may contain change of control provisions. In certain agreements, a change of control may exclude a change of control by permitted holders including, but not limited to, Sprint, any of its successors and its respective affiliates. Other agreements may reference circumstances involving a change of control resulting in Clearwire's credit rating falling below "Caal" as rated by Moody's Investors Service. Upon the occurrence of a change of control, the lessor may require payment of a predetermined casualty value of the leased equipment

Future Payments — For future payments on our long-term debt see Note 12, Commitments and Contingencies.

Interest Expense — Interest expense included in our consolidated statements of operations for the 190 days ended July 9, 2013, and the years ended December 31, 2012 and 2011, consisted of the following (in thousands):

	190 Days Ended July 9,	Year Ended December 31,	
	2013	2012	2011
Interest coupon ⁽¹⁾	\$ 275,551	\$ 518,671	\$ 484,599
Accretion of debt discount and amortization of debt premium, net ⁽²⁾	36,832	41,386	40,216
Capitalized interest	(6,751)	(6,598)	(18,823)
Total interest expense	<u>\$ 305,632</u>	<u>\$ 553,459</u>	<u>\$ 505,992</u>

⁽¹⁾ The year ended December 31, 2012 included \$2.5 million of coupon interest relating to the Exchangeable Notes, which was settled in the non-cash Exchange Transaction.

⁽²⁾ Includes non-cash amortization of deferred financing fees which are classified as Other assets on the consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

10. Derivative Instruments

The holders' exchange rights contained in the Exchangeable Notes constitute embedded derivative instruments that are required to be accounted for separately from the debt host instrument at fair value. As a result, upon the issuance of the Exchangeable Notes, we recognized Exchange Options, with an estimated fair value of \$231.5 million as a derivative liability. As a result of the Exchange Transaction, \$100.0 million in par value of the Exchangeable Notes were retired and the related Exchange Options, with a notional amount of 14.1 million shares, were settled at fair value. The Exchange Options are indexed to Class A Common Stock, have a notional amount of 88.9 million shares at July 9, 2013 and December 31, 2012 and mature in 2040 .

We do not apply hedge accounting to the Exchange Options. Therefore, gains and losses due to changes in fair value are reported in our consolidated statements of operations. At July 9, 2013, the Exchange Options' estimated fair value was \$0 . At December 31, 2012, the Exchange Options' estimated fair value of \$5.3 million was reported in Other current liabilities on our consolidated balance sheets. For the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 , we recognized gains of \$5.3 million , \$1.4 million and \$159.7 million , respectively, from the changes in the estimated fair value in Gains on derivative instruments in our consolidated statements of operations. See Note 11, Fair Value, for information regarding valuation of the Exchange Options.

11. Fair Value

The following is a description of the valuation methodologies and pricing assumptions we used for financial instruments measured and recorded at fair value on a recurring basis in our financial statements and the classification of such instruments pursuant to the valuation hierarchy.

Cash Equivalents and Investments

Where quoted prices for identical securities are available in an active market, we use quoted market prices to determine the fair value of investment securities and cash equivalents, and they are classified in Level 1 of the valuation hierarchy. Level 1 securities include U.S. Government Treasury Bills, actively traded U.S. Government Treasury Notes and money market mutual funds for which there are quoted prices in active markets or quoted net asset values published by the money market mutual fund and supported in an active market.

Investments are classified in Level 2 of the valuation hierarchy for securities where quoted prices are available for similar investments in active markets or for identical or similar investments in markets that are not active and we use "consensus pricing" from independent external valuation sources. Level 2 securities include U.S. Government Agency Discount Notes and U.S. Government Agency Notes.

Derivatives

The Exchange Options are classified in Level 3 of the valuation hierarchy. To estimate the fair value of the Exchange Options, we used an income approach based on valuation models, including option pricing models and discounted cash flow models. We maximized the use of market-based observable inputs in the models and developed our own assumptions for unobservable inputs based on management estimates of market participants' assumptions in pricing the instruments.

Upon the consummation of the Sprint Acquisition, each \$1,000 principal amount of Exchangeable Notes was changed into a right to exchange such principal amount of Exchange Notes into an amount of cash equal to the product of (i) \$5.00 multiplied by (ii) the exchange rate of 141.2429. Therefore, at the holder's option, each \$1,000 of Exchangeable Notes can be tendered in exchange for \$706.21 or a redemption price of \$0.706. Given the equity underlying the Exchange Options no longer exists at the closing of the Sprint Acquisition and the value of the redemption is less than par (alternatively, the spot price of \$5.00 is less than the strike price of the option of \$7.08), the fair value of the Exchange Option immediately prior to the closing of the merger was \$0.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

The following table summarizes our financial assets by level within the valuation hierarchy at July 9, 2013 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:				
Cash and cash equivalents	\$ 193,912	\$ —	\$ —	\$ 193,912
Short-term investments	\$ 251,244	\$ 224,980	\$ —	\$ 476,224
Other assets — derivative warrant assets	\$ —	\$ —	\$ 215	\$ 215

The following table summarizes our financial assets and liabilities by level within the valuation hierarchy at December 31, 2012 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:				
Cash and cash equivalents	\$ 193,445	\$ —	\$ —	\$ 193,445
Short-term investments	\$ 375,743	\$ 299,369	\$ —	\$ 675,112
Other assets — derivative warrant assets	\$ —	\$ —	\$ 211	\$ 211
Financial liabilities:				
Other current liabilities — derivative liabilities (Exchange Options)	\$ —	\$ —	\$ (5,333)	\$ (5,333)

The following table presents the change in Level 3 financial assets and liabilities measured on a recurring basis for the 190 days ended July 9, 2013 (in thousands):

	January 1, 2013	Acquisitions, Issuances and Settlements	Net Realized/Unrealized Gains Included in Earnings	Net Realized/Unrealized Gains (Losses) Included in Accumulated Other Comprehensive Income	July 9, 2013	Net Unrealized Gains (Losses) Included in 2012 Earnings Relating to Instruments Held at July 9, 2013
Other assets:						
Derivatives	\$ 211	\$ —	\$ 4 ⁽¹⁾	\$ —	\$ 215	\$ 4
Other current liabilities:						
Derivatives	\$ (5,333)	\$ —	\$ 5,333 ⁽¹⁾	\$ —	\$ —	\$ 5,333

⁽¹⁾ Included in Gain on derivative instruments in the consolidated statements of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

The following table presents the change in Level 3 financial assets and liabilities measured on a recurring basis for the year ended December 31, 2012 (in thousands):

	January 1, 2012	Acquisitions, Issuances and Settlements	Net Unrealized Gains (Losses) Included in Earnings	Net Unrealized Gains (Losses) Included in Accumulated Other Comprehensive Income	December 31, 2012	Net Unrealized Gains (Losses) Included in 2011 Earnings Relating to Instruments Held at December 31, 2012
Other assets:						
Derivatives	\$ 209	\$ —	\$ 2 ⁽¹⁾	\$ —	\$ 211	\$ 2
Other current liabilities:						
Derivatives	\$ (8,240)	\$ 1,553	\$ 1,354 ⁽¹⁾	\$ —	\$ (5,333)	\$ 1,778

⁽¹⁾ Included in Gain on derivative instruments in the consolidated statements of operations.

The following is the description of the fair value for financial instruments we hold that are not subject to fair value recognition.

Debt Instruments

To estimate the fair value of the 2015 Senior Secured Notes, the 2016 Senior Secured Notes, the Second-Priority Secured Notes and the Exchangeable Notes, we used the average indicative price from several market makers.

A level of subjectivity is applied to estimate the fair value of the Sprint Notes. We use a market approach, benchmarking the price of the Sprint Notes to our Exchangeable Notes, adjusting for differences in critical terms such as tenor and strike price of the options as well as liquidity.

To estimate the fair value of the Vendor Financing Notes, we used an income approach based on the contractual terms of the notes and market-based parameters such as interest rates. A level of subjectivity is applied to estimate the discount rate used to calculate the present value of the estimated cash flows.

The following table presents the carrying value and the approximate fair value of our outstanding debt instruments at July 9, 2013 and 2012 (in thousands):

	July 9, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes:				
2015 Senior Secured Notes	\$ 2,923,872	\$ 3,167,127	\$ 2,919,594	\$ 3,180,238
2016 Senior Secured Notes	\$ 300,000	\$ 412,500	\$ 300,000	\$ 414,375
Second-Priority Secured Notes	\$ 500,000	\$ 583,125	\$ 500,000	\$ 591,565
Exchangeable Notes ⁽¹⁾	\$ 476,241	\$ 696,164	\$ 464,200	\$ 689,598
Sprint Notes ⁽²⁾	\$ 12,735	\$ 176,713	\$ —	\$ —
Vendor Financing Notes	\$ 31,982	\$ 32,458	\$ 32,005	\$ 31,802

⁽¹⁾ Carrying value as of July 9, 2013 and December 31, 2012 is net of \$153.0 million and \$165.1 million discount, respectively, arising from the separation of the Exchange Options from the debt host instrument. The fair value of the Exchangeable

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Notes incorporates the value of the exchange feature which we have recognized separately as a derivative on our consolidated balance sheets. See Note 9, Long-term Debt, Net for additional discussion.

- (2) Carrying value as of July 9, 2013 is net of \$227.3 million discount arising from the BCF. See Note 9, Long-term Debt, Net for additional discussion.

12. Commitments and Contingencies

Future minimum cash payments under obligations for our continuing operations listed below (including all optional expected renewal periods on operating leases) as of July 9, 2013, are as follows (in thousands):

	Total	2013	2014	2015	2016	2017	Thereafter, including all renewal periods
Long-term debt obligations ⁽¹⁾	\$ 4,648,725	\$ 12,282	\$ 12,729	\$ 2,954,464	\$ 300,000	\$ 500,000	\$ 869,250
Interest payments on long-term debt obligations ⁽¹⁾	2,751,195	257,101	513,316	512,700	158,563	114,313	1,195,202
Operating lease obligations	3,207,212	188,022	402,830	406,397	404,451	401,897	1,403,615
Spectrum lease obligations	6,792,437	84,210	182,997	187,529	193,215	207,181	5,937,305
Spectrum service credits and signed spectrum agreements	101,727	1,470	2,939	2,939	2,939	2,939	88,501
Capital lease obligations ⁽²⁾	165,831	16,677	35,563	34,297	22,574	14,426	42,294
Purchase agreements	109,141	76,317	17,871	6,301	1,899	1,884	4,869
Total	\$ 17,776,268	\$ 636,079	\$ 1,168,245	\$ 4,104,627	\$ 1,083,641	\$ 1,242,640	\$ 9,541,036

- (1) Principal and interest payments beyond 2017 represent potential principal and interest payments on the Exchangeable Notes beyond the expected repayment in 2017.

- (2) Payments include \$41.3 million representing interest.

Expense recorded related to spectrum and operating leases was as follows (in thousands):

	190 days ended July 9,	Year ended December 31,	
	2013	2012	2011
Spectrum lease expense	\$ 178,989	\$ 326,798	\$ 308,693
Operating lease expense	\$ 245,010	\$ 502,701	\$ 637,688

Operating lease obligations — Our commitments for non-cancelable operating leases consist mainly of leased sites, including towers and rooftop locations, and office space. Certain of the leases provide for minimum lease payments, additional charges and escalation clauses. Operating leases generally have initial terms of five to seven years with multiple renewal options for additional five-year terms totaling between 20 and 25 years. Operating lease obligations in the table above include all lease payments for the contractual lease term plus one renewal period and include any remaining future lease payments for leases where notice of intent not to renew has been sent as a result of the lease termination initiatives. The estimated lease term utilized for lease expense recognition purposes for most leases includes the initial non-cancelable term plus one renewal period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Spectrum lease obligations - Certain of the leases provide for minimum lease payments, additional charges and escalation clauses. Leased spectrum agreements have terms of up to 30 years and the weighted average remaining lease term at July 9, 2013 was approximately 23 years, including renewal terms. We expect that all renewal periods in our spectrum leases will be renewed by us.

Spectrum service credits - We have commitments to provide Clearwire services to certain lessors in launched markets, and to reimburse lessors for certain capital equipment and third-party service expenditures, over the term of the lease. We accrue a monthly obligation for the services and equipment based on the total estimated available service credits divided by the term of the lease. The obligation is reduced as actual invoices are presented and paid to the lessors. During the 190 days ended July 9, 2013, and the years ended December 31, 2012 and 2011 we satisfied \$1.2 million, \$3.3 million and \$4.5 million, respectively, related to these commitments. The maximum remaining commitment at July 9, 2013 is \$101.7 million and is expected to be incurred over the term of the related lease agreements, which generally range from 15-30 years.

Purchase agreements - Included in the table above are purchase commitments with take-or-pay obligations and/or volume commitments for equipment that are non-cancelable. The table above also includes other obligations we have that include minimum purchase commitments with certain suppliers over time for goods and services regardless of whether suppliers fully deliver them. They include, among other things, agreements for backhaul, subscriber devices and IT related and other services.

In addition, we are party to various arrangements that are conditional in nature and create an obligation to make payments only upon the occurrence of certain events, such as the actual delivery and acceptance of products or services. Because it is not possible to predict the timing or amounts that may be due under these conditional arrangements, no such amounts have been included in the table above. The table above also excludes blanket purchase order amounts where the orders are subject to cancellation or termination at our discretion or where the quantity of goods or services to be purchased or the payment terms are unknown because such purchase orders are not firm commitments.

Legal proceedings - As more fully described below, we are involved in a variety of lawsuits, claims, investigations and proceedings concerning intellectual property, business practices, commercial and other matters. We determine whether we should accrue an estimated loss for a contingency in a particular legal proceeding by assessing whether a loss is deemed probable and can be reasonably estimated. We reassess our views on estimated losses on a quarterly basis to reflect the impact of any developments in the matters in which we are involved. Legal proceedings are inherently unpredictable, and the matters in which we are involved often present complex legal and factual issues. We vigorously pursue defenses in legal proceedings and engage in discussions where possible to resolve these matters on terms favorable to us, including pursuing settlements where we believe it may be the most cost effective result for the Company. It is possible, however, that our business, financial condition and results of operations in future periods could be materially and adversely affected by increased litigation expense, significant settlement costs and/or unfavorable damage awards.

Throughout the legal proceedings disclosure, we use the terms Clearwire and the Company to refer to Clearwire Corporation, Clearwire Communications LLC, Clear Wireless LLC and its subsidiaries.

Consumer and Employment Purported Class Actions and Investigation(s)

In April 2009, a purported class action lawsuit was filed against Clearwire U.S. LLC in Superior Court in King County, Washington by a group of five plaintiffs (Chad Minnick, et al.). The lawsuit generally alleges that we disseminated false advertising about the quality and reliability of our services; imposed an unlawful early termination fee, which we refer to as ETF; and invoked allegedly unconscionable provisions of our Terms of Service to the detriment of subscribers. In November 2010, a purported class action lawsuit was filed against Clearwire by Angelo Dennings in the U.S. District Court for the Western District of Washington. The complaint generally alleges we slow network speeds when network demand is highest and that such network management violates our

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

agreements with subscribers and is contrary to the Company's advertising and marketing claims. Plaintiffs also allege that subscribers do not review the Terms of Service prior to subscribing, and when subscribers cancel service due to network management, we charge an ETF or restocking fee that they claim is unconscionable under the circumstances. In March 2011, a purported class action was filed against Clearwire in the U.S. District Court for the Eastern District of California. The case, *Newton v. Clearwire, Inc.* [sic], alleges Clearwire's network management and advertising practices constitute breach of contract, unjust enrichment, unfair competition under California's Business and Professions Code Sections 17200 et seq., and violation of California's Consumers' Legal Remedies Act. Plaintiff contends Clearwire's advertisements of "no speed cap" and "unlimited data" are false and misleading. Plaintiff alleges Clearwire has breached its contracts with customers by not delivering the Internet service as advertised. Plaintiff also claims slow data speeds are due to Clearwire's network management practices. The parties collectively settled these three lawsuits, and the settlement is in the process of administration. We have accrued an estimated amount we anticipate to pay for the settlement in Other current liabilities. The amount accrued is considered immaterial to the financial statements.

In August 2012, Richard Wuest filed a purported class action against Clearwire in the California Superior Court, San Francisco County. Plaintiff alleges that Clearwire violated California's Invasion of Privacy Act, Penal Code 630, notably §632.7, which prohibits the recording of communications made from a cellular or cordless telephone without the consent of all parties to the communication. Plaintiff seeks class certification, statutory damages, injunctive relief, costs, attorney fees, and pre- and post- judgment interest. We removed the matter to federal court. On November 2, 2012, we filed an answer to the complaint. On May 31, 2013, Plaintiff filed a First Amended Complaint adding two Clearwire call vendors to the lawsuit. We filed an answer on July 15, 2013, and discovery has begun. Class certification briefing is scheduled for the spring of 2014. The litigation is in the early stages, its outcome is unknown and an estimate of any potential loss cannot be made at this time.

On September 6, 2012, the Washington State Attorney General's Office served on Clearwire Corporation a Civil Investigative Demand pursuant to RCW 19.86.110. The demand seeks information and documents in furtherance of the Attorney General Office's investigation of possible unfair trade practices, failure to properly disclose contractual terms, and misleading advertising. On October 22, 2012, we responded to the demand. The outcome of any investigation is unknown and an estimate of any potential loss cannot be made at this time.

In April 2013, Kenneth Lindsay, a former employee and others, filed a purported collective class action lawsuit in U.S. District Court for the District of Minnesota, against Clear Wireless LLC and Workforce Logic LLC. Plaintiffs allege claims individually and on behalf of a purported nationwide collective class under the Fair Labor Standards Act, which we refer to as the FLSA, from April 9, 2010 to present. The lawsuit alleges that defendants violated the FLSA, notably sections 201 and 207 and relevant regulations, regarding failure to pay minimum wage, failure to pay for hours worked during breaks or work performed "off the clock" before, during and after scheduled work shifts, overtime, improper deductions, and improper withholding of wages, commissions and bonuses. Plaintiffs seek back wages, unpaid wages, overtime, liquidated damages, attorney fees and costs. We filed an answer to the complaint on April 30, 2013. In January, 2014, the magistrate judge granted plaintiffs' motion for conditional class certification, and we have filed our objections to that ruling with the district judge. The litigation is in the early stages, its outcome is unknown and an estimate of any potential loss cannot be made at this time.

Shareholder Actions

On April 26, 2013, stockholders ACP Master, Ltd., Aurelius Capital Master, Ltd., and Aurelius Opportunities Fund II, LLC, filed suit in the Delaware Court of Chancery against the Company, its directors, Sprint and Sprint HoldCo., which we refer to as the ACP Action. On December 20, 2013, those entities filed an amended complaint, naming as defendants Sprint Corporation, Sprint Communications, Inc., the former directors of the Company, Starburst I, Inc., and SoftBank Corp. The amended ACP Action alleges that the directors of the Company breached their fiduciary duties in connection with the Sprint-Clearwire transaction (the "Merger"), that Sprint breached duties owed to the plaintiff stockholders by virtue of its status as a "controlling" stockholder, and that the other entities

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

aided and abetted the alleged breaches of duties. The ACP action seeks a declaration that Sprint and the director defendants breached their fiduciary duties, and that the other entities aided and abetted that breach; a declaration that the Special Committee and majority-of-minority conditions were insufficient safeguards and that defendants bear a burden of proving the “entire fairness” of the transaction; a declaration that the Note Purchase Agreement was the product of defendants’ breach of fiduciary duties; a finding that the Merger was unfair to the plaintiffs; rescission of the Merger; and unspecified damages, fees and expenses. The defendants moved to dismiss the ACP Action in January, 2014.

On October 23, 2013, the plaintiffs in the ACP Action filed a new lawsuit in the Delaware Court of Chancery against the Company. The complaint asks the court for an appraisal of the “fair value” of plaintiffs’ stock in Clearwire, and an order that Clearwire pay plaintiffs the “fair value,” plus interest and costs. The Company filed its answer in November, 2013, and discovery has begun. This case and the ACP Action are in the early stages, their outcome is unknown, and an estimate of potential losses cannot be made at this time.

In addition to the matters described above, we are often involved in certain other proceedings which seek monetary damages and other relief. Based upon information currently available to us, none of these other claims are expected to have a material effect on our business, financial condition or results of operations.

13. Share-Based Payments

As of July 9, 2013, there were 25,226,048 shares available for grant under the Clearwire Corporation 2008 Stock Compensation Plan, which we refer to as the 2008 Plan, which authorizes us to grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, which we refer to as RSUs, performance based RSUs and other stock awards to our employees, directors and consultants. Grants to be awarded under the 2008 Plan will be made available at the discretion of the Compensation Committee of the Board of Directors from authorized but unissued shares, authorized and issued shares reacquired, or a combination thereof.

Restricted Stock Units

We grant RSUs and performance based RSUs to certain officers and employees under the 2008 Plan. All RSUs generally have performance and service requirements or service requirements only, with vesting periods ranging from two to four years. The fair value of our RSUs is based on the grant-date fair market value of the common stock, which equals the grant date market price. Performance RSUs awarded in 2012 have one to two years performance periods and were granted once the performance objectives were established in the first quarter of 2012.

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A summary of the RSU activity for the 190 day period ended July 9, 2013 , and the years ended 2012 and 2011 is presented below:

	Restricted Stock Units		Weighted-Average Grant Price		Fair Value (In Millions)	
	Future Performance and Service Required	Future Service Required	Future Performance and Service Required	Future Service Required	Future Performance and Service Required	Future Service Required
Restricted stock units outstanding — January 1, 2011	—	14,675,653	\$ —	\$ 5.99		
Granted	—	10,300,239	—	4.06	\$ —	\$ 44.9
Forfeited	—	(7,985,495)	—	5.46		
Vested	—	(6,240,674)	—	5.54	\$ —	\$ 24.1
Restricted stock units outstanding — December 31, 2011	—	10,749,723	\$ —	\$ 4.79		
Granted	6,619,937	17,857,468	1.96	2.25	\$ 13.0	\$ 40.2
Forfeited	(208,102)	(2,141,799)	1.99	3.32		
Vested	—	(4,501,785)	—	4.45	\$ —	\$ 8.4
Restricted stock units outstanding — December 31, 2012	6,411,835	21,963,607	\$ 1.96	\$ 2.83		
Granted	—	11,637,901	—	3.19	\$ —	\$ 37.1
Forfeited	(1,691,445)	(506,235)	1.96	7.77		
Vested	—	(7,913,173)	—	2.72	\$ —	\$ 26.0
Restricted stock units outstanding — July 9, 2013	4,720,390	25,182,100	\$ 1.96	\$ 3.03		

As of July 9, 2013 , there were 29,902,490 RSUs outstanding and total unrecognized compensation cost of approximately \$38.4 million , which is expected to be recognized over a weighted-average period of approximately 1.1 years.

Stock Options

We granted options to certain officers and employees under the 2008 Plan. All options generally vest over a four-year period and expire no later than ten years after the date of grant. The fair value of option grants was estimated on the date of grant using the Black-Scholes option pricing model.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

A summary of option activity from January 1, 2011 through July 9, 2013 is presented below:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)
Options outstanding — January 1, 2011	16,443,241	\$ 11.80	5.69
Granted	—	—	
Forfeited	(10,701,871)	11.86	
Exercised	(1,180,619)	3.07	
Options outstanding — December 31, 2011	4,560,751	\$ 13.98	4.24
Granted	—	—	
Forfeited	(1,310,146)	12.94	
Exercised	—	—	
Options outstanding — December 31, 2012	3,250,605	\$ 14.39	4.36
Granted	—	—	
Forfeited	(66,732)	16.18	
Exercised	(64,750)	3.06	
Options outstanding — July 9, 2013	<u>3,119,123</u>	\$ 14.59	3.30
Vested and expected to vest — July 9, 2013	<u>3,115,111</u>	\$ 14.60	3.30
Exercisable outstanding — July 9, 2013	<u>3,050,591</u>	\$ 14.77	3.31

The intrinsic value of options exercised during the 190 days ended July 9, 2013 and the year ended December 31, 2011 was \$0.1 million and \$2.3 million, respectively. There were no option exercises during the period ended December 31, 2012. At July 9, 2013, the aggregate intrinsic value of options outstanding was \$1.3 million

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Information regarding stock options outstanding and exercisable as of July 9, 2013 is as follows:

Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Contractual Life Remaining (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$3.00	6,666	.78	\$ 3.00	6,666	\$ 3.00
\$3.03	610,750	4.68	3.03	610,750	3.03
\$3.53 - \$6.77	400,617	2.34	5.90	345,835	5.80
\$7.41 - \$7.87	57,500	3.26	7.57	43,750	7.57
\$11.03	110,700	2.12	11.03	110,700	11.03
\$15.00	200,665	2.50	15.00	200,665	15.00
\$17.11	323,600	1.60	17.11	323,600	17.11
\$18.00	509,497	3.14	18.00	509,497	18.00
\$23.30	339,900	4.14	23.30	339,900	23.30
\$25.00	559,228	3.64	25.00	559,228	25.00
Total	3,119,123	3.30	\$ 14.59	3,050,591	\$ 14.77

There were no options granted in 2013, 2012 and 2011. The total fair value of options vested during the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011 was \$0.5 million, \$0.7 million and \$6.6 million, respectively. The total unrecognized share based compensation costs related to non-vested stock options outstanding at July 9, 2013 was approximately \$0.1 million and is expected to be recognized over a weighted average period of approximately four months.

Share-based compensation expense is based on the estimated grant-date fair value of the award and is recognized net of estimated forfeitures on those shares expected to vest, over a graded vesting schedule on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Share-based compensation expense recognized for all plans for the 190 days ended July 9, 2013, and for the years 2012 and 2011 is as follows (in thousands):

	190 Days Ended July 9,	Year Ended December 31.	
	2013	2012	2011
Options	\$ 82	\$ 250	\$ 1,016
RSUs	20,890	28,616	25,535
Sprint Equity Compensation Plans	—	—	73
Total	\$ 20,972	\$ 28,866	\$ 26,624

See Note 16, Subsequent Events.

14. Stockholders' Equity

Class A Common Stock

The Class A Common Stock represents the common equity of Clearwire. The holders of the Class A Common Stock are entitled to one vote per share and, as a class, are entitled to 100% of any dividends or distributions made by Clearwire, with the exception of certain minimal liquidation rights provided to the Class B Common

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Stockholders, which are described below. Each share of Class A Common Stock participates ratably in proportion to the total number of shares of Class A Common Stock issued by Clearwire. Holders of Class A Common Stock have 100% of the economic interest in Clearwire and are considered the controlling interest for the purposes of financial reporting.

Upon liquidation, dissolution or winding up, the Class A Common Stock will be entitled to any assets remaining after payment of all debts and liabilities of Clearwire, with the exception of certain minimal liquidation rights provided to the Class B Common Stockholders, which are described below.

Class B Common Stock

The Class B Common Stock represents non-economic voting interests in Clearwire. Identical to the Class A Common Stock, the holders of Class B Common Stock are entitled to one vote per share. However, they do not have any rights to receive distributions other than stock dividends paid proportionally to each outstanding Class A and Class B Common Stockholder or upon liquidation of Clearwire, an amount equal to the par value per share, which is \$0.0001 per share.

The sole holder, which is Sprint, is entitled to hold an equivalent number of Class B Common Interests, which, in substance, reflects their economic stake in Clearwire. This is accomplished through an exchange feature that provides the holder the right, at any time, to exchange one share of Class B Common Stock plus one Class B Common Interest for one share of Class A Common Stock.

On July 5, 2013, Sprint completed the exchange of 57.5 million shares of Class B Common Interests and a corresponding number of shares of Class B Common Stock for an equal number of shares of Class A Common Stock pursuant to the Amended and Restated Operating Agreement dated as of November 28, 2008 governing Clearwire Communications.

On July 9, 2013, Intel completed the exchange of 65.6 million shares of Class B Common Interests and a corresponding number of shares of Class B Common Stock for an equal number of shares of Class A Common Stock pursuant to the Amended and Restated Operating Agreement dated as of November 28, 2008 governing Clearwire Communications.

At July 9, 2013, prior to consideration of the Sprint Acquisition, Sprint's economic interest in Clearwire and its subsidiaries is equal to its voting interest and was approximately 50.1% .

The following table lists the voting interests in Clearwire as of July 9, 2013 :

Investor	Class A Common Stock	Class A Common Stock Voting % Outstanding	Class B Common Stock ⁽¹⁾	Class B Common Stock % Voting Outstanding	Total	Total % Voting Outstanding
Sprint	88,422,958	10.7%	650,587,860	100.0%	739,010,818	50.1%
Comcast	88,504,132	10.8%	—	—%	88,504,132	6.0%
Intel	94,076,878	11.4%	—	—%	94,076,878	6.4%
Other Shareholders	552,193,151	67.1%	—	—	552,193,151	37.5%
	<u>823,197,119</u>	<u>100%</u>	<u>650,587,860</u>	<u>100%</u>	<u>1,473,784,979</u>	<u>100%</u>

⁽¹⁾ The holders of Class B Common Stock hold an equivalent number of Class B Common Interests.

As a result of the Sprint Acquisition, each share of Clearwire Corporation common stock, par value \$0.0001 per share, other than shares owned by Sprint, SoftBank Corp., or their affiliates, were converted into the right to receive \$5.00 per share in cash.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Clearwire Communications Interests

Clearwire is the sole holder of voting interests in Clearwire Communications. As such, Clearwire controls 100% of the decision making of Clearwire Communications and consolidates 100% of its operations. Clearwire also holds all of the outstanding Clearwire Communications Class A common interests representing 55.9% of the economics of Clearwire Communications as of July 9, 2013 . The holders of the Class B Common Interests own the remaining 44.1% of the economic interests. It is intended that at all times, the number of Clearwire Communications Class A common interests held by Clearwire will equal the number of shares of Class A Common Stock issued by Clearwire.

The non-voting Clearwire Communication units are designated as either Clearwire Communications Class A common interests, all of which are held by Clearwire, or Class B Common Interests, which are held by Sprint and Intel. Both classes of non-voting Clearwire Communication units participate in distributions of Clearwire Communications on an equal and proportionate basis.

The following shows the effects of the changes in Clearwire’s ownership interests in Clearwire Communications (in thousands):

	190 Days ended July 9, 2013	Year ended December 31,	
		2012	2011
Clearwire's loss from equity investees	\$ (226,783)	\$ (758,705)	\$ (612,214)
Increase/(decrease) in Clearwire’s additional paid-in capital for issuance or conversion of Class B Common Stock	301,283	379,048	137,353
Increase in Clearwire’s additional paid-in capital for issuance of Class A Common Stock	1,979	58,460	384,106
Other effects of changes in Clearwire’s additional paid-in capital for issuance of Class A and Class B Common Stock	20,972	28,143	18,870
Net transfers from non-controlling interests	324,234	465,651	540,329
Change from net loss attributable to Clearwire and transfers to non-controlling interests	<u>\$ 97,451</u>	<u>\$ (293,054)</u>	<u>\$ (71,885)</u>

Dividend Policy

We have not declared or paid any cash dividends on Class A or Class B Common Stock. We currently expect to retain future earnings, if any, for use in the operations. We do not anticipate paying any cash dividends in the foreseeable future. In addition, covenants in the indentures governing our Senior Secured Notes impose significant restrictions on our ability to pay cash dividends to our stockholders.

Non-controlling Interests in Clearwire Communications

Clearwire Communications is consolidated into Clearwire because we hold 100% of the voting interest in Clearwire Communications. Therefore, the holders of the Class B Common Interests represent non-controlling interests in a consolidated subsidiary. As a result, the income (loss) consolidated by Clearwire is decreased in proportion to the outstanding non-controlling interests. The conversion of Class B Common Interests and the corresponding number of Class B Common Stock to Class A Common Stock is recorded in Issuance of common stock, net of issuance costs, and other capital transactions on our consolidated statement of stockholders' equity.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Warrants

During the first quarter of 2013, we issued a warrant to purchase 2.0 million shares of Class A Common Stock at an exercise price of \$1.75 per share related to a spectrum lease agreement. The warrants expire January 29, 2019. In connection with the Sprint Acquisition, the warrants were settled for a lump sum cash amount equal to the amount by which the Merger Consideration exceeded the exercise price of the warrants.

In addition, prior to the closing of the merger with Sprint, we had 375,000 warrants outstanding with an exercise price of \$3.00. These warrants were settled for a lump sum cash amount equal to the amount by which the Merger Consideration exceeded the exercise price of the warrants.

15. Related Party Transactions

We have a number of strategic and commercial relationships with third parties that have had a significant impact on our business, operations and financial results. These relationships have been with Sprint, Intel, Comcast, Time Warner Cable, Bright House, Google, Eagle River, and Ericsson, all of which are or have been related parties. Some of these relationships include agreements pursuant to which we sell wireless broadband services to certain of these related parties on a wholesale basis, which such related parties then resell to each of their respective end user subscribers. We sell these services at terms defined in our contractual agreements.

The following amounts for related party transactions are included in our consolidated financial statements (in thousands):

	July 9, 2013	December 31, 2012
Accounts receivable	\$ 16,497	\$ 17,227
Prepaid assets and other assets	\$ 4,235	\$ 5,943
Accounts payable and accrued expenses	\$ 58,210	\$ 8,223
Other current liabilities:		
Cease-to-use	\$ 5,650	\$ 5,497
Deferred revenue	\$ 200,698	\$ 96,161
Other	\$ 5,642	\$ 5,642
Other long-term liabilities:		
Cease-to-use	\$ 37,541	\$ 36,793
Deferred revenue	\$ 13,750	\$ 83,887
Deferred rent	\$ 61,053	\$ 32,213
Other	\$ 334	\$ 2,821

	190 days Ended July 9, 2013	Year Ended December 31,	
		2012	2011
Revenue	\$ 237,111	\$ 465,295	\$ 493,350
Cost of goods and services and network costs (inclusive of capitalized costs)	\$ 75,469	\$ 152,669	\$ 182,671
Selling, general and administrative (inclusive of capitalized costs)	\$ 26,749	\$ 50,193	\$ 31,453

Sprint Merger Agreement — On December 17, 2012, we entered into a Merger Agreement, pursuant to which Sprint agreed to acquire all of the outstanding shares of Class A and Class B Common Stock not currently owned by

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

Sprint. On July 9, 2013, Sprint completed the acquisition of Clearwire Corporation and its subsidiaries. See Note 1, Description of Business

See Note 16, Subsequent Events.

Note Purchase Agreement — In connection with the Merger Agreement, on December 17, 2012, we and certain of our subsidiaries also entered into the Note Purchase Agreement, in which Sprint agreed to purchase from us at our election up to an aggregate principal amount of \$800 million of 1.00% exchangeable notes due 2018, in ten monthly installments of \$80.0 million each. We elected to forego the first two draws (January 2013 and February 2013) under the Note Purchase Agreement which reduced the aggregate principal amount available to \$640 million. We elected to take the March, April and May draws and received \$240.0 million from Sprint. In addition, we elected to forego the June draw. See Note 9, Long-term Debt, Net, for further information.

Rollover Notes — In connection with the issuance of the 2015 Senior Secured Notes, on November 24, 2009, we issued notes to Sprint and Comcast with identical terms as the 2015 Senior Secured Notes. From time to time, other related parties may hold portions of our long-term debts, and as debtholders, would be entitled to receive interest payments from us.

Relationships among Certain Stockholders, Directors, and Officers of Clearwire — Prior to the completion of the Sprint Acquisition, Sprint, through two wholly-owned subsidiaries, Sprint HoldCo and SN UHC 1, Inc., owns the largest interest in Clearwire with an effective voting and economic interest of approximately 50.1%. After the conversion of their Class B Common Interests and corresponding number of Class B Common Stock into Class A Common Stock, Comcast, Intel and Bright House together own voting interest in Clearwire of approximately 13.0% at July 9, 2013, prior to consummation of the merger with Sprint.

Clearwire, Sprint, Intel, Comcast and Bright House are party to the Equityholders' Agreement, which sets forth certain rights and obligations of the equityholders with respect to governance of Clearwire, transfer restrictions on our common stock, rights of first refusal and pre-emptive rights, among other things.

4G MVNO Agreement — We have a non-exclusive 4G MVNO agreement, which we refer to as the 4G MVNO Agreement, with Comcast MVNO II, LLC, TWC Wireless, LLC, Bright House and Sprint Spectrum L.P., which we refer to as Sprint Spectrum. We sell wireless broadband services to the other parties to the 4G MVNO Agreement for the purposes of the purchasers' marketing and reselling our wireless broadband services to their respective end user subscribers. The wireless broadband services to be provided under the 4G MVNO Agreement include standard network services, and, at the request of any of the parties, certain non-standard network services. We sell these services at prices defined in the 4G MVNO Agreement.

Sprint Wholesale Relationship

Under the November 2011 4G MVNO Amendment, Sprint is paying us a fixed amount for unlimited 4G mobile WiMAX services for resale to its retail subscribers in 2013, a portion of which will be paid as an offset to principal and interest due under a \$150.0 million promissory note issued by us to Sprint on January 3, 2012, which we refer to as the Sprint Promissory Note. The Sprint Promissory Note has an aggregate principal amount of \$150.0 million and bears interest of 11.5% per annum. On January 2, 2013, we offset \$83.6 million of principal and related accrued interest to reduce the principal amount we owe to Sprint under the promissory note to \$75.0 million maturing on January 2, 2014. If not previously paid, Sprint may offset the amounts payable by us under the Sprint Promissory Note, including interest, against payments then due by Sprint to Clearwire Communications under the 4G MVNO Agreement, as amended. Because the Sprint Promissory Note was entered into in conjunction with the November 2011 4G MVNO Amendment, and amounts due may be offset against payments due under the November 2011 4G MVNO Amendment, it is treated as deferred revenue for accounting purposes, and associated interest costs are being recorded as a reduction to the payable by Sprint for unlimited WiMAX service in calendar year 2013.

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

As part of the 4G MVNO Agreement, we also agreed to usage based pricing for WiMAX services after 2013 and for LTE service beginning in 2012. We also agreed that Sprint may re-wholesale wireless broadband services, subject to certain conditions and we agreed to operate our WiMAX network through calendar year 2015.

For the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011, we received \$231.2 million, \$537.3 million and \$434.3 million, respectively, from Sprint for 4G broadband wireless services. During the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011, wholesale revenue recorded attributable to Sprint comprised approximately 36% of total revenues and substantially all of our wholesale revenues.

3G MVNO Agreement — We entered into a non-exclusive 3G MVNO agreement with Sprint Spectrum, which we refer to as the 3G MVNO Agreement, whereby Sprint agrees to sell its code division multiple access and mobile voice and data communications service for the purpose of resale to our retail customers. The data communications service includes Sprint's existing core network services, other network elements and information that enable a third party to provide services over the network, or core network enablers, and subject to certain limitations and exceptions, new core network services, core network enablers and certain customized services. For the 190 days ended July 9, 2013 and for the years ended December 31, 2012 and 2011, we paid \$1.0 million, \$4.4 million, and \$17.8 million, respectively, to Sprint for 3G wireless services provided by Sprint to us.

Sprint Master Site Agreement — In November 2008, we entered into a master site agreement with Sprint, which we refer to as the Master Site Agreement, pursuant to which Sprint and we established the contractual framework and procedures for the leasing of tower and antenna collocation sites to each other. Leases for specific sites will be negotiated by Sprint and us on request by the lessee. The leased premises may be used by the lessee for any activity in connection with the provision of wireless communications services, including attachment of antennas to the towers at the sites. The term of the Master Site Agreement is ten years from the date the agreement was signed. The term of each lease for each specific site will be five years, but the lessee has the right to extend the term for up to an additional 20 years. The monthly fee will increase 3% per year. The lessee is also responsible for the utility costs and for certain additional fees. During the 190 days ended July 9, 2013 and the years ended December 31, 2012 and 2011, we made rent payments under this agreement of \$35.5 million, \$59.6 million, and \$55.8 million, respectively.

Master Agreement for Network Services — In November 2008, we entered into a master agreement for network services, which we refer to as the Master Agreement for Network Services, with various Sprint affiliated entities, which we refer to as the Sprint Entities, pursuant to which the Sprint Entities and we established the contractual framework and procedures for us to purchase network services from Sprint Entities. We may order various services from the Sprint Entities, including IP network transport services, data center co-location, toll-free services and access to the following business platforms: voicemail, instant messaging services, location-based systems and media server services. The Sprint Entities will provide a service level agreement that is consistent with the service levels provided to similarly situated subscribers. Pricing is specified in separate product attachments for each type of service; in general, the pricing is based on the mid-point between fair market value of the service and the Sprint Entities' fully allocated cost for providing the service. The term of the Master Agreement for Network Services is five years, but we will have the right to extend the term for an additional five years. Additionally, in accordance with the Master Agreement for Network Services with the Sprint Entities, we assumed certain agreements for backhaul services that contain commitments that extend up to five years.

Ericsson, Inc. — Ericsson, provides network deployment services to us, including site acquisition and construction management services. In addition, during the second quarter of 2011, we entered into a managed services agreement with Ericsson to operate, maintain and support our network. Dr. Hossein Eslambolchi, who was a member of our Board of Directors prior to the Sprint Acquisition, had a consulting agreement with Ericsson. As part of his consulting agreement, Dr. Eslambolchi received payments for his services from Ericsson. He has not received any compensation directly from us related to his relationship with Ericsson. For the 190 days ended July 9,

CLEARWIRE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(CONTINUED)

2013 and for the years ended December 31, 2012 and 2011, we paid \$43.9 million, \$76.9 million and \$41.1 million, respectively, to Ericsson for network management services.

16. Subsequent Events

We have evaluated subsequent events through February 24, 2014, the date in which the consolidated financial statements were issued. The following events occurred subsequent to July 9, 2013:

Sprint Acquisition

On July 9, 2013, Sprint completed the acquisition of Clearwire Corporation and its subsidiaries. As a result of the Sprint Acquisition and the resulting change in ownership and control, the acquisition method of accounting was applied by Sprint, pushed-down to us and included in our consolidated financial statements for all periods presented subsequent to the Acquisition Date. This resulted in a new basis of presentation based on the estimated fair values of our assets and liabilities for the successor period beginning as of the day following the consummation of the merger.

Long-term Debt, net

Using equity contributions from Sprint and available cash, we retired all of the 2015 Senior Secured Notes and all of the Second-Priority Secured Notes by December 2013.

In September 2013, Sprint exchanged all of the outstanding Sprint Notes for 160,000,800 shares of Class B Common Stock and the same amount of Class B Common Interests.

On October 17, 2013, the Issuers entered into a supplemental indenture related to the Exchangeable Notes that 1) permitted the periodic reports filed by Sprint (rather than Clearwire Corporation) with the SEC to satisfy the Issuers' reporting and related obligations in the event that Sprint and Sprint Communications unconditionally guarantee the Exchangeable Notes and 2) agreed to use commercially reasonable efforts to obtain credit ratings for the Exchangeable Notes by two national rating agencies.

On July 19, 2013, Clearwire Communications and Clearwire Finance, Inc. entered into a \$3.0 billion credit agreement, which we refer to as the Sprint Credit Agreement, with Sprint Communications, Inc. where Sprint agrees to make revolving credit loans to us subject to the terms and conditions set forth in the agreement. The interest rate on outstanding loans is the LIBOR Rate as of the preceding interest payment date plus applicable margin of 4.00% to 4.75%, which is based on Moody's and S&P ratings. The interest payment date is the last business day of each fiscal quarter. The maturity date of the Sprint Credit Agreement is July 1, 2017. Under the Sprint Credit Agreement, we are not permitted to incur indebtedness unless agreed to by Sprint through written consent. As of December 31, 2013, the Sprint Credit Agreement had an outstanding balance of \$315.5 million.

Share-Based Payments

In connection with the Sprint Acquisition, each outstanding and unexercised option to purchase shares of our Common Stock, whether or not then vested, was canceled in exchange for a lump sum cash amount equal to the amount, if any, by which the Merger Consideration exceeded the exercise price of such option, less applicable withholding taxes. In connection with the Sprint Acquisition, each RSU granted to a non-employee member of our board of directors, which we refer to as a Director RSU, was canceled in exchange for a lump sum cash payment equal to the product of the Merger Consideration, without interest, and the number of shares of Class A Common Stock subject to such Director RSU. In addition, each outstanding RSU granted prior to December 17, 2012 was converted into a right to receive a cash payment equal to the product of the Merger Consideration and the number of shares of Class A Common Stock subject to such unvested RSU, which we refer to as a Restricted Cash Account. On July 19, 2013, each holder of a Restricted Cash Account received a lump sum cash payment equal to 50% of the Restricted Cash Account balance, less applicable tax withholdings. The remaining balance of the Restricted Cash

CLEARWIRE CORPORATION AND SUBSIDIARIES
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Account will vest and be paid upon the earlier of (i) the original vesting schedule of the unvested RSUs or (ii) the one year anniversary of the merger, provided however that the holder of a Restricted Cash Account will also be paid the remaining balance upon an involuntary termination of the holder's employment. In addition, each RSU granted after December 17, 2012, which we refer to as an Unvested 2013 RSU, was converted into a right to receive a cash payment equal to the product of the Merger Consideration, without interest, and the number of shares of Class A Common Stock subject to such Unvested 2013 RSU, each of which we refer to as a 2013 Restricted Cash Account. Each 2013 Restricted Cash Account is unvested and will vest and be paid out in accordance with the original vesting conditions of the award, provided however that the holder of a 2013 Restricted Cash Account will also be paid a pro-rata portion of the 2013 Restricted Cash Account upon an involuntary termination of the holder's employment.

Other Related Party Transactions

On July 19, 2013, Clearwire Corporation entered into a services agreement with Sprint/United Management Company, a wholly-owned subsidiary of Sprint Corporation, which we refer to as the Management Company, whereas the Management Company will provide certain services to Clearwire Corporation, the parent company to Clearwire Communications, and its subsidiaries for a stated management fee based on a schedule as set forth in the agreement. No fees are due in 2013.

On July 19, 2013, Clearwire Communications, including direct and indirect subsidiaries as defined in the agreement, which we refer to as the Licensees, entered into a spectrum usage agreement with Sprint Spectrum, L.P., a wholly-owned subsidiary of Sprint Corporation, and their affiliated entities as defined in the agreement, which we refer to as the Users. The Licensees will allow the Users to use the spectrum holdings of Licensees as equipment is deployed by Users using such spectrum subject to the terms defined in the agreement. Users shall pay Licensees an annual spectrum use fee as set forth in the agreement, beginning in 2014.

On January 2, 2014, we offset against payments due under the November 2011 4G MVNO Amendment, treated as deferred revenue, \$83.6 million of principal and related accrued interest to repay the amount owed by us under the Sprint Promissory Note.

INCREMENTAL AGREEMENT NO. 2

INCREMENTAL AGREEMENT NO. 2, dated as of February 10, 2014 (this “Incremental Agreement No. 2”), to the CREDIT AGREEMENT, dated as of February 28, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sprint Communications, Inc. (f/k/a Sprint Nextel Corporation) (the “Borrower”), the Subsidiary Guarantors party thereto, the Lenders thereto and JPMorgan Chase Bank, N.A., as administrative agent (the “Administrative Agent”), is made and entered into by and among the Borrower, the Subsidiary Guarantors, the Administrative Agent and Mizuho Bank, Ltd. (“MHBK”).

WITNESSETH:

WHEREAS, the Borrower, the Subsidiary Guarantors, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, pursuant to Section 2.08(d) of the Credit Agreement, the Borrower has requested an Incremental Revolving Facility that increases the amount of the Revolving Credit Commitments by an aggregate of \$300,000,000, and MHBK as an Assuming Lender (in such capacity, an “Incremental Lender”) and the Administrative Agent have agreed, upon the terms and subject to the conditions set forth herein (and with the consent of each Issuing Bank), that (a) the Incremental Lender will provide such Incremental Revolving Facility and (b) as permitted by Section 2.08 thereof, the Credit Agreement will be amended as set forth herein, subject to the terms and conditions set forth herein, without need for additional consent or approval of the Lenders;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Incremental Lender hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Section 1.1 (Defined Terms).

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

“Incremental Agreement No. 2” means that certain Incremental Agreement No. 2, dated as of February 10, 2014, among the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Assuming Lender named therein.

“Incremental Agreement No. 2 Effective Date” has the meaning assigned to such term in Incremental Agreement No. 2.

(b) The definition of “Revolving Credit Commitment” set forth in Section 1.1 of the Credit Agreement is hereby amended by adding at the end thereof the following:

“The aggregate amount of the Revolving Credit Commitments as of the Incremental Agreement No. 2 Effective Date is \$3,300,000,000.”

3. Joinder. (a) Each of the undersigned Incremental Lender, the Administrative Agent, the Borrower and the Subsidiary Guarantors acknowledges and agrees that upon the execution by

such Incremental Lender of this Incremental Agreement No. 2 and the occurrence of the Incremental Agreement No. 2 Effective Date, such Incremental Lender (i) shall become a “Lender” under, and for all purposes of, the Credit Agreement and the other Loan Documents, on the terms and subject to the conditions set forth below, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Lender thereunder and (ii) shall have an aggregate Revolving Credit Commitment as set forth on Schedule I hereof opposite such Incremental Lender’s name (as such Revolving Credit Commitment may thereafter be changed from time to time pursuant to the terms of the Credit Agreement).

(b) The Incremental Lender (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents and the exhibits thereto, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Incremental Agreement No. 2; (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.16(f) of the Credit Agreement.

4. Credit Agreement Governs. Except as set forth in this Incremental Agreement No. 2, the Loans made pursuant hereto shall otherwise be subject to the provisions of the Credit Agreement and the other Loan Documents.

5. Schedule 2.01. Attached as Schedule I hereto is a supplement to Schedule 2.01 to the Credit Agreement, which supplement sets forth the Revolving Credit Commitment of the Incremental Lender as of the Incremental Agreement No. 2 Effective Date.

6. Notice. For purposes of the Credit Agreement, the initial notice address of each Incremental Lender shall be as set forth below its signature below.

7. Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and each Lender (before and after giving effect to this Incremental Agreement No. 2):

(a) Each Obligor has the requisite corporate or equivalent power and authority to execute, deliver and perform this Incremental Agreement No. 2 and, in the case of the Borrower, to borrow under the Credit Agreement as amended by this Incremental Agreement No. 2 (the “Amended Credit Agreement”). Each Obligor has taken all necessary limited liability company, corporate or equivalent actions to authorize the execution, delivery and performance of this Incremental Agreement No. 2 and, in the case of the Borrower, to authorize the borrowings on the terms and conditions of the Amended Credit Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with this Incremental Agreement No. 2, the borrowings under the Amended Credit Agreement or the execution, delivery, performance, validity or enforceability of this Incremental Agreement No. 2 except consents, authorizations, filings and notices which have been obtained or made and are in full force and effect. This Incremental Agreement No. 2 has been duly executed and delivered on behalf of each Obligor party

hereto. On the Incremental Agreement No. 2 Effective Date, each of this Incremental Agreement No. 2, the Amended Credit Agreement and each other Loan Document will constitute a legal, valid and binding obligation of each Obligor that is a party thereto, enforceable against each such Obligor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) The execution, delivery and performance of this Incremental Agreement No. 2 by each Obligor, the borrowings under the Amended Credit Agreement and the use of the proceeds thereof will not violate any laws, regulations, policies and orders of any Governmental Authority applicable to it (or its Subsidiaries) or its (or their) property or any indentures, agreements and other instruments binding upon it (or its Subsidiaries) or its (or their) property (except where such violation or the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect) and will not result in, or require, the creation or imposition of any Lien on any of their respective properties.

(c) Each of the representations and warranties made by any Obligor herein or in or pursuant to each of the Loan Documents is true and correct on and as of the Incremental Agreement No. 2 Effective Date as if made on and as of such date (except that any representation or warranty which by its terms is made as of an earlier date shall be true and correct as of such earlier date).

(d) Immediately after giving effect to this Incremental Agreement No. 2, no Default or Event of Default has occurred and is continuing, or will result from the consummation of the transactions contemplated by this Incremental Agreement No. 2.

(e) The Borrower is in pro forma compliance with the financial covenants set forth in Section 6.05 of the Credit Agreement on and as of the Incremental Agreement No. 2 Effective Date after giving effect to the transactions contemplated hereby.

(f) Each Obligor hereby confirms as of the date hereof that (x) neither its certificate or articles of incorporation or formation, as applicable, nor its bylaws or operating agreement, as applicable, have been amended or modified since the date of the respective version thereof delivered by such Obligor on the Effective Date in a manner that would be adverse to the Lenders and (y) the corporate, LLC or partnership resolutions and consents, as applicable, delivered in connection with the closing of the Credit Agreement on February 28, 2013 which approved the execution and delivery of the Credit Agreement (including as amended by this Incremental Agreement No. 2) and the other Loan Documents and the performance by such Obligor of its obligations thereunder, and authorizing the transactions contemplated hereby and thereby, remain in full force and effect and have not been amended, rescinded or modified since February 28, 2013.

8. Effectiveness. This Incremental Agreement No. 2 shall become effective on the date (the "Incremental Agreement No. 2 Effective Date") on which the following conditions precedent shall have been satisfied:

(a) Incremental Agreement No. 2. The Administrative Agent shall have received this Incremental Agreement No. 2, duly executed and delivered by the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Incremental Lender.

(b) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid on or before the Incremental Agreement No. 2 Effective Date, and all expenses required to be paid on or before the Incremental Agreement No. 2 Effective Date for which invoices have been timely

presented, including, without limitation, the reasonable fees and expenses of legal counsel.

(c) Repayment of Loans. The Borrower shall have complied with the requirements of Section 2.08(d)(iv) of the Credit Agreement.

(d) No Default. Immediately after giving effect to this Incremental Agreement No. 2, no Default or Event of Default shall have occurred and be continuing.

(e) Officer's Certificate. The Administrative Agent shall have received a certificate of a Financial Officer of the Borrower stating that each of the conditions to this Incremental Agreement No. 2 set forth in Section 2.08(d) have been satisfied.

(f) Opinions. The Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Incremental No. 2 Effective Date) of Jones Day, as special counsel to the Obligors, and Polsinelli Shughart P.C., as special Kansas counsel to the Obligors, covering such matters relating to the Obligors, this Agreement, and the other Loan Documents as the Administrative Agent shall request (and the Borrower hereby requests such counsel to deliver such opinions).

9. Continuing Effect of the Credit Agreement. This Incremental Agreement No. 2 shall not constitute an amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect. On and after the Incremental Agreement No. 2 Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "Credit Agreement", "thereunder", "thereof", or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement after giving effect to this Incremental Agreement No. 2. This Incremental Agreement No. 2 is a Loan Document for all purposes of the Credit Agreement.

10. Amendment, Modification and Waiver. This Incremental Agreement No. 2 may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.

11. Counterparts. This Incremental Agreement No. 2 may be executed by the parties hereto in any number of separate counterparts (including emailed or facsimiled counterparts), each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute one and the same instrument.

12. Severability. Any provision of this Incremental Agreement No. 2 which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Integration. This Incremental Agreement No. 2 and the other Loan Documents represent the agreement of the Obligors, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any such party relative to the subject matter hereof or thereof not expressly set forth or referred to herein or in the other Loan Documents.

14. GOVERNING LAW. THIS INCREMENTAL AGREEMENT NO. 2 AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS INCREMENTAL AGREEMENT NO. 2 SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

15. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Incremental Agreement No. 2, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Incremental Agreement No. 2 to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

SPRINT COMMUNICATIONS, INC.,
as Borrower

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Treasurer

ENTERPRISE COMMUNICATIONS PARTNERSHIP

By: SprintCom ECP I, L.L.C.,
its General Partner

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Treasurer

By: SprintCom ECP II, L.L.C.,
its General Partner

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Treasurer

PHILLIECO EQUIPMENT AND REALTY COMPANY,
L.P.

By: PhillieCo Sub, L.P.,
its General Partner

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Treasurer

C FON CORPORATION
UNITED TELECOMMUNICATIONS, INC.

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Assistant Treasurer

EACH OF THE OTHER "SUBSIDIARY GUARANTORS"
LISTED ON ANNEX A ATTACHED HERETO

By:

/s/ Greg D. Block

Name: Greg D. Block

Title: Vice President and Treasurer

ANNEX A
Other Subsidiary Guarantors

ACI 900, Inc.
AGW Leasing Company, Inc.
AirGate PCS, Inc.
AirGate Service Company, Inc.
Alamosa (Delaware), Inc.
Alamosa (Wisconsin) Properties, LLC
Alamosa Delaware GP, LLC
Alamosa Holdings, Inc.
Alamosa Holdings, LLC
Alamosa Limited, LLC
Alamosa Missouri Properties, LLC
Alamosa Missouri, LLC
Alamosa PCS Holdings, Inc.
Alamosa PCS, Inc.
Alamosa Properties, LP
Alamosa Wisconsin GP, LLC
Alamosa Wisconsin Limited Partnership
American PCS Communications, LLC
American PCS, L.P.
American Personal Communications Holdings, Inc.
American Telecasting, Inc.
APC PCS, LLC
APC Realty and Equipment Company, LLC
ASC Telecom, Inc.
Assurance Wireless of South Carolina, LLC
Atlanta MDS Co., Inc.
Bluebottle USA Holdings L.P.
Bluebottle USA Investments L.P.
Boost Mobile, LLC
Boost Worldwide, Inc.
Caroline Ventures, Inc.
Dial Call Midwest, Inc.
Domestic USF Corp.
EQF Holdings, LLC
FCI 900, Inc.
G & S Television Network, Inc.
Georgia PCS Leasing, LLC
Georgia PCS Management, L.L.C.
Gulf Coast Wireless Limited Partnership
Helio LLC
Independent Wireless One Corporation
Independent Wireless One Leased Realty Corporation

IWO Holdings, Inc.
LCF, Inc.
Los Angeles MDS Company, Inc.
Louisiana Unwired, LLC
Machine License Holding, LLC
MinorCo, L.P.
NCI 700, Inc.
NCI 900 Spectrum Holdings, Inc.
New York MDS, Inc.
Nextel 220 License Acquisition Corp.
Nextel 700 Guard Band Corp.
Nextel Boost Investment, Inc.
Nextel Boost of California, LLC
Nextel Boost of New York, LLC
Nextel Boost of Texas, LLC
Nextel Boost of the Mid-Atlantic, LLC
Nextel Boost South, LLC
Nextel Boost West, LLC
Nextel Broadband, Inc.
Nextel Communications of the Mid-Atlantic, Inc.
Nextel Communications, Inc.
Nextel Data Investments 1, Inc.
Nextel Finance Company
Nextel License Acquisition Corp.
Nextel License Holdings 1, Inc.
Nextel License Holdings 2, Inc.
Nextel License Holdings 3, Inc.
Nextel License Holdings 4, Inc.
Nextel of California, Inc.
Nextel of New York, Inc.
Nextel of Texas, Inc.
Nextel Operations, Inc.
Nextel Partners Equipment LLC
Nextel Partners of Upstate New York, Inc.
Nextel Partners Operating Corp.
Nextel Partners, Inc.
Nextel Retail Stores, LLC
Nextel South Corp.
Nextel Systems Corp.
Nextel Unrestricted Relocation Corp.
Nextel West Corp.
Nextel West Services, LLC
Nextel WIP Corp.
Nextel WIP Expansion Corp.
Nextel WIP Expansion Two Corp.

Nextel WIP Lease Corp.
Nextel WIP License Corp.
Northern PCS Services, LLC
NPCR, Inc.
NPFC, Inc.
OneLouder Apps, Inc.
PCS Leasing Co., L.P.
People's Choice TV Corp.
PhillieCo Partners I, L.P.
PhillieCo Partners II, L.P.
PhillieCo Sub, L.P.
PhillieCo, L.P.
Pinsight Media+, Inc.
Private Trans-Atlantic Telecommunications System (N.J.) Inc.
Private TransAtlantic Telecommunications System, Inc.
San Francisco MDS, Inc.
SGV Corporation
SIHI New Zealand Holdco, Inc.
S-N GC GP, Inc.
S-N GC HoldCo, LLC
S-N GC LP HoldCo, Inc.
SN Holdings (BR I), LLC
SN UHC 1, Inc.
SN UHC 2, Inc.
SN UHC 3, Inc.
SN UHC 4, Inc.
SN UHC 5, Inc.
Southwest PCS Properties, LLC
Southwest PCS, L.P.
Sprint Asian American, Inc.
Sprint Capital Corporation
Sprint Communications Company L.P.
Sprint Communications Company of New Hampshire, Inc.
Sprint Communications Company of Virginia, Inc.
Sprint Corporation
Sprint Corporation (Inactive)
Sprint Credit General, Inc.
Sprint Credit Limited, Inc.
Sprint eBusiness, Inc.
Sprint Enterprise Mobility, Inc.
Sprint Enterprise Network Services, Inc.
Sprint Enterprises, L.P.
Sprint eWireless, Inc.
Sprint Global Venture, Inc.
Sprint Healthcare Systems, Inc.

Sprint HoldCo, LLC
Sprint International Communications Corporation
Sprint International Holding, Inc.
Sprint International Incorporated
Sprint International Network Company LLC
Sprint Iridium, Inc.
Sprint Licensing, Inc.
Sprint Mexico, Inc.
Sprint Nextel Aviation, Inc.
Sprint Nextel Holdings (ME) Corp.
Sprint PCS Assets, L.L.C.
Sprint PCS Canada Holdings, Inc.
Sprint PCS License, L.L.C.
Sprint Solutions, Inc.
Sprint Spectrum Equipment Company, L.P.
Sprint Spectrum Holding Company L.P.
Sprint Spectrum L.P.
Sprint Spectrum Realty Company, L.P.
Sprint TELECENTERS Inc.
Sprint Telephony PCS, L.P.
Sprint Ventures, Inc.
Sprint Wavepath Holdings, Inc.
Sprint WBC of New York, Inc.
Sprint/United Management Company
SprintCom ECP I, L.L.C.
SprintCom ECP II, L.L.C.
SprintCom Equipment Company L.P.
SprintCom, Inc.
STE 14 Affiliate LLC
SWGP, L.L.C.
SWLP, L.L.C.
SWV Eight, Inc.
SWV Five, Inc.
SWV Four, Inc.
SWV One Telephony Partnership
SWV One, Inc.
SWV Seven, Inc.
SWV Six, Inc.
SWV Three Telephony Partnership
SWV Three, Inc.
SWV Two Telephony Partnership
SWV Two, Inc.
TDI Acquisition Corporation
Texas Telecommunications, LP
Texas Unwired

Tower Parent Corp.
Transworld Telecommunications, Inc.
UbiquiTel Inc.
UbiquiTel Leasing Company
UbiquiTel Operating Company
UCOM, Inc.
Unrestricted Extend America Investment Corp.
Unrestricted Subscriber Equipment Leasing Company, Inc.
Unrestricted Subsidiary Funding Company
Unrestricted UMTS Funding Company
US Telecom of New Hampshire, Inc.
US Telecom, Inc.
US Unwired Inc.
USST of Texas, Inc.
UT Transition Corporation
Utelcom, Inc.
Velocita Wireless Holding Corp.
Velocita Wireless Holding, LLC
Via/Net Companies
Virgin Mobile USA, Inc.
Virgin Mobile USA, L.P.
VMU GP, LLC
VMU GP1, LLC
Washington Oregon Wireless Properties, LLC
Washington Oregon Wireless, LLC
Wavepath Holdings, Inc.
Wireless Broadcasting Systems of America, Inc.
Wireless Cable of Florida, Inc.
Wireless Leasing Co., Inc.
WirelessCo, L.P.
Wireline Leasing Co., Inc.

MIZUHO BANK, LTD.,
as an Incremental Lender that is an
Assuming Lender

By:

/s/ Bertram H. Tang

Name: Bertram H. Tang

Title: Authorized Signatory

Address for Notices:

For operational matters:

Mizuho Bank, Ltd.
1800 Plaza Ten
Jersey City, NJ 07311
Attention: Nicole Ferrara
Telephone: (201) 626-9341
Facsimile: (201) 626-9941
Email: LAU_uscorp3@mizuhocbus.com

For all other matters:

Mizuho Bank, Ltd.
1251 Avenue of the Americas
New York, New York 10020
Attention: Daniel Guevara
Telephone: (212) 282-4537
Facsimile: (212) 282-4488
Email: daniel.guevara@mizuhocbus.com

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By:

/s/ Tina Ruyter

Name: Tina Ruyter

Title: Executive Director

**SCHEDULE I
TO INCREMENTAL AGREEMENT NO. 2**

REVOLVING CREDIT COMMITMENTS

Incremental Lender	Revolving Credit Commitment Pursuant to Incremental Agreement No. 2
MIZUHO BANK, LTD.	\$300,000,000

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of October 2, 2012 (the “Effective Date”), by and between Sprint Nextel Corporation, a Kansas corporation (the “Company”) on behalf of itself and any of its subsidiaries, affiliates and related entities, and Jeffrey D. Hallock (the “Executive”) (the Company and the Executive, collectively, the “Parties,” and each, a “Party”). Certain capitalized terms are defined in Section 29.

WITNESSETH:

WHEREAS, the Executive serves the Company as Senior Vice President, Marketing; and

WHEREAS, the Executive and the Company are parties to an Amended and Restated Special Compensation and Non-Compete Agreement effective as of December 31, 2008 (the “Prior Employment Agreement”); and

WHEREAS, the Executive and the Company desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Company and the Executive agree as follows:

1. **Employment.**

(a) The Company will continue to employ the Executive and the Executive will continue to be employed by the Company upon the terms and conditions set forth herein.

(b) The employment relationship between the Company and the Executive shall be governed by the general employment policies and practices of the Company, including without limitation, those relating to the Company’s Code of Conduct, confidential information and avoidance of conflicts, except that when the terms of this Agreement differ from or are in conflict with the Company’s general employment policies or practices, this Agreement shall control.

2. **Term.** Subject to termination under Section 9, the Executive’s employment shall be for an initial term of 24 months commencing on the Effective Date and shall continue through the second anniversary of the Effective Date (the “Initial Employment Term”). At the end of the Initial Employment Term and on each succeeding anniversary of the Effective Date, the Employment Term will be automatically extended by an additional 12 months (each, a “Renewal Term”), unless, not less than 12 months prior to the end of the Initial Employment Term or any Renewal Term, either the Executive or the Company has given the other written notice (in accordance with Section 20) of nonrenewal. The Executive shall provide the Company with written notice of his intent to terminate employment with the Company at least 30 days prior to the effective date of such termination.

3. Position and Duties of the Executive.

(a) The Executive shall serve as Senior Vice President of Marketing, and agrees to serve as an officer of any enterprise and/or agrees to be an employee of any Subsidiary as may be requested from time to time by the Board of Directors of the Company (the "Board"), any committee or person delegated by the Board or the Chief Executive Officer of the Company (the "Chief Executive Officer"). In such capacity, the Executive shall report directly to the Chief Executive Officer of the Company or such other officer of the Company as may be designated by the Chief Executive Officer. The Executive shall have such duties, responsibility and authority as may be assigned to the Executive from time to time by the Chief Executive Officer, the Board or such other officer of the Company as may be designated by the Chief Executive Officer or the Board.

(b) During the Employment Term, the Executive shall, except as may from time to time be otherwise agreed to in writing by the Company, during reasonable vacations (as set forth in Section 7 hereof) and authorized leave and except as may from time to time otherwise be permitted pursuant to Section 3(c), devote his best efforts, full attention and energies during his normal working time to the business of the Company, to any duties as may be delineated in the Company's Bylaws for the Executive's position and title and such other related duties and responsibilities as may from time to time be reasonably prescribed by the Board, any committee or person designated by the Board, or the Chief Executive Officer, in each case, within the framework of the Company's policies and objectives.

(c) During the Employment Term, and provided that such activities do not contravene the provisions of Section 3(a) or (b) or Sections 10, 11, 12 or 13 hereof and, provided further, the Executive does not engage in any other substantial business activity for gain, profit or other pecuniary advantage which materially interferes with the performance of his duties hereunder, the Executive may participate in any governmental, educational, charitable or other community affairs and, subject to the prior approval of the Chief Executive Officer serve as a member of the governing board of any such organization or any private or public for-profit company. The Executive may retain all fees and other compensation from any such service, and the Company shall not reduce his compensation by the amount of such fees.

4. Compensation .

(a) Base Salary . During the Employment Term, the Company shall pay to the Executive an annual base salary of not less than his base salary as of the Effective Date, subject to this Section 4(a) (the "Base Salary"), which Base Salary shall be payable at the times and in the manner consistent with the Company's general policies regarding compensation of the Company's senior executives. The Base Salary will be reviewed periodically by Chief Executive Officer and may be increased (but not decreased, except for across-the-board reductions generally applicable to the Company's senior executives) from time to time in the Chief Executive Officer's sole discretion.

(b) Incentive Compensation. The Executive will continue to be eligible to participate in any short-term and long-term incentive compensation plans, annual bonus plans and such other management incentive programs or arrangements of the Company approved by the Board that are generally available to the Company's senior executives, including, but not limited to, the STIP and the LTSIP. Incentive compensation shall be paid in accordance with the terms and conditions of the applicable plans, programs and arrangements.

(i) Annual Performance Bonus. During the Employment Term, the Executive shall be entitled to participate in the STIP, with such opportunities as may be determined by the Chief Executive Officer in his sole discretion ("Target Bonuses"), and as may be increased (but not decreased, except for across-the-board reductions generally applicable to the Company's senior executives) from time to time, and the Executive shall be entitled to receive full payment of any award under the STIP, determined pursuant to the STIP (a "Bonus Award").

(ii) Long-Term Performance Bonus. During the Employment Term, the Executive shall be entitled to participate in the LTSIP with such opportunities, if any, as may be determined by the Chief Executive Officer ("LTSIP Target Award Opportunities").

(iii) Incentive bonuses, if earned, shall be paid when incentive compensation is customarily paid to the Company's senior executives in accordance with the terms of the applicable plans, programs or arrangements.

(iv) Pursuant to the Company's applicable incentive or bonus plans as in effect from time to time, the Executive's incentive compensation during the term of this Agreement may be determined according to criteria intended to qualify as performance-based compensation under Section 162(m) of the Code.

(c) Equity Compensation. The Executive shall continue to be eligible to participate in such equity incentive compensation plans and programs as the Company generally provides to its senior executives, including, but not limited to, the LTSIP. During the Employment Term, the Compensation Committee may, in its sole discretion, grant equity awards to the Executive, which would be subject to the terms of the respective award agreements evidencing such grants and the applicable plan or program.

5. Benefits.

(a) During the Employment Term, the Company shall make available to the Executive, subject to the terms and conditions of the applicable plans, participation for the Executive and his eligible dependents in: (i) Company-sponsored group health, major medical, dental, vision, pension and profit sharing, 401(k) and employee welfare benefit plans, programs and arrangements (the "Employee Plans") and such other usual and customary benefits in which senior executives of the Company participate from time to time, and (ii) such fringe benefits and perquisites as may be made available to senior executives of the Company as a group.

(b) The Executive acknowledges that the Company may change its benefit programs from time to time, which may result in certain benefit programs being amended or terminated for its senior executives generally.

6. Expenses. The Company shall pay or reimburse the Executive for reasonable and necessary business expenses incurred by the Executive in connection with his duties on behalf of the Company in accordance with the Company's Enterprise Financial Services-Employee Travel and Expense Policy, as may be amended from time to time, or any successor policy, plan, program or arrangement thereto and any other of its expense policies applicable to senior executives of the Company, following submission by the Executive of reimbursement expense forms in a form consistent with such expense policies.

7. Vacation. In addition to such holidays, sick leave, personal leave and other paid leave as is allowed under the Company's policies applicable to senior executives generally, the Executive shall be entitled to participate in the Company's vacation policy in accordance with the Company's policy generally applicable to senior executives. The duration of such vacations and the time or times when they shall be taken will be determined by the Executive in consultation with the Company.

8. Place of Performance. In connection with his employment by the Company, the Executive shall be based at the principal executive offices of the Company in the vicinity of Overland Park, Kansas (the "Place of Performance"), except for travel reasonably required for Company business. If the Company relocates the Executive's Place of Performance more than 50 miles from his Place of Performance prior to such relocation, the Executive shall relocate to a residence within the greater of (a) 50 miles of such relocated Place of Performance or (b) such total miles that do not exceed the total number of miles the Executive commuted to his Place of Performance prior to relocation of the Executive's Place of Performance. To the extent the Executive relocates his residence as provided in this Section 8, the Company will pay or reimburse the Executive's relocation expenses in accordance with the Company's relocation policy applicable to senior executives.

9. Termination.

(a) Termination by the Company for Cause or Resignation by the Executive Without Good Reason. If, during the Employment Term, the Executive's employment is terminated by the Company for Cause, or if the Executive resigns without Good Reason, the Executive shall not be eligible to receive Base Salary or to participate in any Employee Plans with respect to future periods after the date of such termination or resignation except for the right to receive accrued but unpaid cash compensation and vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law.

(b) Termination by the Company Without Cause or Resignation by the Executive for Good Reason outside of the CIC Severance Protection Period. If, during the Employment Term, the Executive's employment is terminated by the Company without Cause or the Executive terminates for Good Reason prior to, or following expiration of, the CIC Severance Protection Period and such termination constitutes a

Separation from Service or the Executive is entitled to severance compensation and benefits under this Section 9(b) pursuant to the provisions of Section 9(c), the Executive shall be entitled to receive from the Company: (1) the Executive's accrued, but unpaid, Base Salary through the date of termination of employment, payable in accordance with the Company's normal payroll practices and any vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law, and (2) conditioned upon the Executive executing a Release within the Release Consideration Period and delivering it to the Company with the Release Revocation Period expired without revocation, and in full satisfaction of the Executive's rights and any benefits the Executive might be entitled to under the Separation Plan and this Agreement and any requirements of the Worker Adjustment and Retraining Notification Act or similar law, unless otherwise specified herein:

(i) periodic payments equal to his Base Salary in effect prior to the termination of his employment, which payments shall be paid to the Executive in equal installments on the regular payroll dates under the Company's payroll practices applicable to the Executive on the date of this Agreement for the Payment Period, except that if the Executive is a Specified Employee, with respect to any amount payable by reason of the Separation from Service that constitutes deferred compensation within the meaning of Code Section 409A, such installments shall not commence until after the end of the six continuous month period following the date of the Executive's Separation from Service, in which case, the Executive shall be paid a lump-sum cash payment equal to the aggregate amount of missed installments during such period on the first day of the seventh month following the date of the Executive's Separation from Service;

(ii) (A) receive a pro rata payment of the Bonus Award for the portion of the Company's current fiscal year prior to the date of termination of his employment; (B) receive a pro rata payment of the Capped Bonus Award for the portion of the Company's current fiscal year following the date of termination of his employment; (C) receive for the next fiscal year following the fiscal year during which his termination of employment occurs, the Capped Bonus Award, or if his Payment Period ends during such fiscal year, a pro rata portion of the Capped Bonus Award; and (D) if his Payment Period ends in the second year following the fiscal year during which the Executive's termination of employment occurs, receive payment of a pro rata portion of the Capped Bonus Award for such fiscal year; provided, however, that to the extent the Executive's employment is terminated for Good Reason due to a reduction of the Executive's Target Bonus, in accordance with Section 29(x)(ii), the Executive's Target Bonus for the purposes of this Section 9(b)(ii) shall be the Executive's Target Bonus immediately prior to such reduction; and provided, further, that any pro rata payment shall be determined based on the methodology for determining pro rated awards under the STIP and each such payment shall be payable in accordance with the provisions of the STIP in the calendar year in which the Bonus Award or each Capped Bonus Award, as applicable, is determined, and in all events, not later than December 31st of the year in which each such award is determined;

(iii) continue from the date of Separation from Service for the number of months equal to the period of continuation coverage the Executive would be entitled to pursuant to Section 4980B of the Code participation in the Company's group health plans at then-existing participation and coverage levels comparable to the terms in effect from time to time for the Company's senior executives, including any co-payment and premium payment requirements, for which the Company shall deduct from each payment payable to the Executive pursuant to Section 9(b)(i) the amount of any employee contributions necessary to maintain such coverage for such period, except that (A) following such period, the Executive shall retain any rights to continue coverage under the Company's group health plans under the benefits continuation provisions pursuant to Section 4980B of the Code by paying the applicable premiums of such plans; and (B) the Executive shall no longer be eligible to receive the benefits otherwise receivable pursuant to this Section 9(b)(iii) as of the date that the Executive becomes eligible to receive comparable benefits from a new employer;

(iv) continue for the Payment Period participation in the Company's employee life insurance plans at then-existing participation and coverage levels, comparable to the terms in effect from time to time for the Company's senior executives, including any premium payment requirements, for which the Company shall deduct from each payment payable to the Executive pursuant to Section 9(b)(i) the amount of any employee contributions necessary to maintain such coverage for such period, except that the Executive shall no longer be eligible to receive the benefits otherwise receivable pursuant to this Section 9(b)(iv) as of the date that the Executive becomes eligible to receive comparable benefits from a new employer; and

(v) receive outplacement services by a firm selected by the Company at its expense in an amount not to exceed \$35,000; provided, however, that all such outplacement services must be completed, and all payments by the Company must be made, by December 31st of the second calendar year following the calendar year in which the Executive's Separation from Service occurs.

Notwithstanding anything in this Section 9(b) to the contrary, to the extent the Executive has not executed the Release within the Release Consideration Period and delivered it to the Company, or has revoked the executed Release within the Release Revocation Period, as determined at the end of such Release Revocation Period, the Executive will forfeit any right to receive the payments and benefits specified in this Section 9(b) (other than any accrued but unpaid payments and benefits through the date of termination of employment).

(c) Termination by the Company Without Cause or Resignation by the Executive for Good Reason During the CIC Severance Protection Period. Subject to (i)-(iv) below, if the Executive's employment is terminated by the Company without Cause, or the Executive terminates employment for Good Reason, before the Employment Term expires and during the CIC Severance Protection Period, and the termination constitutes a Separation from Service, subject to the terms of the CIC Severance Plan, the Executive will become entitled to severance compensation and benefits under the CIC Severance

Plan as of (x) the date the Separation from Service occurs, or (y) in the event of a Pre-CIC Termination, the date the Change in Control occurs, as of which date all rights to severance benefits under this Agreement will cease.

(i) The CIC Severance Plan will not apply and the Executive will be entitled to severance compensation and benefits under Section 9(b) of this Agreement if the Executive (x) as of his Separation from Service is not a Participant in, or (y) is otherwise not entitled to severance compensation and benefits under, the CIC Severance Plan.

(ii) If the Executive is entitled to severance benefits under the CIC Severance Plan as a result of a Pre-CIC Termination, any benefits payable before the Change in Control will be paid under this Agreement and any additional benefits payable after the Change in Control will be paid under the CIC Severance Plan.

(iii) In no event may there be duplication of benefits under this Agreement and the CIC Severance Plan.

(iv) The terms “Change in Control” and “Pre-CIC Termination” are defined in the CIC Severance Plan.

(d) Termination by Death. If the Executive dies during the Employment Term, the Executive’s employment will terminate and the Executive’s beneficiary or if none, the Executive’s estate, shall be entitled to receive from the Company, the Executive’s accrued, but unpaid, Base Salary through the date of termination of employment and any vested benefits under any Employee Plan in accordance with the terms of such Employee Plan and applicable law.

(e) Termination by Disability. If the Executive becomes Disabled prior to the expiration of the Employment Term, the Executive’s employment will terminate, and provided that such termination constitutes a Separation from Service, the Executive shall be entitled to:

(i) receive from the Company periodic payments equal to his Base Salary in effect prior to the termination of his employment (reduced by any amounts paid on a monthly basis under any long-term disability plan (the “LTD Plan”) now or hereafter sponsored by the Company), which payments shall be paid to the Executive commencing on the Separation from Service date for 12 months in equal installments on the regular payroll dates under the Company’s payroll practices applicable to the Executive on the date of this Agreement; provided, however, that in the event that the Executive is a Specified Employee, with respect to any amount payable by reason of the Executive’s Separation from Service that constitutes deferred compensation within the meaning of Code Section 409A, such installments shall not commence until the earlier to occur of (A) the first business day of the seventh month following the date of the Executive’s Separation from Service and (B) death, in which case the Executive (or the Executive’s estate in the event of Executive’s death) shall be paid on the

earlier of (1) the first day of the seventh month following the date of the Executive's Separation from Service and (2) the Executive's death a lump-sum cash payment equal to the aggregate amount of any such payments that constitutes deferred compensation within the meaning of Code Section 409A that the Executive would have been entitled to receive during such period following the Executive's Separation from Service; and

(ii) continue participation in the Company's group health plans at then-existing participation and coverage levels for 12 months (measured from the Executive's Separation from Service), comparable to the terms in effect from time to time for the Company's senior executives, including any co-payment and premium payment requirements, and the Company shall deduct from each payment payable to the Executive pursuant to Section 9(e)(i), the amount of any employee contributions necessary to maintain such coverage for such period; except that following such period, the Executive shall retain any rights to continue coverage under the Company's group health plans under the benefits continuation provisions pursuant to Code Section 4980B by paying the applicable premiums of such plans.

(f) No Mitigation Obligation. No amounts paid under Section 9 will be reduced by any earnings that the Executive may receive from any other source. The Executive's coverage under the Company's medical, dental, vision and employee life insurance plans will terminate as of the date that the Executive is eligible for comparable benefits from a new employer. The Executive shall notify the Company within 30 days after becoming eligible for coverage of any such benefits.

(g) Forfeiture. Notwithstanding the foregoing, any right of the Executive to receive termination payments and benefits hereunder shall be forfeited to the extent of any amounts payable after any breach of Section 10, 11, 12, 13 or 15 by the Executive.

10. Confidential Information; Statements to Third Parties.

(a) During the Employment Term and on a permanent basis upon and following termination of the Executive's employment, the Executive acknowledges that:

(i) all information, whether or not reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form) or maintained in the mind or memory of the Executive and whether compiled or created by the Company, any of its Subsidiaries or any affiliates of the Company or its Subsidiaries (collectively, the "Company Group"), which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, of a proprietary, private, secret or confidential (including, without exception, inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, sales strategies, plans, research data, clinical data, financial data,

personnel data, computer programs, customer and supplier lists, trademarks, service marks, copyrights (whether registered or unregistered), artwork, and contacts at or knowledge of customers or prospective customers) nature concerning the Company Group's business, business relationships or financial affairs (collectively, "Proprietary Information") shall be the exclusive property of the Company Group;

(ii) the Proprietary Information of the Company Group gained by the Executive during the Executive's association with the Company Group was or will be developed by and/or for the Company Group through substantial expenditure of time, effort and money and constitutes valuable and unique property of the Company Group;

(iii) reasonable efforts have been put forth by the Company Group to maintain the secrecy of its Proprietary Information;

(iv) such Proprietary Information is and will remain the sole property of the Company Group;
and

(v) any retention or use by the Executive of Proprietary Information after the termination of the Executive's services for the Company Group will constitute a misappropriation of the Company Group's Proprietary Information.

(b) The Executive further acknowledges and agrees that he will take all affirmative steps reasonably necessary or required by the Company to protect the Proprietary Information from inappropriate disclosure during and after his employment with the Company.

(c) The Executive further agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, electronic, or other tangible material containing or constituting Proprietary Information, whether created by the Executive or others, which shall come into his custody or possession, regardless of medium, shall be and are the exclusive property of the Company to be used by him only in the performance of his duties for the Company. All such materials or copies thereof and all tangible things and other property of the Company Group in the Executive's custody or possession shall be delivered to the Company (to the extent the Executive has not already returned) in good condition, on or before five business days subsequent to the earlier of: (i) a request by the Company or (ii) the Executive's termination of employment for any reason or Cause, including for nonrenewal of this Agreement, Disability, termination by the Company or termination by the Executive. After such delivery, the Executive shall not retain any such materials or portions or copies thereof or any such tangible things and other property and shall execute any statements or affirmations of compliance under oath that the Company may require.

(d) The Executive further agrees that his obligation not to disclose or to use information and materials of the types set forth in Sections 10(a), 10(b) and 10(c)

above, and his obligation to return materials and tangible property, set forth in Section 10(c) above, also extends to such types of information, materials and tangible property of customers of the Company Group, consultants for the Company Group, suppliers to the Company Group, or other third parties who may have disclosed or entrusted the same to the Company Group or to the Executive.

(e) The Executive further acknowledges and agrees that he will continue to keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, use or suffer to be used in any manner any Proprietary Information of the Company Group without limitation as to when or how the Executive may have acquired such Proprietary Information and that he will not disclose any Proprietary Information to any person or entity other than appropriate employees of the Company or use the same for any purposes (other than in the performance of his duties as an employee of the Company) without written approval of the Board, either during or after his employment with the Company.

(f) Further the Executive acknowledges that his obligation of confidentiality will survive, regardless of any other breach of this Agreement or any other agreement, by any party hereto, until and unless such Proprietary Information of the Company Group has become, through no fault of the Executive, generally known to the public. In the event that the Executive is required by law, regulation, or court order to disclose any of the Company Group's Proprietary Information, the Executive will promptly notify the Company prior to making any such disclosure to facilitate the Company seeking a protective order or other appropriate remedy from the proper authority. The Executive further agrees to cooperate with the Company in seeking such order or other remedy and that, if the Company is not successful in precluding the requesting legal body from requiring the disclosure of the Proprietary Information, the Executive will furnish only that portion of the Proprietary Information that is legally required, and the Executive will exercise all legal efforts to obtain reliable assurances that confidential treatment will be accorded to the Proprietary Information.

(g) The Executive's obligations under this Section 10 are in addition to, and not in limitation of, all other obligations of confidentiality under the Company's policies, general legal or equitable principles or statutes.

(h) During the Employment Term and following his termination of employment:

(i) the Executive shall not, directly or indirectly, make or cause to be made any statements, including but not limited to, comments in books or printed media, to any third parties criticizing or disparaging the Company Group or commenting on the character or business reputation of the Company Group. Without the prior written consent of the Board, unless otherwise required by law, the Executive shall not (A) publicly comment in a manner adverse to the Company Group concerning the status, plans or prospects of the business of the Company Group or (B) publicly comment in a manner adverse to the Company

Group concerning the status, plans or prospects of any existing, threatened or potential claims or litigation involving the Company Group;

(ii) the Company shall comply with its policies regarding public statements with respect to the Executive and any such statements shall be deemed to be made by the Company only if made or authorized by a member of the Board or a senior executive officer of the Company; and

(iii) nothing herein precludes honest and good faith reporting by the Executive to appropriate Company or legal enforcement authorities.

(i) The Executive acknowledges and agrees that a violation of the foregoing provisions of this Section 10 would cause irreparable harm to the Company Group, and that the Company's remedy at law for any such violation would be inadequate. In recognition of the foregoing, the Executive agrees that, in addition to any other relief afforded by law or this Agreement, including damages sustained by a breach of this Agreement and any forfeitures under Section 9(g), and without the necessity or proof of actual damages, the Company shall have the right to enforce this Agreement by specific remedies, which shall include, among other things, temporary and permanent injunctions, it being the understanding of the undersigned parties hereto that damages, the forfeitures described above and injunctions shall all be proper modes of relief and are not to be considered as alternative remedies.

11. Non-Competition. In consideration of the Company entering into this Agreement, for a period commencing on the Effective Date and ending on the expiration of the Restricted Period:

(a) The Executive covenants and agrees that the Executive will not, directly or indirectly, engage in any activities on behalf of or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise. The Executive's ownership of less than one percent (1%) of any class of stock in a publicly traded corporation shall not be a breach of this paragraph.

(b) A "Competitor" is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the "Territory") that provides products and/or services that are the same or similar to the products and/or services that are currently being provided at the time of Executive's termination or that were provided by the Company Group during the two-year period prior to the Executive's separation from service with the Company Group.

(c) The Executive acknowledges and agrees that due to the continually evolving nature of the Company Group's industry, the scope of its business and/or the identities of Competitors may change over time. The Executive further acknowledges and agrees that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant,

including the geographic scope, are reasonably necessary to protect the Company Group's legitimate interests.

(d) The Executive covenants and agrees that should a court at any time determine that any restriction or limitation in this Section 11 is unreasonable or unenforceable, it will be deemed amended so as to provide the maximum protection to the Company Group and be deemed reasonable and enforceable by the court.

12. Non-Solicitation. In consideration of the Company entering into this Agreement, for a period commencing on the Effective Date and ending on the expiration of the Restricted Period, the Executive hereby covenants and agrees that he shall not, directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(a) hire or employ or assist in hiring or employing any person who was at any time during the last 18 months of the Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity;

(b) induce any person who is an employee, officer or agent of the Company Group, or any of its affiliated, related or subsidiary entities to terminate such relationship;

(c) solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of the Executive's employment for purposes of business which is competitive to the Company Group within the Territory; or

(d) solicit, aid, induce, persuade or attempt to solicit, aid, induce or persuade any person or entity to take any action that would result in a Change in Control of the Company or to seek to control the Board in a material manner.

(e) For purposes of this Section 12, the term "solicit or persuade" includes, but is not limited to, (i) initiating communications with an employee of the Company Group relating to possible employment, (ii) offering bonuses or additional compensation to encourage an employee of the Company Group to terminate his employment, (iii) referring employees of the Company Group to personnel or agents employed by competitors, suppliers or customers of the Company Group, and (iv) initiating communications with any person or entity relating to a possible Change in Control.

13. Developments.

(a) The Executive acknowledges and agrees that he will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, mask works, and works of authorship, whether patentable or

copyrightable or not, (i) which relate to the Company's business and have heretofore been created, made, conceived or reduced to practice by the Executive or under his direction or jointly with others, and not assigned to prior employers, or (ii) which have utility in or relate to the Company's business and are created, made, conceived or reduced to practice by the Executive or under his direction or jointly with others during his employment with the Company, whether or not during normal working hours or on the premises of the Company (all of the foregoing of which are collectively referred to in this Agreement as "Developments").

(b) The Executive further agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all of the Executive's rights, title and interest worldwide in and to all Developments and all related patents, patent applications, copyrights and copyright applications, and any other applications for registration of a proprietary right. This Section 13(b) shall not apply to Developments that the Executive developed entirely on his own time without using the Company's equipment, supplies, facilities, or Proprietary Information and that does not, at the time of conception or reduction to practice, have utility in or relate to the Company's business, or actual or demonstrably anticipated research or development. The Executive understands that, to the extent this Agreement shall be construed in accordance with the laws of any Territory which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this Section 13(b) shall be interpreted not to apply to any invention which a court rules or the Company agrees falls within such classes.

(c) The Executive further agrees to cooperate fully with the Company, both during and after his employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and other countries) relating to Developments. The Executive shall not be required to incur or pay any costs or expenses in connection with the rendering of such cooperation. The Executive will sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, and do all things that the Company may reasonably deem necessary or desirable in order to protect its rights and interests in any Development.

(d) The Executive further acknowledges and agrees that if the Company is unable, after reasonable effort, to secure the Executive's signature on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the Executive's agent and attorney-in-fact, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as his agent and attorney-in-fact to execute any such papers on the Executive's behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Development, under the conditions described in this sentence.

14. Remedies. The Executive and the Company agree that the covenants contained in Sections 10, 11, 12 and 13 are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such covenant is not reasonable in any

respect, such court will have the right, power and authority to sever or modify any provision or provisions of such covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. The Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of the Executive's obligations under Sections 10, 11, 12 and 13 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of the Executive's violation of any such provision of this Agreement, the Company will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage. Without limiting the applicability of this Section 14 or in any way affecting the right of the Company to seek equitable remedies hereunder, in the event that the Executive breaches any of the provisions of Sections 10, 11, 12 or 13 or engages in any activity that would constitute a breach save for the Executive's action being in a state where any of the provisions of Sections 10, 11, 12, 13 or this Section 14 is not enforceable as a matter of law, then the Company's obligation to pay any remaining severance compensation and benefits that has not already been paid to Executive pursuant to Section 9 shall be terminated and within ten days of notice of such termination of payment, the Executive shall return all severance compensation and the value of such benefits, or profits derived or received from such benefits.

15. Continued Availability and Cooperation.

(a) Following termination of the Executive's employment, the Executive shall cooperate fully with the Company and with the Company's counsel in connection with any present and future actual or threatened litigation, administrative proceeding or investigation involving the Company that relates to events, occurrences or conduct occurring (or claimed to have occurred) during the period of the Executive's employment by the Company. Cooperation will include, but is not limited to:

(i) making himself reasonably available for interviews and discussions with the Company's counsel as well as for depositions and trial testimony;

(ii) if depositions or trial testimony are to occur, making himself reasonably available and cooperating in the preparation therefore, as and to the extent that the Company or the Company's counsel reasonably requests;

(iii) refraining from impeding in any way the Company's prosecution or defense of such litigation or administrative proceeding; and

(iv) cooperating fully in the development and presentation of the Company's prosecution or defense of such litigation or administrative proceeding.

(b) The Company will reimburse the Executive for reasonable travel, lodging, telephone and similar expenses, as well as reasonable attorneys' fees (if independent legal counsel is necessary), incurred in connection with any cooperation,

consultation and advice rendered under this Agreement after the Executive's termination of employment.

16. Dispute Resolution.

(a) In the event that the Parties are unable to resolve any controversy or claim arising out of or in connection with this Agreement or breach thereof, either Party shall refer the dispute to binding arbitration, which shall be the exclusive forum for resolving such claims. Such arbitration will be administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS") pursuant to its Employment Arbitration Rules and Procedures and governed by Kansas law. The arbitration shall be conducted by a single arbitrator selected by the Parties according to the rules of JAMS. In the event that the Parties fail to agree on the selection of the arbitrator within 30 days after either Party's request for arbitration, the arbitrator will be chosen by JAMS. The arbitration proceeding shall commence on a mutually agreeable date within 90 days after the request for arbitration, unless otherwise agreed by the Parties, and in the location where the Executive worked during the six months immediately prior to the request for arbitration if that location is in Kansas or Virginia, and if not, the location will be Kansas, unless the Parties agree otherwise.

(b) The Parties agree that each will bear their own costs and attorneys' fees. The arbitrator shall not have authority to award attorneys' fees or costs to any Party.

(c) The arbitrator shall have no power or authority to make awards or orders granting relief that would not be available to a Party in a court of law. The arbitrator's award is limited by and must comply with this Agreement and applicable federal, state, and local laws. The decision of the arbitrator shall be final and binding on the Parties.

(d) Notwithstanding the foregoing, no claim or controversy for injunctive or equitable relief contemplated by or allowed under applicable law pursuant to Sections 10, 11, 12 and 13 of this Agreement will be subject to arbitration under this Section 16, but will instead be subject to determination in a court of competent jurisdiction in Kansas, which court shall apply Kansas law consistent with Section 21 of this Agreement, where either Party may seek injunctive or equitable relief.

17. Other Agreements. The provisions of this Agreement supersede the provisions of the Prior Employment Agreement. No agreements (other than the agreements evidencing any grants of equity awards) or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or other agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, pertaining to the subject matter hereof, which are not embodied herein, and that no prior and/or contemporaneous agreement, statement or promise pertaining to the subject matter hereof that is not contained in this Agreement shall be valid or binding on either party.

18. Withholding of Taxes. The Company will withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

19. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company, except that the Company may assign and transfer this Agreement and delegate its duties thereunder to a wholly owned Subsidiary.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 19(a) and 19(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 19(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

20. Notices. All communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as Federal Express or UPS, addressed to the Company (to the attention of the General Counsel of the Company) at its principal executive offices and to the Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

21. Governing Law and Choice of Forum.

(a) This Agreement will be construed and enforced according to the laws of the State of Kansas, without giving effect to the conflict of laws principles thereof.

(b) To the extent not otherwise provided for by Section 16 of this Agreement, the Executive and the Company consent to the jurisdiction of all state and federal courts located in Overland Park, Johnson County, Kansas, as well as to the jurisdiction of all courts of which an appeal may be taken from such courts, for the purpose of any suit, action, or other proceeding arising out of, or in connection with, this Agreement or that otherwise arise out of the employment relationship. Each Party hereby expressly waives any and all rights to bring any suit, action, or other proceeding in or before any court or tribunal other than the courts described above and covenants that it shall not seek in any manner to resolve any dispute other than as set forth in this paragraph. Further, the Executive and the Company hereby expressly waive any and all objections either may have to venue, including, without limitation, the inconvenience of such forum, in any of such courts. In addition, each of the Parties consents to the service of process by personal service or any manner in which notices may be delivered hereunder in accordance with this Agreement.

22. Validity/Severability. If any provision of this Agreement or the application of any provision is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal. To the extent any provisions held to be invalid, unenforceable or otherwise illegal cannot be reformed, such provisions are to be stricken herefrom and the remainder of this Agreement will be binding on the parties and their successors and assigns as if such invalid or illegal provisions were never included in this Agreement from the first instance.

23. Survival of Provisions. Notwithstanding any other provision of this Agreement, the parties' respective rights and obligations under Sections 10, 11, 12, 13, 14, 15, 16, 18, 22 and 26 will survive any termination or expiration of this Agreement or the termination of the Executive's employment.

24. Representations and Acknowledgements.

(a) The Executive hereby represents that he is not subject to any restriction of any nature whatsoever on his ability to enter into this Agreement or to perform his duties and responsibilities hereunder, including, but not limited to, any covenant not to compete with any former employer, any covenant not to disclose or use any non-public information acquired during the course of any former employment or any covenant not to solicit any customer of any former employer.

(b) The Executive hereby represents that, except as he has disclosed in writing to the Company, he is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of the Executive's employment with

the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party.

(c) The Executive further represents that, to the best of his knowledge, his performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement with another party, including without limitation any agreement to keep in confidence proprietary information, knowledge or data the Executive acquired in confidence or in trust prior to his employment with the Company, and that he will not knowingly disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

(d) The Executive acknowledges that he will not be entitled to any consideration or reimbursement of legal fees in connection with execution of this Agreement.

(e) The Executive hereby represents and agrees that, during the Restricted Period, if the Executive is offered employment or the opportunity to enter into any business activity, whether as owner, investor, executive, manager, employee, independent consultant, contractor, advisor or otherwise, the Executive will inform the offeror of the existence of Sections 10, 11, 12 and 13 of this Agreement and provide the offeror a copy thereof. The Executive authorizes the Company to provide a copy of the relevant provisions of this Agreement to any of the persons or entities described in this Section 24(e) and to make such persons aware of the Executive's obligations under this Agreement.

25. Compliance with Code Section 409A . With respect to reimbursements or in-kind benefits provided under this Agreement: (a) the Company will not provide for cash in lieu of a right to reimbursement or in-kind benefits to which the Executive has a right under this Agreement, (b) any reimbursement or provision of in-kind benefits made during the Executive's lifetime (or such shorter period prescribed by a specific provision of this Agreement) shall be made not later than December 31st of the year following the year in which the Executive incurs the expense, and (c) in no event will the amount of expenses so reimbursed, or in-kind benefits provided, by the Company in one year affect the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Each payment, reimbursement or in-kind benefit made pursuant to the provisions of this Agreement shall be regarded as a separate payment and not one of a series of payments for purposes of Section 409A of the Code. It is intended that any amounts payable under this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto so as not to subject the Executive to the payment of the additional tax, interest and any tax penalty which may be imposed under Section 409A of the Code. In furtherance of this interest, to the extent that any provision hereof would result in the Executive being subject to payment of the additional tax, interest and tax penalty under Section 409A of the Code, the parties agree to amend this Agreement in order to bring this Agreement into compliance with Section 409A of the Code; and thereafter interpret its provisions in a manner that complies with Section 409A of the Code. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also

include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of Treasury or the Internal Revenue Service. Notwithstanding the foregoing, no particular tax result for the Executive with respect to any income recognized by the Executive in connection with the Agreement is guaranteed, and the Executive shall be responsible for any taxes, penalties and interest imposed on him under or as a result of Section 409A of the Code in connection with the Agreement.

26. Amendment; Waiver. Except as otherwise provided herein, this Agreement may not be modified, amended or waived in any manner except by an instrument in writing signed by both Parties hereto. No waiver by either Party at any time of any breach by the other Party hereto or compliance with any condition or provision of this Agreement to be performed by such other Party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

28. Headings. Unless otherwise noted, the headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

29. Defined Terms.

(a) "Agreement" has the meaning set forth in the preamble.

(b) "Base Salary" has the meaning set forth in Section 4(a).

(c) "Board" has the meaning set forth in Section 3(a).

(d) "Bonus Award" has the meaning set forth in Section 4(b)(i).

(e) "Bylaws" means the Amended and Restated Sprint Nextel Corporation Bylaws, as may be amended from time to time.

(f) "Capped Bonus Award" shall mean the lesser of the annual Target Bonus or actual performance for such fiscal year in accordance with the then existing terms of the STIP, which shall not be payable until the Compensation Committee has determined that any incentive targets have been achieved and the subsequent designated payout date has arrived.

(g) "Cause" shall mean:

(i) any act or omission constituting a material breach by the Executive of any provisions of this Agreement;

(ii) the willful failure by the Executive to perform his duties hereunder (other than any such failure resulting from the Executive's Disability), after

demand for performance is delivered by the Company that identifies the manner in which the Company believes the Executive has not performed his duties, if, within 30 days of such demand, the Executive fails to cure any such failure capable of being cured;

(iii) any intentional act or misconduct materially injurious to the Company or any Subsidiary, financial or otherwise, or including, but not limited to, misappropriation, fraud including with respect to the Company's accounting and financial statements, embezzlement or conversion by the Executive of the Company's or any of its Subsidiary's property in connection with the Executive's duties or in the course of the Executive's employment with the Company;

(iv) the conviction (or plea of no contest) of the Executive for any felony or the indictment of the Executive for any felony including, but not limited to, any felony involving fraud, moral turpitude, embezzlement or theft in connection with the Executive's duties or in the course of the Executive's employment with the Company;

(v) the commission of any intentional or knowing violation of any antifraud provision of the federal or state securities laws;

(vi) the Board reasonably believes in its good faith judgment that the Executive has committed any of the acts referred to in this Section 29(g)(v);

(vii) a final, non-appealable order in a proceeding before a court of competent jurisdiction or a final order in an administrative proceeding finding that the Executive committed any willful misconduct or criminal activity (excluding minor traffic violations or other minor offenses) which commission is materially inimical to the interests of the Company or any Subsidiary, whether for his personal benefit or in connection with his duties for the Company or any Subsidiary;

(viii) current alcohol or prescription drug abuse affecting work performance;

(ix) current illegal use of drugs; or

(x) violation of the Company's Code of Conduct, with written notice of termination by the Company for Cause in each case provided under this Section 29(g).

For purposes of this Agreement, no act or failure to act on the part of the Executive shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

- (h) "Change in Control" has the meaning set forth in the CIC Severance Plan.
 - (i) "Chief Executive Officer" has the meaning set forth in Section 3(a).
 - (j) "CIC Severance Plan" means the Company's Change in Control Severance Plan, as may be amended from time to time, or any successor plan, program or arrangement thereto.
 - (k) "CIC Severance Protection Period" has the meaning set forth in the CIC Severance Plan.
 - (l) "Certificate of Incorporation" means the Amended and Restated Articles of Incorporation of Sprint Nextel Corporation, as may be amended from time to time.
 - (m) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including any rules and regulations promulgated thereunder, along with Treasury and IRS Interpretations thereof. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.
 - (n) "Company" has the meaning set forth in the preamble.
 - (o) "Company Group" has the meaning set forth in Section 10(a)(i).
 - (p) "Compensation Committee" means the Compensation Committee of the Board.
 - (q) "Competitor" has the meaning set forth in Section 11(b).
 - (r) "Developments" has the meaning set forth in Section 13(a).
 - (s) "Disability" or "Disabled" shall mean:
 - (i) the Executive's incapacity due to physical or mental illness to substantially perform his duties and the essential functions of his position, with or without reasonable accommodation, on a full-time basis for six months as determined by the Board in its reasonable discretion, and within 30 days after a notice of termination is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties; and, further,
 - (ii) the Executive becomes eligible to receive benefits under the LTD Plan;
- provided, however, if the Executive shall not agree with a determination to terminate his employment because of Disability, the question of the Executive's

disability shall be subject to the certification of a qualified medical doctor agreed to by the Company and the Executive. The costs of such qualified medical doctor shall be paid for by the Company.

(t) “Effective Date” has the meaning set forth in the preamble.

(u) “Employee Plans” has the meaning set forth in Section 5(a).

(v) “Employment Term” means the Initial Employment Term and any Renewal Term.

(w) “Executive” has the meaning set forth in the preamble.

(x) “Good Reason” means the occurrence of any of the following without the Executive’s written consent, unless within 30 days of the Executive’s written notice of termination of employment for Good Reason, the Company cures any such occurrence:

(i) the Company’s material breach of this Agreement;

(ii) a material reduction in the Executive’s Base Salary (that is not agreed to by the Executive), as compared to the corresponding circumstances in place on the Effective Date as may be increased pursuant to Section 4, except for across-the-board reductions generally applicable to all senior executives; or

(iii) relocation of the Executive’s Place of Performance more than 50 miles without the Executive’s consent.

Any occurrence of Good Reason shall be deemed to be waived by the Executive unless the Executive provides the Company written notice of termination of employment for Good Reason within 60 days of the event giving rise to Good Reason.

(y) “Initial Employment Term” has the meaning set forth in Section 2.

(z) “JAMS” has the meaning set forth in Section 16.

(aa) “LTD Plan” has the meaning set forth in Section 9(e).

(bb) “LTSIP” means the Company’s 2007 Omnibus Incentive Plan, effective May 8, 2007, as may be amended from time to time, or any successor plan, program or arrangement thereto.

(cc) “LTSIP Target Award Opportunities” has the meaning set forth in Section 4(b)(ii).

(dd) “Participant” has the meaning set forth in the CIC Severance Plan.

(ee) “Parties” has the meaning set forth in the preamble.

(ff) “Party” has the meaning set forth in the preamble.

(gg) “Payment Period” means the period of 18 continuous months, as measured from the Executive’s Separation from Service.

(hh) “Place of Performance” has the meaning set forth in Section 8.

(ii) “Prior Employment Agreement” has the meaning set forth in the recitals.

(jj) “Proprietary Information” has the meaning set forth in Section 10(a)(i).

(kk) “Release” means a release of claims in a form provided to the Executive by the Company in connection with the payment of benefits under this Agreement.

(ll) “Release Consideration Period” means the period of time pursuant to the terms of the Release afforded the Executive to consider whether to sign it.

(mm) “Release Revocation Period” means the period pursuant to the terms of an executed Release in which it may be revoked by the Executive.

(nn) “Renewal Term” has the meaning set forth in Section 2.

(oo) “Restricted Period” means the 18-month period following the Executive’s date of termination of employment with the Company for any reason or Cause, including for nonrenewal of this Agreement, Disability, termination by the Company or termination by the Executive.

(pp) “Separation from Service” means “separation from service” from the Company and its subsidiaries as described under Code Section 409A and the guidance and Treasury regulations issued thereunder. Separation from Service will occur on the date on which the Executive’s level of services to the Company decreases to 21 percent or less of the average level of services performed by the Executive over the immediately preceding 36-month period (or if providing services for less than 36 months, such lesser period) after taking into account any services that the Executive provided prior to such date or that the Company and the Executive reasonably anticipate the Executive may provide (whether as an employee or as an independent contractor) after such date. For purposes of the determination of whether the Executive has had a Separation from Service, the term “Company” shall mean the Company and any affiliate with which the Company would be considered a single employer under Code Section 414 (b) or 414(c), provided that in applying Code Sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code Section 414(c), “at

least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulation Section 1.414(c)-2. In addition, where the use of such definition of “Company” for purposes of determining a Separation from Service is based upon legitimate business criteria, in applying Code Sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language “at least 20 percent” is used instead of “at least 80 percent” at each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code Section 414(c), “at least 20 percent” is used instead of “at least 80 percent” at each place it appears in Treasury Regulation Section 1.414(c)-2.

(qq) “Separation Plan” means the Company’s Separation Plan Amended and Restated Effective August 13, 2006, as may be amended from time to time or any successor plan, program, arrangement or agreement thereto.

(rr) “Specified Employee” shall mean an Executive who is a “specified employee” for purposes of Code Section 409A, as administratively determined by the Board in accordance with the guidance and Treasury regulations issued under Code Section 409A.

(ss) “STIP” means the Company’s short-term incentive plan under Section 8 of the Company’s 2007 Omnibus Incentive Plan, effective May 8, 2007, as may be amended from time to time, or any successor plan, program or arrangement thereto.

(tt) “Subsidiary” shall mean any entity, corporation, partnership (general or limited), limited liability company, entity, firm, business organization, enterprise, association or joint venture in which the Company directly or indirectly controls ten percent (10%) or more of the voting interest. Notwithstanding the foregoing, for purposes of Section 3(a), “Subsidiary” shall mean any affiliate with which the Company would be considered a single employer as described in the definition of Separation from Service.

(uu) “Target Bonuses” has the meaning set forth in Section 4(b)(i).

(vv) “Territory” has the meaning set forth in Section 11(b).

Signature Page Follows

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by an officer pursuant to the authority of its Board, and the Executive has executed this Agreement, as of the day and year first written above.

SPRINT NEXTEL CORPORATION

By: /s/ Sandra J. Price

Sandra J. Price

Sr. Vice President - Human Resources

/s/ Jeffrey D. Hallock

Jeffrey D. Hallock

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT

This First Amendment (the "Amendment") to that certain Employment Agreement made and entered into as of October 2, 2012 by and between Sprint Nextel Corporation and JEFFREY D. HALLOCK (the "Agreement") is entered into on this 8th day of January, 2013. Certain capitalized terms shall have the meaning ascribed to them in the Agreement.

WHEREAS, the Company and the Executive desire to amend the Agreement as provided herein.

NOW THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Company and the Executive hereby amend the Agreement as follows:

1. Effective as of November 6, 2012, Section 11(b) of the Agreement is replaced in its entirety by the following:

(b) A "Competitor" is any entity doing business directly or indirectly (e.g., as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the "Territory") that provides wireless products and/or services that are the same or similar to the wireless products and/or services that are currently being provided at the time of Executive's termination or that were provided by the Company Group during the two-year period prior to the Executive's separation from service with the Company Group.

In all other respects, the terms, conditions and provisions of the Agreement shall remain the same.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed by an officer pursuant to the authority of its Board, and the Executive has executed this Amendment, as of the date set forth above.

SPRINT NEXTEL CORPORATION

EXECUTIVE

/s/ Sandra Price

/s/ Jeffrey D. Hallock

By: Sandra J. Price,

JEFFREY D. HALLOCK

Senior Vice President, Human Resources

**AMENDED AND RESTATED AGREEMENT REGARDING SPECIAL
COMPENSATION AND POST EMPLOYMENT RESTRICTIVE COVENANTS**

THIS AMENDED AND RESTATED AGREEMENT (“this Agreement”) is made and entered into as of December 31, 2008 and amends and restates the Agreement Regarding Special Compensation and Post Employment Restrictive Covenants (the “Original Agreement”) originally made the 12th day of December, 1995, by and between SPRINT CORPORATION, renamed SPRINT NEXTEL CORPORATION, a Kansas corporation (“Sprint”), (Sprint, and the subsidiaries of Sprint are collectively referred to herein as “Employer”), and PAUL W. SCHIEBER (“Executive”).

WITNESSETH:

WHEREAS, Employer is engaged in the telecommunications business;

WHEREAS, Executive has expertise, experience and capability in the business of Employer and the telecommunications business in general;

WHEREAS, Executive serves as Vice President - Finance Network and IT; and

WHEREAS, Employer entered into this Agreement to provide severance and other benefits for Executive and obtain Executive’s agreements regarding confidentiality and post-employment restrictive covenants for Employer;

WHEREAS, Executive agreed to provide such agreements to Employer; and

WHEREAS, the Executive and Employer desire to amend and restate the Original Agreement as provided herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which consideration are mutually acknowledged by the parties, it is hereby agreed to amend and restate the Original Agreement as follows:

1. **Recitals .**

The recitals hereinbefore set forth constitute an integral part of this Agreement, evidencing the intent of the parties in executing this Agreement, and describing the circumstances surrounding its execution. Said recitals are by express reference made a part of the covenants hereof, and this Agreement all be construed in light thereof.

2. **Duties and Responsibilities .**

The duties and responsibilities of Executive are and shall continue to be of an executive nature as shall be required by Employer in the conduct of its business. Executive’s powers and authority shall include all those presently delegated to him or such other duties and responsibilities as from time to time may be assigned to him. Executive recognizes, that during his employment hereunder, he owes an undivided duty of loyalty to Employer, and agrees to

devote his entire business time and attention to the performance of said duties and responsibilities and to use his best efforts to promote and develop the business of Employer.

3. **Employment Term .**

Executive's employment may be terminated by either party in accordance with Sections 5, 6, 7, or 8 herein.

4. **Compensation and Benefits.**

During employment, Executive shall be entitled to receive a base annual salary, shall be reimbursed for reasonable expenses incurred and accounted for in accordance with the policies and procedures of Employer, and shall be entitled to vacation pay and other benefits applicable to employees generally, each as may from time to time be established, amended or terminated. In addition, Executive (a) was awarded an option to purchase 10,000 shares of common stock as set forth in a stock option agreement of even-date herewith, attached hereto and incorporated herein (the "Stock Option Agreement") and (b) shall be entitled to the Special Compensation set forth in Section 5 hereof in accordance with the terms of this Agreement.

5. **Termination by Employer: Special Compensation .**

At any time, Employer may terminate Executive's employment for any reason. If Executive's termination is other than pursuant to Section 6, and provided such termination constitutes a Separation from Service, Executive shall, subject to the other provisions of this Section 5, be entitled to the following Special Compensation (as that term is defined in this Section 5) in lieu of any benefits available under any and all Employer separation plans or policies, except as noted in Section 17. If Executive's termination is pursuant to Sections 5, 6 or 7, Executive's obligations under Sections 11, 12, 13, and 14 hereof shall continue.

For purposes of this Agreement, "Special Compensation" shall entitle Executive:

(a) to continue to receive for a period of eighteen (18) continuous months beginning on the Separation from Service date (the "Severance Period") payments equal to his base annual salary in effect at the date of termination of employment, which payments shall be paid to Executive in equal installments on the regular payroll dates under the Employer's payroll practices applicable to Executive on the date of this Agreement, except that if the Executive is a "specified employee" for purposes of Section 409A (as defined in Section 26 of this Agreement), as administratively determined by the Board of Directors of Sprint in accordance with the guidance and Treasury regulations issued under Section 409A, with respect to any amount payable by reason of the Separation from Service that constitutes deferred compensation within the meaning of Section 409A, such installments shall not commence until after the end of the six continuous month period following the date of Executive's Separation from Service, in which case, Executive shall be paid a lump-sum cash payment equal to the aggregate amount of missed installments during the period on the first day of the seventh month following the date of the Executive's Separation from Service;

(b) to receive a bonus, based on actual performance results, up to the target amount, under Sprint's short-term incentive plans under Section 8 of Sprint's 2007 Omnibus Incentive

Plan, effective May 8, 2007, as may be amended from time to time, or any successor plan, program, or arrangement thereto (the "Short-Term Incentive Plan"), throughout the Severance Period provided that the amount, if any, payable under such Plan for the award period including the last day of the Severance Period, pro rated based upon the number of months of the Severance Period that fall within the award period and the total number of months in such award period, and each such payment shall be payable in accordance with the provisions of the applicable Short-Term Incentive Plan in the calendar year in which the applicable bonus is determined, and in all events, not later than December 31st of the year in which each such bonus is determined;

(c) to receive an award under the Long Term Incentive Plan, pro rated based on the Executive's last day worked, exclusive of any Severance Period, determined in accordance with the terms of said Plan, and each such payment shall be payable in accordance with the provisions of the applicable Long-Term Incentive Plan in the calendar year in which the applicable award is determined, and in all events, not later than December 31st of the year in which each such award is determined;

(d) to continue to receive throughout the Severance Period any executive medical, dental, life and qualified and non-qualified retirement benefits which the Executive was receiving or was entitled to receive at the time of termination, except that long term disability and short term disability benefits cease on the last day worked;

(e) to receive outplacement counseling by a firm selected by Employer to continue until Executive becomes employed; provided, however, that all such outplacement services must be completed, and all payments by Employer must be made, by December 31st of the second calendar year following the calendar year in which Executive's Separation from Service occurs; and

(f) to continue to receive throughout the Severance Period all applicable executive perquisites (including automobile allowance, long distance services and all miscellaneous services) except country club membership dues and accrual of vacation, subject to the provisions of Section 26 hereof.

For purposes of this Agreement, "Separation from Service" means "separation from service" from Employer as described under Section 409A of the Code and the guidance and Treasury regulations issued thereunder. Separation from Service will occur on the date on which Executive's level of services to the Employer decreases to 21 percent or less of the average level of services performed by Executive over the immediately preceding 36-month period (or if providing services for less than 36 months, such lesser period) after taking into account any services that Executive provided prior to such date or that the Employer and Executive reasonably anticipate Executive may provide (whether as an employee or as an independent contractor) after such date. For purposes of the determination of whether Executive has had a Separation from Service, the term "Employer" shall mean Sprint and any affiliate with which Sprint would be considered a single employer under Section 414(b) or 414(c) of the Code, provided that in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) of the Code, the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Sections

1563(a)(1), (2) and (3) of the Code, and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Treasury Regulation Section 1.414(c)-2. In addition, where the use of such definition of "Employer" for purposes of determining a Separation from Service is based upon legitimate business criteria, in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) of the Code, the language "at least 20 percent" is used instead of "at least 80 percent" at each place it appears in Sections 1563(a)(1), (2) and (3) of the Code, and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, "at least 20 percent" is used instead of "at least 80 percent" at each place it appears in Treasury Regulation Section 1.414(c)-2.

All payments pursuant to this Section shall be subject to applicable federal and state income and other withholding taxes.

In addition to the Special Compensation described above, Executive shall also be entitled to any vacation pay for vacation accrued by Executive in the calendar year of termination but not taken by his Separation from Service date.

In the event Executive becomes employed full time during the Severance Period, Executive's entitlement to continuation of the benefits described in paragraph (d) shall immediately cease, however, Executive shall retain any rights to continue medical insurance coverage under the COBRA continuation provisions of the group medical insurance plan by paying the applicable premium therefor.

The payments and benefits provided for in this Section shall be in addition to all other sums then payable and owing to Executive hereunder and, except as expressly provided herein, shall not be subject to reduction for any amounts received by Executive for employment or services provided after termination of employment hereunder, and shall be in full settlement and satisfaction of all of Executive's claims and demands.

In all events, Executive's right to receive severance and/or other benefits pursuant to this Section shall cease immediately in the event Executive is reemployed by Employer or an affiliate or Executive breaches his Confidential Information Covenant (as defined in Section 11 hereof), or breaches Sections 12, 13 or 14 hereof. In all cases, Employer's rights under Section 15 shall continue.

6. **Voluntary Resignation by Executive; Termination for Cause; Total Disability**

Upon termination of Executive's employment by either Voluntary Resignation, Termination for Cause (as those terms are defined in this Section 6), or Total Disability, as that term is defined in the Long Term Disability Plan, Executive shall have no right to compensation, severance pay or other benefits described herein but Executive's obligations under Sections 11, 12, 13 and 14 hereof shall continue.

(a) Voluntary Resignation by Executive . At any time, Executive has the right, by written notice to Employer, to terminate his services hereunder (“Voluntary Resignation”), effective as of thirty (30) days after such notice.

(b) Termination for Cause by Employer . At any time, Employer has the right to terminate Executive’s employment. Termination upon the occurrence of any of the following shall be deemed termination for cause (“Termination for Cause”) :

(i) Conduct by the Executive which reflects adversely on the Executive’s honesty, trustworthiness or fitness as an Executive, or

(ii) Executive’s willful engagement in conduct which is demonstrably and materially injurious to the Employer.

Termination for failure to meet performance expectations, unless willful, continuing and substantial, shall not be deemed a Termination for Cause. For Termination for Cause, written notice of the termination of Executive’s employment by Employer shall be served upon Executive and shall be effective as of the date of such service. Such notice given by Employer shall specify the act or acts of Executive underlying such termination.

(c) Total Disability . Upon the total disability of the Executive, as that term is defined in the Long Term Disability Plan, Executive shall have no right to compensation or severance pay described herein but shall be entitled to long term disability and other such benefits afforded under the applicable policies and plans.

7. **Resignation Following Constructive Discharge** .

If at any time, except in connection with a termination pursuant to Section 5, 6, or 8 Executive is Constructively Discharged (as that term is defined in this Section 7 and provided such termination constitutes a Separation from Service) then Executive shall have the right, by written notice to Employer within sixty (60) days of such Constructive Discharge, to terminate his services hereunder, effective as of thirty (30) days after such notice. Executive shall in such event be entitled to the compensation and benefits as if such employment were terminated pursuant to Section 5 of this Agreement.

For purposes of this Agreement, the Executive shall be “Constructively Discharged” upon the occurrence of any one of the following events:

(a) Executive is removed from his position with Employer other than as a result of Executive’s appointment to positions of equal or superior scope and responsibility; or

(b) Executive’s targeted total compensation is reduced by more than 10% (other than across-the-board reductions similarly affecting all officers of Sprint Corporation).

8. **Effect of Change in Control** .

In the event that within one year of a Change in Control (as that term is defined in this Section 8) Executive’s employment is terminated:

(a) by the Employer other than pursuant to Section 6,

(b) by Executive pursuant to Section 7 hereof,

(c) by Executive if Executive is required to be based anywhere other than his location at the time or the Kansas City metropolitan area, except for required travel on business to an extent substantially consistent with Executive's business travel obligations immediately prior the Change in Control;

then, provided such termination constitutes a Separation from Service, Executive shall be entitled to the Special Compensation described in Section 5 and shall be bound by Section 11, but shall not have any continuing obligations under Sections 12, 13, and 14, except as otherwise required by common law or statute.

For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act")) other than a trustee or other fiduciary holding securities under an employee benefit plan of Sprint or any of its affiliates, and other than Sprint or a corporation owned, directly or indirectly, by the stockholders of Sprint in substantially the same proportions as their ownership of stock of Sprint, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Sprint representing 20% or more of the combined voting power of Sprint's then outstanding securities, or

(ii) during any period of two consecutive years (not including any period prior to the date of this Agreement), incumbent members cease for any reason to constitute a majority of the members of the Board of Directors of Sprint;

provided, however, that a transaction among Employer, France Telecom and Deutsche Bundespost Telekom commonly known as Project Phoenix shall not constitute a Change in Control for this Agreement and the related Stock Option Agreement. A member of the Board of Directors of Sprint shall be an "incumbent member" if such individual is as of the date of the Original Agreement or at the beginning of the applicable two consecutive year period a member of the Board of Directors of Sprint, and any new director after the date of the Original Agreement (other than a director designated by person who has entered into an agreement to effect a transaction described in subparagraph (i) above) whose election to the Board or nomination for election by the stockholders of Sprint was approved by a vote of at least two-thirds (2/3) of the directors still in office who either were directors as of the date hereof or as of the first day of the applicable two consecutive year period or whose election or nomination for election was previously so approved.

9. **Dispute Resolution** .

All disputes arising under this Agreement, other than those disputes relating to Executive's alleged violations of Sections 11 through 14 herein, shall be submitted to arbitration by the American Arbitration Association of Kansas City, Missouri. Costs of arbitration shall be

borne equally by the parties. The decision of the arbitrators shall be final and there shall be no appeal from any award rendered. Any award rendered may be entered as a judgment in any court of competent jurisdiction. In any judicial enforcement proceeding, the losing party shall reimburse the prevailing party for its reasonable costs and attorneys' fees for enforcing its rights under this Agreement, in addition to any damages or other relief granted. This Section 9 does not apply to any action by Employer to enforce Sections 11 through 14 of this Agreement and does not in any way restrict Employer's rights under Section 15 herein.

10. **Enforcement**.

In the event Employer shall fail to pay any amounts due to Executive under this Agreement as they come due, Employer agrees to pay interest on such amounts at a rate of prime plus two percent (2%) per annum. Employer agrees that Executive and any successor shall be entitled to recover all costs of successfully enforcing any provision of this Agreement, including reasonable attorney fees and costs of litigation.

11. **Confidential Information**.

Executive acknowledges that during the course of his employment he has learned or will learn or develop Confidential Information (as that term is defined in this Section 11). Executive further acknowledges that unauthorized disclosure or use of such Confidential Information, other than in discharge of Executive's duties, will cause Employer irreparable harm.

For purposes of this Section, Confidential Information means trade secrets (such as technical and non-technical data, a formula, pattern, compilation, program, device, method, technique, drawing, process) and other proprietary information concerning the products, processes or services of Employer or its parent, and/or affiliates, including but not limited to: computer programs; unpatented inventions, discoveries or improvements; marketing, manufacturing, or organizational research and development; business plans; sales forecasts; personnel information, including the identity of other employees of Employer, their responsibilities, competence, abilities, and compensation; pricing and financial information; current and prospective customer lists and information on customers or their employees; information concerning planned or pending acquisitions or divestitures; and information concerning purchases of major equipment or property, which information: (a) has not been made generally available to the public; and (b) is useful or of value to the current or anticipated business, or research or development activities of Employer or of any customer or supplier of Employer, or (c) has been identified to Executive as confidential by Employer, either orally or in writing.

Except in the course of his employment and in the pursuit of the business of Employer or any of its subsidiaries or affiliates, Executive shall not, during the course of his employment, or for a period of eighteen (18) months following termination of his employment for any reason, directly or indirectly, disclose, publish, communicate or use on his behalf or another's behalf, any proprietary information or data of Employer or any of its subsidiaries or affiliates.

Executive acknowledges that Employer operates and competes nationally, and that Employer will be harmed by unauthorized disclosure or use of Confidential Information

regardless of where such disclosure or use occurs, and that therefore this confidentiality agreement is not limited to any single state or other jurisdiction.

12. **Non-Competition** .

Executive acknowledges that use or disclosure of Confidential Information described in Section 11 is likely if Executive were to perform telecommunications services on behalf of a competitor of Employer. Therefore, Executive shall not, for eighteen (18) months following termination of employment for any reason (the "Non-Compete Period"), accept any position, including but not limited to a position with AT&T, MCI, GTE or any Regional Bell Operating Company or any subsidiary thereof, where Executive dedicates any time or efforts to managing, controlling, participating in, investing in, acting as consultant or advisor to, rendering services for, or otherwise assisting any person or entity in the long distance, local telecommunications or wireless business and performing functions relating to long distance, local telecommunications or wireless services.

Executive acknowledges that Employer operates and competes nationally, and that therefore this non-competition agreement is not limited to any single state or other jurisdiction.

This section shall not prevent Executive from using general skills and experience developed during employment with Employer or other employers; or from accepting a position of employment with another company, firm, or other organization which competes with Employer, if its business is diversified and Executive is employed in a part of the business that is not related to long distance, local telecommunications or wireless services and provided that such position does not require or permit the disclosure or use of Confidential Information.

13. **Inducement of Other Employees** .

For an eighteen (18) month period following termination of employment, Executive will not directly or indirectly solicit, induce or encourage any employee or agent of Employer to terminate his relationship with Employer.

14. **Return of Employer's Property** .

All notes, reports, sketches, plans, published memoranda or other documents created, developed, generated or held by Executive during employment, concerning or related to Employer's business, and whether containing or relating to Confidential Information or not, are the property of Employer and will be promptly delivered to Employer upon termination of Executive's employment for any reason whatsoever. During the course of employment, Executive shall not remove any of the above property containing Confidential Information, or reproductions or copies thereof, or any apparatus from Employer's premises without authorization.

15. **Remedies** .

Executive acknowledges that the restraints and agreements herein provided are fair and reasonable, that enforcement of the provisions of Sections 11, 12, 13 and 14 will not cause him undue hardship and that said provisions are reasonably necessary and commensurate with the

need to protect Employer and its legitimate and proprietary business interests and property from irreparable harm.

Executive acknowledges that failure to comply with the terms of this Agreement will cause irreparable damage to Employer. Therefore, Executive agrees that, in addition to any other remedies at law or in equity available to Employer for Executive's breach or threatened breach of this Agreement, Employer is entitled to specific performance or injunctive relief, without bond, against Executive to prevent such damage or breach, and the existence of any claim or cause of action Executive may have against Employer will not constitute a defense thereto. Executive further agrees to pay reasonable attorney fees and costs of litigation incurred by Employer in any proceeding relating to the enforcement of the Agreement or to any alleged breach thereof in which Employer shall prevail in whole or those reasonable fees and costs attributable to the extent that Employer prevails in part.

In the event of a breach or a violation by Executive of any of the covenants and provisions of this Agreement, the running of the Non-Compete Period (but not of Executive's obligation thereunder), shall be tolled during the period of the continuance of any actual breach or violation.

16. **Confidentiality of Agreement** .

As a specific condition to Executive's right to Special Compensation or other benefits described herein, Executive agrees that he will not disclose or discuss: the existence of this Agreement; the Special Compensation provided hereunder; or any other terms of the Agreement except: (1) to members of his immediate family; (2) to his financial advisor or attorney but then only to the extent necessary for them to assist him; (3) to a potential employer on a strictly confidential basis and then only to the extent necessary for reasonable disclosure in the course of serious negotiations; or (4) as required by law or to enforce legal rights.

17. **Entire Understanding** .

This Agreement constitutes the entire understanding between the parties relating to Executive's employment hereunder and supersedes and cancels all prior written and oral understandings and agreements with respect to such matters, except for the terms and provisions of employee benefit or other compensation plans (or any agreements or awards thereunder) referred to in or contemplated by this Agreement and except for the SPRINT UNITED EMPLOYEE AGREEMENT REGARDING PROPERTY RIGHTS AND BUSINESS PRACTICES which the Executive has signed and by which Executive continues to be bound.

Notwithstanding the foregoing, if Executive is a Participant (as that term is defined in Sprint's Change in Control Severance Plan, as may be amended from time to time, or any successor plan, program or arrangement thereto (the "CIC Severance Plan")) in, and is entitled to severance compensation and benefits under, the CIC Severance Plan, severance compensation and benefits payable under Section 5 (including by operation of Section 7 or Section 8) of this Agreement will be reduced dollar for dollar (but not below zero) by any severance compensation and benefits payable to the Executive under the CIC Severance Plan, if any, it being the intent

that the Executive receive the greatest of the compensation and benefits payable under the CIC Severance Plan or this Agreement.

18. **Binding Effect** .

This Agreement shall be binding upon and inure to the benefit of Executive's executors, administrators, legal representatives, heirs and legatees and the successors and assigns of Employer.

19. **Partial Invalidity** .

The various provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Should any provision of this Agreement be determined to be void and unenforceable, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision or part thereof, and such provision or part thereof shall be deemed modified to the extent required to permit enforcement. Without limiting the generality of the foregoing, if the scope of any provision contained in this Agreement is too broad to permit enforcement to its full extent, but may be made enforceable by limitations thereon, such provision shall be enforced to the maximum extent permitted by law, and Executive hereby agrees that such scope may be judicially modified accordingly.

20. **Strict Construction** .

The language used in this Agreement will be deemed to be the language chosen by Employer and Executive to express their mutual intent and no rule of strict construction shall be applied against any person.

21. **Waiver** .

The waiver of any party hereto of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

22. **Notices** .

Any notice or other communication required or permitted to be given hereunder shall be determined to have been duly given to any party (a) upon delivery to the address of such party specified below if delivered personally or by courier; (b) upon dispatch if transmitted by telecopy or other means of facsimile, provided a copy thereof is also sent by regular mail or courier; or (c) within forty-eight (48) hours after deposit thereof in the U.S. mail, postage prepaid, for delivery as certified mail, return receipt requested, addressed, in any case to the party at the following address(es) or telecopy numbers:

If to Executive:

Paul W. Schieber
12909 Richards St.
Overland Park, KS 66213

If to Employer:

Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, KS 66251
Attention: Corporate Secretary

or to such other address(es) or telecopy number(s) as any party may designate by Written Notice in the aforesaid manner.

23. **Governing Law.**

This Agreement shall be governed by, and interpreted, construed and enforced in accordance with, the laws of the State of Kansas.

24. **Gender.**

Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and the pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine or neuter.

25. **Headings.**

The headings of the Sections of this Agreement are for reference purposes only and do not define or limit, and shall not be used to interpret or construe the contents of this Agreement.

26. **Compliance with Section 409A.**

With respect to reimbursements or in-kind benefits provided under this Agreement: (a) Sprint will not provide for cash in lieu of a right to reimbursement or in-kind benefits to which the Executive has a right under this Agreement, (b) any reimbursement or provision of in-kind benefits made during the Executive's lifetime (or such shorter period prescribed by a specific provision of this Agreement) shall be made not later than December 31st of the year following the year in which the Executive incurs the expense, and (c) in no event will the amount of expenses so reimbursed, or in-kind benefits provided, by Sprint in one year affect the amount of expenses eligible for reimbursement or in-kind benefits to be provided, in any other taxable year. Each payment, reimbursement or in-kind benefit made pursuant to the provisions of this Agreement shall be regarded as a separate payment and not one of a series of payments for purposes of Section 409A. It is intended that any amounts payable under this Agreement and the Employer's and Employee's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject Employee to the payment of the additional tax, interest and any tax penalty which may be imposed under Section 409A. In furtherance of this interest, to the extent that any provision hereof would result in Employee being subject to payment of the additional tax, interest and tax penalty under Section 409A, the parties agree to amend this Agreement in order to bring this Agreement into compliance with Section 409A; and thereafter interpret its provisions in a manner that complies with Section 409A. Reference to Section 409A is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or

final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of Treasury or the Internal Revenue Service. Notwithstanding the foregoing, no particular tax result for Employee with respect to any income recognized by Employee in connection with the Agreement is guaranteed, and Employee shall be responsible for any taxes, penalties and interest imposed on him under or as a result of Section 409A of the Code in connection with the Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the date above set forth.

EXECUTIVE <u>/s/ Paul W. Schieber, Jr.</u> Paul W. Schieber	SPRINT NEXTEL CORPORATION By: <u>/s/ Sandra J. Price</u>
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FIRST AMENDMENT TO
AMENDED AND RESTATED AGREEMENT REGARDING SPECIAL COMPENSATION AND POST EMPLOYMENT
RESTRICTIVE COVENANTS

This First Amendment (the "Amendment") to that certain Amended and Restated Agreement Regarding Special Compensation and Post Employment Restrictive Covenants made and entered into as of December 31, 2008 by and between Sprint Nextel Corporation ("Sprint") and PAUL W. SCHIEBER (the "Agreement") is entered into on this 11th day of December, 2012. Certain capitalized terms shall have the meaning ascribed to them in the Agreement.

WHEREAS, Sprint and the Executive desire to amend the Agreement as provided herein.

NOW THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Sprint and the Executive hereby amend the Agreement as follows:

1. Effective as of November 6, 2012, Section 12 of the Agreement is replaced in its entirety by the following:

Executive acknowledges that use or disclosure of Confidential Information described in Section 11 is likely if Executive were to perform telecommunications services on behalf of a competitor of Employer. Therefore, Executive shall not, for eighteen (18) months following termination of employment for any reason (the "Non-Compete Period"), accept any position, including but not limited to a position with AT&T, MCI, GTE or any Regional Bell Operating Company or any subsidiary thereof, where Executive dedicates any time or efforts to managing, controlling, participating in, investing in, acting as consultant or advisor to, rendering services for, or otherwise assisting any person or entity in the wireless business and performing functions relating to wireless services.

Executive acknowledges that Employer operates and competes nationally, and that therefore this non-competition agreement is not limited to any single state or other jurisdiction.

This section shall not prevent Executive from using general skills and experience developed during employment with Employer or other employers; or from accepting a position of employment with another company, firm or other organization which competes with Employer, if its business is diversified and Executive is employed in a part of the business that is not related to wireless services and provided that such position does not require or permit the disclosure or use of Confidential Information.

In all other respects, the terms, conditions and provisions of the Agreement shall remain the same.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, Sprint has caused this Amendment to be signed by an officer pursuant to the authority of its Board, and the Executive has executed this Amendment, as of the date set forth above.

SPRINT NEXTEL CORPORATION

/s/ Sandra J. Price

By: Sandra J. Price,
Senior Vice President, Human Resources

EXECUTIVE

/s/ Paul W. Schieber, Jr.

PAUL W. SCHIEBER

Computation of Ratio of Earnings to Fixed Charges

	Successor		Predecessor				
	Year Ended December 31, 2013	87 Days Ended December 31, 2012	191 Days Ended July 10, 2013	2012	Years Ended December 31, 2011 2010 2009		
	(in millions)						
Earnings (loss):							
(Loss) income from continuing operations before income taxes	\$ (1,815)	\$ (23)	\$ 443	\$ (4,172)	\$ (2,636)	\$ (3,299)	\$ (3,494)
Equity in losses of unconsolidated investments, net	—	—	482	1,114	1,730	1,286	803
Fixed charges	1,367	—	1,501	2,365	2,068	2,081	2,047
Interest capitalized	(30)	—	(29)	(278)	(413)	(13)	(12)
Amortization of interest capitalized	56	—	71	81	48	85	85
Earnings (loss), as adjusted	(422)	(23)	2,468	(890)	797	140	(571)
Fixed charges:							
Interest expense	918	—	1,135	1,428	1,011	1,464	1,450
Interest capitalized	30	—	29	278	413	13	12
Portion of rentals representative of interest	419	—	337	659	644	604	585
Fixed charges	1,367	—	1,501	2,365	2,068	2,081	2,047
Ratio of earnings to fixed charges	— ⁽¹⁾	— ⁽²⁾	1.6 ⁽³⁾	— ⁽⁴⁾	— ⁽⁵⁾	— ⁽⁶⁾	— ⁽⁷⁾

(1) Successor earnings (loss), as adjusted were inadequate to cover fixed charges by \$1.8 billion at December 31, 2013 .

(2) Successor earnings (loss), as adjusted were inadequate to cover fixed charges by \$23 million at December 31, 2012 .

(3) The income from continuing operations before taxes for the 191 days ended July 10, 2013 included a pretax gain of \$2.9 billion as a result of acquisition of our previously-held equity interest in Clearwire.

(4) Predecessor earnings (loss), as adjusted were inadequate to cover fixed charges by \$3.3 billion in 2012 .

(5) Predecessor earnings (loss), as adjusted were inadequate to cover fixed charges by \$1.3 billion in 2011 .

(6) Predecessor earnings (loss), as adjusted were inadequate to cover fixed charges by \$1.9 billion in 2010 .

(7) Predecessor earnings (loss), as adjusted were inadequate to cover fixed charges by \$2.6 billion in 2009 .

**SPRINT CORPORATION
SUBSIDIARIES OF REGISTRANT**

Sprint Corporation is the parent. The subsidiaries of Sprint Corporation are as follows:

<u>SUBSIDIARY</u>	<u>STATE/COUNTRY</u>
ACI 900, Inc.	Delaware
AGW Leasing Company, Inc.	Delaware
AirGate PCS, Inc.	Delaware
AirGate Service Company, Inc.	Delaware
Alamosa (Delaware), Inc.	Delaware
Alamosa (Wisconsin) Properties, LLC	Wisconsin
Alamosa Delaware GP, LLC	Delaware
Alamosa Holdings, Inc.	Delaware
Alamosa Holdings, LLC	Delaware
Alamosa Limited, LLC	Delaware
Alamosa Missouri Properties, LLC	Missouri
Alamosa Missouri, LLC	Missouri
Alamosa PCS Holdings, Inc.	Delaware
Alamosa PCS, Inc.	Delaware
Alamosa Properties, LP	Texas
Alamosa Wisconsin GP, LLC	Wisconsin
Alamosa Wisconsin Limited Partnership	Wisconsin
Alda Wireless Holdings, LLC	Delaware
American PCS Communications, LLC	Delaware
American PCS, L.P.	Delaware
American Personal Communications Holdings, Inc.	Delaware
American Telecasting Development, LLC	Delaware
American Telecasting of Anchorage, LLC	Delaware
American Telecasting of Bend, LLC	Delaware
American Telecasting of Columbus, LLC	Delaware
American Telecasting of Denver, LLC	Delaware
American Telecasting of Fort Myers, LLC	Delaware
American Telecasting of Ft. Collins, LLC	Delaware
American Telecasting of Green Bay, LLC	Delaware
American Telecasting of Lansing, LLC	Delaware
American Telecasting of Lincoln, LLC	Delaware
American Telecasting of Little Rock, LLC	Delaware
American Telecasting of Louisville, LLC	Delaware
American Telecasting of Medford, LLC	Delaware
American Telecasting of Michiana, LLC	Delaware
American Telecasting of Monterey, LLC	Delaware
American Telecasting of Redding, LLC	Delaware

American Telecasting of Santa Barbara, LLC	Delaware
American Telecasting of Seattle, LLC	Delaware
American Telecasting of Sheridan, LLC	Delaware
American Telecasting of Yuba City, LLC	Delaware
American Telecasting, Inc.	Delaware
APC PCS, LLC	Delaware
APC Realty and Equipment Company, LLC	Delaware
ASC Telecom, Inc.	Kansas
Assurance Wireless of South Carolina, LLC	Delaware
ATI of Santa Rosa, LLC	Delaware
ATI Sub, LLC	Delaware
ATL MDS, LLC	Delaware
Atlanta MDS Co., Inc.	Georgia
Bay Area Cablevision, LLC	Delaware
Bluebottle USA Holdings L.P.	Delaware
Bluebottle USA Investments L.P.	Delaware
Boost Mobile, LLC	Delaware
Boost Worldwide, Inc.	Delaware
Bright PCS Holdings, Inc.	Delaware
Bright Personal Communications Services, LLC	Ohio
Broadcast Cable, LLC	Delaware
C FON Corporation	Delaware
Caroline Ventures, Inc.	Delaware
Clear Global Services LLC	Nevada
Clear Management Services LLC	Nevada
Clear Partner Holdings LLC	Nevada
Clear Wireless LLC	Nevada
Clearwire Communications LLC	Delaware
Clearwire Corporation	Delaware
Clearwire Europe B.V.	Netherlands
Clearwire Europe S.a.r.l.	Luxembourg
Clearwire Finance, Inc.	Delaware
Clearwire Hawaii Partners LLC	Delaware
Clearwire Hawaii Partners Spectrum, LLC	Nevada
Clearwire International, LLC	Washington
Clearwire IP Holdings LLC	New York
Clearwire Ireland II Limited	Ireland
Clearwire Legacy LLC	Delaware
Clearwire Spectrum Holdings II LLC	Nevada
Clearwire Spectrum Holdings III LLC	Nevada
Clearwire Spectrum Holdings LLC	Nevada
Clearwire Telecommunications Services, LLC	Nevada
Clearwire XOHM LLC	Delaware
Dial Call Midwest, Inc.	Delaware
Domestic USF Corp.	Delaware
Enterprise Communications Partnership	Georgia

EQF Holdings, LLC	Delaware
FCI 900, Inc.	Delaware
Fixed Wireless Holdings, LLC	Delaware
Fresno MMDS Associates, LLC	Delaware
G & S Television Network, Inc.	Michigan
Georgia PCS Leasing, LLC	Georgia
Georgia PCS Management, L.L.C.	Georgia
Gulf Coast Wireless Limited Partnership	Louisiana
Helio LLC	Delaware
Horizon Personal Communications, Inc.	Ohio
Independent Wireless One Corporation	Delaware
Independent Wireless One Leased Realty Corporation	Delaware
iPCS Equipment, Inc.	Delaware
iPCS Wireless, Inc.	Delaware
iPCS, Inc.	Delaware
IWO Holdings, Inc.	Delaware
Kennewick Licensing, LLC	Delaware
LCF, Inc.	California
Los Angeles MDS Company, Inc.	California
Louisiana Unwired, LLC	Louisiana
Machine License Holding, LLC	Delaware
MinorCo, L.P.	Delaware
NCI 700, Inc.	Delaware
NCI 900 Spectrum Holdings, Inc.	Delaware
New York MDS, Inc.	Delaware
Nextel 220 License Acquisition Corp.	Delaware
Nextel 700 Guard Band Corp.	Delaware
Nextel Boost Investment, Inc.	Delaware
Nextel Boost of California, LLC	Delaware
Nextel Boost of New York, LLC	Delaware
Nextel Boost of Texas, LLC	Delaware
Nextel Boost of the Mid-Atlantic, LLC	Delaware
Nextel Boost South, LLC	Delaware
Nextel Boost West, LLC	Delaware
Nextel Broadband, Inc.	Delaware
Nextel Communications of the Mid-Atlantic, Inc.	Delaware
Nextel Communications, Inc.	Delaware
Nextel Data Investments 1, Inc.	Delaware
Nextel Finance Company	Delaware
Nextel License Acquisition Corp.	Delaware
Nextel License Holdings 1, Inc.	Delaware
Nextel License Holdings 2, Inc.	Delaware
Nextel License Holdings 3, Inc.	Delaware
Nextel License Holdings 4, Inc.	Delaware
Nextel of California, Inc.	Delaware
Nextel of New York, Inc.	Delaware

Nextel of Puerto Rico, Inc.	Puerto Rico
Nextel of Texas, Inc.	Texas
Nextel Operations, Inc.	Delaware
Nextel Partners Equipment LLC	Nevada
Nextel Partners of Upstate New York, Inc.	Delaware
Nextel Partners Operating Corp.	Delaware
Nextel Partners, Inc.	Delaware
Nextel Retail Stores, LLC	Delaware
Nextel South Corp.	Georgia
Nextel Systems Corp.	Delaware
Nextel Unrestricted Relocation Corp.	Delaware
Nextel West Corp.	Delaware
Nextel West Services, LLC	Delaware
Nextel WIP Corp.	Delaware
Nextel WIP Expansion Corp.	Delaware
Nextel WIP Expansion Two Corp.	Delaware
Nextel WIP Lease Corp.	Delaware
Nextel WIP License Corp.	Delaware
Northern PCS Services, LLC	Minnesota
NPCR, Inc.	Delaware
NPFC, Inc.	Nevada
NSAC, LLC	Delaware
OneLouder Apps, Inc.	Delaware
PCS Leasing Company, L.P.	Delaware
PCTV Gold II, LLC	Delaware
PCTV of Salt Lake City, LLC	Delaware
PCTV Sub, LLC	Delaware
People's Choice TV Corp.	Delaware
People's Choice TV of Albuquerque, LLC	Delaware
People's Choice TV of Houston, LLC	Delaware
People's Choice TV of St. Louis, LLC	Delaware
PhillieCo Equipment & Realty Company, L.P.	Delaware
PhillieCo Partners I, L.P.	Delaware
PhillieCo Partners II, L.P.	Delaware
PhillieCo Sub, L.P.	Delaware
PhillieCo, L.P.	Delaware
Pin Drop Insurance, Ltd.	Bermuda
Pinsight Media+, Inc.	Delaware
Private Trans-Atlantic Telecommunications System (N.J.), Inc.	New Jersey
Private TransAtlantic Telecommunications System, Inc.	Delaware
San Francisco MDS, Inc.	California
SCC X, LLC	Delaware
SGV Corporation	Kansas
SIHI Mexico S. de R.L. de C.V.	Mexico
SIHI New Zealand Holdco, Inc.	Kansas
SIHI Scandinavia AB	Sweden

S-N GC GP, Inc.	Delaware
S-N GC HoldCo, LLC	Delaware
S-N GC LP HoldCo, Inc.	Delaware
SN Holdings (BR I) LLC	Delaware
SN UHC 1, Inc.	Delaware
SN UHC 2, Inc.	Delaware
SN UHC 3, Inc.	Delaware
SN UHC 4, Inc.	Delaware
SN UHC 5, Inc.	Delaware
Southwest PCS Properties, LLC	Delaware
Southwest PCS, L.P.	Oklahoma
SPCS Caribe Inc.	Puerto Rico
Speedchoice of Detroit, LLC	Delaware
Speedchoice of Phoenix, LLC	Delaware
Sprint (Bay Area), LLC	Delaware
Sprint Asian American, Inc.	Kansas
Sprint Brasil Servicos de Telecomunicacoes Ltda.	Brazil
Sprint Capital Corporation	Delaware
Sprint Communications Company L.P.	Delaware
Sprint Communications Company of New Hampshire, Inc.	New Hampshire
Sprint Communications Company of Virginia, Inc.	Virginia
Sprint Communications, Inc. (formerly Sprint Nextel Corporation)	Kansas
Sprint Corporation	Kansas
Sprint Corporation (Inactive)	Missouri
Sprint Credit General, Inc.	Kansas
Sprint Credit Limited, Inc.	Kansas
Sprint eBusiness, Inc.	Kansas
Sprint Enterprise Mobility, Inc.	Delaware
Sprint Enterprise Network Services, Inc.	Kansas
Sprint Enterprises, L.P.	Delaware
Sprint eWireless, Inc.	Kansas
Sprint Federal Management LLC	Delaware
Sprint Federal Operations LLC	Delaware
Sprint Global Venture, Inc.	Kansas
Sprint Healthcare Systems, Inc.	Kansas
Sprint HoldCo, LLC	Delaware
Sprint Hong Kong Limited	Hong Kong
Sprint International Argentina SRL	Argentina
Sprint International Australia Pty. Limited	Australia
Sprint International Austria GmbH	Austria
Sprint International Caribe, Inc.	Puerto Rico
Sprint International Chile Limitada	Chile
Sprint International Colombia Ltda.	Colombia
Sprint International Communications Canada ULC	Canada
Sprint International Communications Corporation	Delaware
Sprint International Communications Singapore Pte. Ltd.	Singapore

Sprint International Czech Republic S.R.O.	Czech Republic
Sprint International do Brasil Ltda.	Brazil
Sprint International Holding, Inc.	Kansas
Sprint International Holding, Inc. - Japanese Branch Office	Japan
Sprint International Holding, Inc. - Shanghai Representative Office	China
Sprint International Hungary Korlátolt Felelősségű Társaság	Hungary
Sprint International Incorporated	Delaware
Sprint International Incorporated - Beijing Representative Office	China
Sprint International Japan Corp.	Japan
Sprint International Korea	Korea
Sprint International Network Company LLC	Delaware
Sprint International New Zealand	New Zealand
Sprint International Norway AS	Norway
Sprint International Spain, S.L.	Spain
Sprint International Taiwan Limited	Taiwan
Sprint International Venezuela, S.R.L.	Venezuela
Sprint Iridium, Inc.	Kansas
Sprint Licensing, Inc.	Kansas
Sprint Mexico, Inc.	Kansas
Sprint Nextel Aviation, Inc.	Delaware
Sprint Nextel Holdings (ME) Corp.	Delaware
Sprint PCS Assets, L.L.C.	Delaware
Sprint PCS Canada Holdings, Inc.	Kansas
Sprint PCS License, L.L.C.	Delaware
Sprint Solutions, Inc.	Delaware
Sprint Spectrum Equipment Company, L.P.	Delaware
Sprint Spectrum Holding Company, L.P.	Delaware
Sprint Spectrum L.P.	Delaware
Sprint Spectrum Realty Company, L.P.	Delaware
Sprint TELECENTERS, Inc.	Florida
Sprint Telecom India Private Limited	India
Sprint Telephony PCS, L.P.	Delaware
Sprint Ventures, Inc.	Kansas
Sprint Wavepath Holdings, Inc.	Delaware
Sprint WBC of New York, Inc.	Delaware
Sprint/United Management Company	Kansas
SprintCom ECP I, L.L.C.	Delaware
SprintCom ECP II, L.L.C.	Delaware
SprintCom Equipment Company L.P.	Delaware
SprintCom, Inc.	Kansas
SprintLink Belgium BVBA	Belgium
SprintLink Denmark ApS	Denmark
SprintLink France SAS	France
SprintLink Germany GmbH	Germany
Sprintlink India Private Limited	India
SprintLink International (Switzerland) GmbH	Switzerland

Sprintlink International Malaysia SDN. BHD.	Malaysia
Sprintlink International Philippines, Inc.	Philippines
SprintLink Ireland Limited	Ireland
SprintLink Italy S.r.l.	Italy
SprintLink Netherlands B.V.	Netherlands
Sprintlink Poland sp. z o.o	Poland
SprintLink UK Limited	United Kingdom
STC Five LLC	Delaware
STC Four LLC	Delaware
STC One LLC	Delaware
STC Six Company	Delaware
STC Three LLC	Delaware
STC Two LLC	Delaware
STE 14 Affiliate LLC	Delaware
SWG, L.L.C.	Oklahoma
SWLP, L.L.C.	Oklahoma
SWV Eight, Inc.	Delaware
SWV Five, Inc.	Delaware
SWV Four, Inc.	Delaware
SWV One Telephony Partnership	Delaware
SWV One, Inc.	Delaware
SWV Seven, Inc.	Delaware
SWV Six, Inc.	Colorado
SWV Three Telephony Partnership	Delaware
SWV Three, Inc.	Delaware
SWV Two Telephony Partnership	Delaware
SWV Two, Inc.	Delaware
TDI Acquisition Corporation	Delaware
TDI Acquisition Sub, LLC	Delaware
Texas Telecommunications, LP	Texas
Texas Unwired	Louisiana
Tower Parent Corp.	Delaware
Transworld Telecom II, LLC	Delaware
Transworld Telecommunications, Inc.	Pennsylvania
UbiquiTel Inc .	Delaware
UbiquiTel Leasing Company	Delaware
UbiquiTel Operating Company	Delaware
UCOM, Inc.	Missouri
United Telecommunications, Inc.	Delaware
Unrestricted Extend America Investment Corp.	Delaware
Unrestricted Subscriber Equipment Leasing Company, Inc.	Delaware
Unrestricted Subsidiary Funding Company	Delaware
Unrestricted UMTS Funding Company	Delaware
US Telecom of New Hampshire, Inc.	New Hampshire
US Telecom, Inc.	Kansas

US Unwired Inc.	Louisiana
USST of Texas, Inc.	Texas
UT Transition Corporation (Inactive)	Delaware
Utelcom, Inc.	Kansas
Velocita Wireless Holding Corp.	Delaware
Velocita Wireless Holding, LLC	Delaware
Via/Net Companies	Nevada
Virgin Mobile USA, Inc.	Delaware
Virgin Mobile USA, L.P.	Delaware
VMU GP, LLC	Delaware
VMU GPI, LLC	Delaware
Washington Oregon Wireless Properties, LLC	Delaware
Washington Oregon Wireless, LLC	Oregon
Wavepath Holdings, Inc.	Delaware
Wavepath Sub, LLC	Delaware
WBS of America, LLC	Delaware
WBS of Sacramento, LLC	Delaware
WBSFP Licensing, LLC	Delaware
WBSY Licensing, LLC	Delaware
WCOF, LLC	Delaware
Wireless Broadband Services of America, LLC	Delaware
Wireless Broadcasting Systems of America, Inc.	Delaware
Wireless Cable of Florida, Inc.	Florida
Wireless Leasing Co., Inc.	Delaware
WirelessCo, L.P.	Delaware
Wireline Leasing Co., Inc.	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Sprint Corporation:

We consent to the incorporation by reference in the registration statement Nos. 333-124189, 333-127426, 333-130277, 333-142702, and 333-159330 on Form S-8 of Sprint Corporation of our report dated October 21, 2013, with respect to the consolidated balance sheet of Sprint Communications, Inc. (formerly Sprint Nextel Corporation) and subsidiaries (the Predecessor Company) as of December 31, 2012, and the related consolidated statements of comprehensive loss, cash flows and stockholders' equity for the 191 day period ended July 10, 2013 and each of the years in the two-year period ended December 31, 2012, which report appears in the December 31, 2013 annual report on Form 10-K of Sprint Corporation.

Sprint Communications, Inc. adopted accounting guidance regarding the presentation of the consolidated statement of comprehensive loss in 2011 and testing indefinite-lived intangible assets for impairment in 2012.

/s/ KPMG LLP

Kansas City, Missouri
February 24, 2014

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Post-Effective Amendment No. 1 to Registration Statement Nos. 333-124189, 333-127426, 333-130277, 333-142702, and 333-159330 on Form S-8 of our report dated February 24, 2014 , relating to the consolidated financial statements of Sprint Corporation and the effectiveness of Sprint Corporation's internal control over financial reporting (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the fact that on July 10, 2013, SoftBank Corp. completed a merger with Sprint Communications, Inc. (formerly Sprint Nextel Corporation) by which Sprint Corporation was the acquiring company of Sprint Communications, Inc. and applied the acquisition method of accounting as of the merger date) appearing in the Annual Report on Form 10-K of Sprint Corporation for the year ended December 31, 2013 .

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 24, 2014

Consent of Independent Auditors

We consent to the incorporation by reference in the Post-Effective Amendment No. 1 to Registration Statement Nos. 333-124189, 333-127426, 333-130277, 333-142702, and 333-159330 on Form S-8 of Sprint Corporation and subsidiaries of our report dated February 21, 2014, relating to the consolidated financial statements of Clearwire Corporation and subsidiaries as of July 9, 2013 and for the 190 days ended July 9, 2013 (which report expresses an unqualified opinion and includes an Emphasis of Matter paragraph relating to acquisition of Clearwire Corporation by Sprint Communications, Inc. on July 9, 2013) appearing in the Annual Report on Form 10-K of Sprint Corporation for the year ended December 31, 2013 .

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington
February 21, 2014

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Post-Effective Amendment No. 1 to Registration Statement Nos. 333-124189, 333-127426, 333-130277, 333-142702, and 333-159330 on Form S-8 of Sprint Corporation and subsidiaries of our report dated February 21, 2014, relating to the consolidated financial statements of Clearwire Corporation and subsidiaries as of December 31, 2012 and for the two years ending December 31, 2012 appearing in the Annual Report on Form 10-K of Sprint Corporation for the year ended December 31, 2013 .

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington
February 21, 2014

CERTIFICATION

I, Daniel R. Hesse, certify that:

1. I have reviewed this annual report on Form 10-K of Sprint Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2014

/s/ Daniel R. Hesse

Daniel R. Hesse

Chief Executive Officer

CERTIFICATION

I, Joseph J. Euteneuer, certify that:

1. I have reviewed this annual report on Form 10-K of Sprint Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2014

/s/Joseph J. Euteneuer

Joseph J. Euteneuer
Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the annual report of Sprint Corporation (the "Company") on Form 10-K for the period ended December 31, 2013, as filed with the Securities and Exchange Commission (the "Report"), I, Daniel R. Hesse, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2014

/s/ Daniel R. Hesse

Daniel R. Hesse

Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the annual report of Sprint Corporation (the "Company") on Form 10-K for the period ended December 31, 2013, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph J. Euteneuer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2014

/s/ Joseph J. Euteneuer

Joseph J. Euteneuer
Chief Financial Officer