

SPRINT Corp  
Form 10-Q  
November 09, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2015

or

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

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

Commission File number 1-04721

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

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Delaware 46-1170005  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

6200 Sprint Parkway, Overland Park, Kansas 66251  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (855) 848-3280

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

COMMON SHARES OUTSTANDING AT NOVEMBER 2, 2015:

Sprint Corporation Common Stock 3,969,872,033



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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

SPRINT CORPORATION  
CONSOLIDATED BALANCE SHEETS

	September 30, 2015	March 31, 2015
	(in millions, except share and per share data)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,972	\$ 4,010
Short-term investments	103	166
Accounts and notes receivable, net of allowance for doubtful accounts and deferred interest of \$199 and \$204, respectively	1,980	2,290
Device and accessory inventory	889	1,359
Deferred tax assets	63	62
Prepaid expenses and other current assets	2,089	1,890
Total current assets	7,096	9,777
Property, plant and equipment, net	21,061	19,721
Intangible assets		
Goodwill	6,575	6,575
FCC licenses and other	40,025	39,987
Definite-lived intangible assets, net	5,155	5,893
Other assets	939	1,077
Total assets	\$ 80,851	\$ 83,030
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,527	\$ 4,347
Accrued expenses and other current liabilities	4,333	5,293
Current portion of long-term debt, financing and capital lease obligations	1,395	1,300
Total current liabilities	9,255	10,940
Long-term debt, financing and capital lease obligations	32,570	32,531
Deferred tax liabilities	13,929	13,898
Other liabilities	3,940	3,951
Total liabilities	59,694	61,320
Commitments and contingencies		
Stockholders' equity:		
Common stock, voting, par value \$0.01 per share, 9.0 billion authorized, 3.969 billion and 3.967 billion issued, respectively	40	40
Treasury shares, at cost	—	(7 )
Paid-in capital	27,517	27,468
Accumulated deficit	(5,988 )	(5,383 )
Accumulated other comprehensive loss	(412 )	(408 )
Total stockholders' equity	21,157	21,710
Total liabilities and stockholders' equity	\$ 80,851	\$ 83,030
See Notes to the Consolidated Financial Statements		



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CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net operating revenues:				
Service	\$6,880	\$7,449	\$13,917	\$15,132
Equipment	1,095	1,039	2,085	2,145
	7,975	8,488	16,002	17,277
Net operating expenses:				
Cost of services (exclusive of depreciation and amortization included below)	2,453	2,429	4,846	4,949
Cost of products (exclusive of depreciation and amortization included below)	1,290	2,372	2,655	4,530
Selling, general and administrative	2,224	2,301	4,411	4,585
Impairments	85	—	85	—
Severance and exit costs	25	284	38	311
Depreciation	1,412	898	2,653	1,766
Amortization	331	396	678	809
Other, net	157	—	137	—
	7,977	8,680	15,503	16,950
Operating (loss) income	(2	) (192	) 499	327
Other expense:				
Interest expense	(542	) (510	) (1,084	) (1,022
Other income, net	5	8	9	9
	(537	) (502	) (1,075	) (1,013
Loss before income taxes	(539	) (694	) (576	) (686
Income tax expense	(46	) (71	) (29	) (56
Net loss	\$(585	) \$(765	) \$(605	) \$(742
Basic net loss per common share	\$(0.15	) \$(0.19	) \$(0.15	) \$(0.19
Diluted net loss per common share	\$(0.15	) \$(0.19	) \$(0.15	) \$(0.19
Basic weighted average common shares outstanding	3,969	3,949	3,968	3,947
Diluted weighted average common shares outstanding	3,969	3,949	3,968	3,947
Other comprehensive (loss) income, net of tax:				
Net unrealized holding (losses) gains on securities and other	\$(9	) \$(6	) \$(7	) \$(6
Net unrecognized net periodic pension and other postretirement benefits	1	(1	) 3	(1
Other comprehensive (loss) income	(8	) (7	) (4	) (7
Comprehensive loss	\$(593	) \$(772	) \$(609	) \$(749
See Notes to the Consolidated Financial Statements				

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30, 2015      2014 (in millions)	
Cash flows from operating activities:		
Net loss	\$(605 )	\$(742 )
Adjustments to reconcile net loss to net cash provided by operating activities:		
Impairments	85	—
Depreciation and amortization	3,331	2,575
Provision for losses on accounts receivable	278	493
Share-based and long-term incentive compensation expense	40	65
Deferred income tax expense	28	28
Amortization of long-term debt premiums, net	(157 )	(149 )
Other changes in assets and liabilities:		
Accounts and notes receivable	(1,357 )	(828 )
Inventories and other current assets	173	(155 )
Accounts payable and other current liabilities	(509 )	503
Non-current assets and liabilities, net	125	(146 )
Other, net	365	63
Net cash provided by operating activities	1,797	1,707
Cash flows from investing activities:		
Capital expenditures - network and other	(2,964 )	(2,389 )
Capital expenditures - leased devices	(1,117 )	—
Expenditures relating to FCC licenses	(45 )	(79 )
Reimbursements relating to FCC licenses	—	95
Proceeds from sales and maturities of short-term investments	279	1,842
Purchases of short-term investments	(216 )	(1,789 )
Proceeds from sales of assets and FCC licenses	4	101
Other, net	(21 )	(6 )
Net cash used in investing activities	(4,080 )	(2,225 )
Cash flows from financing activities:		
Proceeds from debt and financings	434	—
Repayments of debt, financing and capital lease obligations	(206 )	(363 )
Proceeds from issuance of common stock, net	8	46
Other, net	9	—
Net cash provided by (used in) financing activities	245	(317 )
Net decrease in cash and cash equivalents	(2,038 )	(835 )
Cash and cash equivalents, beginning of period	4,010	4,970
Cash and cash equivalents, end of period	\$ 1,972	\$ 4,135
See Notes to the Consolidated Financial Statements		





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

	Common Stock		Paid-in Capital	Treasury Shares		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount		Shares	Amount			
Balance, March 31, 2015	3,967	\$40	\$27,468	1	\$ (7 )	\$ (5,383 )	\$ (408 )	\$21,710
Net loss						(605 )		(605 )
Other comprehensive loss, net of tax								