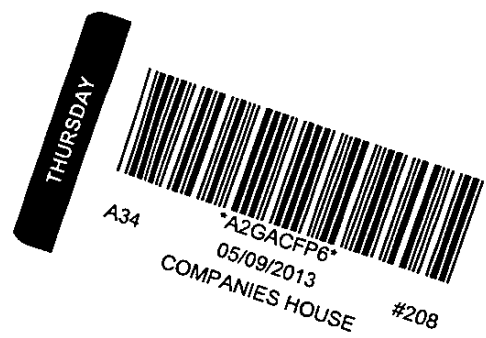


Registered number 03930041

**Sprintlink UK Limited**

**Annual report and financial statements  
for the year ended 31 December 2012**



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**Sprintlink UK Limited**

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## **Sprintlink UK Limited**

### **Company Information**

<b>Director</b>	S K Schnopp
<b>Company number</b>	03930041
<b>Registered office</b>	Grand Buildings 1-3 Strand London WC2N 5EJ
<b>Auditors</b>	KPMG Chartered Accountants and Registered Auditor 1 Stokes Place St Stephen's Green Dublin 2 Ireland
<b>Bankers</b>	Deutsche Bank 18th Floor 6 Bishopsgate London EC2N 4DA
<b>Solicitors</b>	Quatrills Solicitors The Peninsular Business Centre Wherstead Ipswich IP9 2BB  Olswang LLP 90 High Holborn London WC1V 6XX

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## **Sprintlink UK Limited**

### **Director's report for the year ended 31 December 2012**

The director presents his report and the audited financial statements of the company for the year ended 31 December 2012

#### **Principal activity**

The principal activity of the company is the provision of telecommunication services in the United Kingdom. The ultimate parent of the company is Sprint Nextel Corporation, a company registered in the US and whose stock is traded on the NASDAQ National Market.

#### **Business review and subsequent events**

As Sprint Nextel Corporation continues to grow its US domestic and international customers, Sprintlink UK Limited will remain a core backbone to providing telecommunication services.

Sprintlink UK Limited receives 100% of its funding from its parent company Sprint International Holding, Inc. A Letter of Support from Sprint International Holding, Inc. to Sprintlink UK Limited has been issued pledging financial support through to 31 December 2014, therefore the financial statements have been prepared on the going concern basis.

Sprintlink UK Limited has a transfer pricing agreement with Sprint International Network Company LLC. The agreement is in support of the transfer pricing strategy implemented across all Sprint International entities, including Sprintlink UK Limited. The strategy focuses on providing global services to new and existing multinational customers. The agreement provides a full cost recovery system that will reimburse Sprintlink UK Limited for all expense incurred during the year, which should generally result in a net operating profit.

On 10 July 2013, Softbank Corporation acquired 78% of the outstanding share capital of Sprint Nextel Corporation. The director does not anticipate any impact on the activities of the company as a result of this transaction.

#### **Principal risks**

The key business risks and uncertainties are considered to be in common with other telecommunication providers in the UK. These are principally regulatory compliance, network reliability and general market competition.

#### **Foreign exchange risk**

Sprintlink UK Limited attempts to limit foreign exchange risk on accounts receivable and payable balances by conducting the majority of its transactions in Sterling. Sprintlink UK Limited does not use foreign exchange hedges or forward contracts relating to currency exposures.

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales contracts are completed.

#### **Future developments**

Revenues and operating profits for 2013 are expected to remain broadly consistent with the current year.

Sprintlink UK Limited will continue to address challenges and changes within the telecommunications industry, both in the United Kingdom and around the globe. Sprintlink UK Limited will face these challenges with the network and financial assistance of its Sprint Nextel affiliated US and International partners.

#### **Key performance indicators**

Given the straight forward nature of the business, in the opinion of the company's director an analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

# **Sprintlink UK Limited**

## **Director's report for the year ended 31 December 2012**

### **Results and dividends**

The profit for the year, after taxation, amounted to £165,068 (2011 £208,256)

The director does not recommend a dividend in respect of the year ended 31 December 2012 (2011 £Nil)

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements were as follows

S K Schnopp (appointed 10 January 2012)  
S W Andreasen (resigned 10 January 2012)

### **Qualifying third party indemnity provisions**

Liability insurance cover for the directors and officers of the company was maintained during the year

### **Statement of director's responsibilities**

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Disclosure of information to the auditor**

The director at the time when this annual report is approved has confirmed that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is aware, and
- he has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

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## **Sprintlink UK Limited**

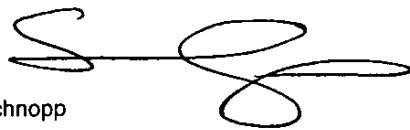
### **Director's report for the year ended 31 December 2012**

#### **Independent auditor**

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office

This report was approved by the board on 6 August 2013 and signed on its behalf

**S K Schnopp  
Director**

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a large, stylized 'K'.



KPMG  
Chartered Accountants  
1 Stokes Place  
St Stephen's Green  
Dublin 2  
Ireland

## Independent auditor's report to the member of Sprintlink UK Limited

We have audited the financial statements of Sprintlink UK Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described more fully in the Statement of directors' responsibilities as set out on page 3, the director is responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.apb.org.uk/apb/scope>.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report is consistent with the financial statements.



Independent auditor's report to the member of Sprintlink UK Limited (*continued*)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, reading 'Eamonn Russell'.

*Eamonn Russell (Senior Statutory Auditor)*  
**For and on behalf of KPMG,  
Statutory Auditor, Chartered Accountants**  
1 Stokes Place  
St Stephen's Green  
Dublin 2

6 August 2013



## Sprintlink UK Limited

### Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	17,617,397	19,407,766
Cost of sales		(11,527,944)	(11,891,078)
<b>Gross profit</b>		<b>6,089,453</b>	<b>7,516,688</b>
Administrative expenses		(5,822,079)	(7,142,881)
<b>Operating profit</b>	3	<b>267,374</b>	<b>373,807</b>
Interest receivable and similar income	5	97,086	81,974
<b>Profit on ordinary activities before taxation</b>		<b>364,460</b>	<b>455,781</b>
Tax on profit on ordinary activities	6	(199,392)	(247,525)
<b>Profit for the financial year</b>	13	<b>165,068</b>	<b>208,256</b>

The above results were derived entirely from continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 19 form part of these financial statements

# Sprintlink UK Limited

Registered number: 03930041

## Balance sheet as at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	7		3,176,262		3,933,344
<b>Current assets</b>					
Debtors amounts falling due after more than one year	8	959,838		1,141,015	
Debtors amounts falling due within one year	8	6,509,507		7,447,123	
Cash at bank and in hand		2,253,390		3,008,274	
		<u>9,722,735</u>		<u>11,596,412</u>	
<b>Creditors</b> amounts falling due within one year	9	(1,249,616)		(1,229,822)	
<b>Net current assets</b>			8,473,119		10,366,590
<b>Total assets less current liabilities</b>			<u>11,649,381</u>		<u>14,299,934</u>
<b>Creditors</b> amounts falling due after more than one year	10		(15,489,933)		(18,347,303)
<b>Net liabilities</b>			<u>(3,840,552)</u>		<u>(4,047,369)</u>
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Capital contribution reserve	13		717,424		675,675
Profit and loss account	13		(4,557,978)		(4,723,046)
<b>Total shareholder's deficit</b>	14		<u>(3,840,552)</u>		<u>(4,047,369)</u>

The financial statements were approved and authorised for issue by the director on 6 August 2013

S K Schnopp  
Director



The notes on pages 9 to 19 form part of these financial statements

# **Sprintlink UK Limited**

## **Notes to the financial statements for the year ended 31 December 2012**

### **1. Accounting policies**

#### **1.1 Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

#### **1.2 Going concern**

The financial statements have been prepared on a going concern basis. In concluding that it was appropriate to adopt this basis, the director has relied upon the undertaking of the parent company, Sprint International Holding, Inc. to provide continued financial support to the company through to 31 December 2014.

#### **1.3 Cash flow statement**

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are recognised on acquisition at cost and stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less their estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Network equipment	-	14-20% per annum
Office equipment	-	20-33% per annum

#### **1.5 Turnover**

Turnover comprises capacity and installation fees, excluding value added tax. Capacity fees are recognised as services are rendered to the customer. Installation fees are deferred and amortised over the average life of the service, generally two years.

#### **1.6 Share-based payments**

The cost of employee services received in exchange for an award of equity-based securities is measured using the fair value of the award on the date of the grant, and the cost is recognized over the period that the award recipient is required to provide service in exchange for the award. Any awards of liability instruments to employees are measured at fair value at each reporting date through settlement.

The fair value determined at the grant date is expensed by treating each vesting tranche as a separate award with a separate vesting period. Compensation cost is attributed over the vesting period relating to each separate tranche on a straight-line basis. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been estimated using the average of the vesting term and the contractual term of the option.

# Sprintlink UK Limited

## Notes to the financial statements for the year ended 31 December 2012

### 1. Accounting policies (continued)

#### 1.7 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

#### 1.8 Pensions

Contributions made by the company to employees' personal pension plans are charged to the profit and loss account in the year in which they accrue. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

#### 1.9 Foreign currencies

Transactions in foreign currencies are recorded at the average rate of exchange ruling in the month of the transaction

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

All exchange differences are included in the profit and loss account

#### 1.10 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the leases

### 2 Turnover

An analysis of turnover by class of business is as follows

	2012 £	2011 £
Sales to fellow group undertakings	15,966,802	17,656,514
Sales to third parties	1,650,595	1,751,252
	<u>17,617,397</u>	<u>19,407,766</u>

All revenue is generated from the provision of telecommunication services within the United Kingdom

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 3. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	1,169,287	1,150,037
Auditor's remuneration - audit	36,310	40,761
Auditor's remuneration - taxation services	2,750	4,500
Operating lease charges		
- plant and machinery	351,610	585,905
- other	7,913,618	7,770,999
Foreign exchange loss	250,778	99,411
	<u>7,913,618</u>	<u>7,770,999</u>

#### 4 Staff costs

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	4,068,661	3,910,445
Social security costs	434,668	448,372
Pension costs	179,825	178,721
	<u>4,683,154</u>	<u>4,537,538</u>

Included within wages and salaries is an amount of £41,749 (2011 £104,764) which relates to the cost of the employee share scheme (see note 15)

The company makes contributions to employees' personal pension plans which are charged to the profit and loss account as they accrue. Contributions payable during the year amounted to £179,825 (2011 £178,721). Contributions outstanding at 31 December 2012 amounted to £15,410 (2011 £Nil).

The director did not receive any remuneration in respect of his services to the company (2011 £Nil).

The average monthly number of employees, including the director, during the year was as follows

	2012 No	2011 No
Sales	26	25
Administration	10	10
Production	16	14
	<u>52</u>	<u>49</u>

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 5 Interest receivable and similar income

	2012 £	2011 £
On amounts owed by group undertakings	<u>97,086</u>	<u>81,974</u>

#### 6 Tax on profit on ordinary activities

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	18,215	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	93,819	159,750
Impact of changes in rates	85,541	64,984
Adjustment in respect of prior years	1,817	22,791
<b>Total deferred tax</b> (see note 11)	<u>181,177</u>	<u>247,525</u>
<b>Tax on profit on ordinary activities</b>	<u>199,392</u>	<u>247,525</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>364,460</u>	<u>455,781</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	89,283	120,782
<b>Effects of:</b>		
Expenses not deductible for tax purposes	22,751	47,357
Differences between depreciation and capital allowances	(62,922)	(187,197)
Other timing differences	23,874	(7,098)
Tax losses (utilised)/carried forward	(54,771)	26,156
<b>Current tax charge for the year</b>	<u>18,215</u>	<u>-</u>

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24.5% to 23% was substantively enacted in July 2012 and was effective from 1 April 2013. Accordingly, this rate has been applied in the measurement of the company's deferred tax assets and liabilities as at 31 December 2012.

Further reductions to the main rate are proposed to reduce the rate to 20% by 1 April 2015. These further reductions are expected to be enacted in future Finance Acts.

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 7 Tangible assets

	Network equipment £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2012	19,296,590	1,305,372	20,601,962
Additions	238,995	177,216	416,211
Disposals	(4,048)	(28,565)	(32,613)
At 31 December 2012	19,531,537	1,454,023	20,985,560
<b>Depreciation</b>			
At 1 January 2012	15,520,326	1,148,292	16,668,618
Charge for the year	1,100,705	68,582	1,169,287
On disposals	(42)	(28,565)	(28,607)
At 31 December 2012	16,620,989	1,188,309	17,809,298
<b>Net book value</b>			
At 31 December 2012	2,910,548	265,714	3,176,262
At 31 December 2011	3,776,264	157,080	3,933,344

#### 8 Debtors

	2012 £	2011 £
<b>Due after more than one year</b>		
Deferred tax asset (see note 11)	959,838	1,141,015
<b>Due within one year</b>		
Trade debtors	408,892	531,564
Amounts owed by group undertakings	5,675,469	6,444,619
Prepayments and accrued income	-	1,851
VAT recoverable	425,146	469,089
	6,509,507	7,447,123

Amounts owed by group undertakings are trading balances and are due within one year. Interest is only charged on balances which remain unpaid for a period in excess of three months at a rate of LIBOR plus 1.5%.

# Sprintlink UK Limited

## Notes to the financial statements for the year ended 31 December 2012

### 9 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	381,928	712,497
Amounts owed to group undertakings	2,259	14,729
Taxation and social security	201,604	160,506
Other creditors	276,651	198,674
Accruals and deferred income	387,174	143,416
	<u>1,249,616</u>	<u>1,229,822</u>

### 10 Creditors amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to parent undertaking	<u>15,489,933</u>	<u>18,347,303</u>

The above non-interest bearing amounts have no fixed repayment schedule, however the parent undertaking is not seeking repayment of this debt within the next 12 months. Consequently amounts due to parent undertaking have been disclosed within amounts falling due after more than one year.

### 11 Deferred tax asset

	2012 £	2011 £
At 1 January	1,141,015	1,388,540
Charge to profit and loss account (see note 6)	(181,177)	(247,525)
	<u>959,838</u>	<u>1,141,015</u>
At 31 December		

#### Deferred tax is analysed as follows

	Unrecognised 2012 £	Recognised 2012 £	Unrecognised 2011 £	Recognised 2011 £
Decelerated capital allowances	-	644,261	-	764,598
Other timing differences	165,689	25,282	169,417	2,853
Tax losses carried forward	-	290,295	-	373,564
	<u>165,689</u>	<u>959,838</u>	<u>169,417</u>	<u>1,141,015</u>
Total				

Deferred tax assets are recognised to the extent that management consider that there will be suitable future taxable profits.



## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 12 Called up share capital

	2012 £	2011 £
Allotted and fully paid 2 ordinary shares of £1 each	2	2

#### 13 Reserves

	Capital contribution reserve £	Profit and loss account £
At 1 January 2012	675,675	(4,723,046)
Profit for the financial year	-	165,068
Share-based payment contribution	41,749	-
At 31 December 2012	717,424	(4,557,978)

#### 14 Reconciliation of movement in shareholder's deficit

	2012 £	2011 £
Opening shareholder's deficit	(4,047,369)	(4,360,389)
Profit for the financial year	165,068	208,256
Capital contribution in respect of share-based payment	41,749	104,764
Closing shareholder's deficit	(3,840,552)	(4,047,369)

## **Sprintlink UK Limited**

### **Notes to the financial statements for the year ended 31 December 2012**

#### **15 Share based payments**

##### **Share-based Payment Plans**

Under the 2007 Omnibus Incentive Plan, or 2007 Plan, the Compensation Committee of the Board of Directors ("Compensation Committee") of Sprint Nextel Corporation ("Parent"), or one or more executive officers should the Compensation Committee so authorise, 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 eligible individuals as defined by the plan. Under the 1997 Long-Term Stock Incentive Program, or 1997 Program, the Compensation Committee granted stock options and restricted stock and restricted stock unit awards to directors and employees, however, no new grants can be made under the 1997 Program. Options are generally granted with an exercise price equal to the market value of the underlying stock on the grant date, generally vest on an annual basis over three or four years, and generally have a contractual term of ten years.

Restricted stock units generally have performance and service requirements or service requirements only with vesting periods ranging from one to three years. Performance-based restricted stock units awarded in 2012 have a three year performance period and vest subject to the company's performance as compared to objectives established when the award was granted. Performance-based restricted stock units awarded in 2011 and 2010 have three distinct one-year performance periods and are granted in each period once the performance objectives are established by the Compensation Committee, usually during the first quarter of each calendar year. Employees and directors who are granted restricted stock units are not required to pay for the shares but must remain employed by the company, or continue to serve as a member of the board of directors, until the restrictions on the shares lapse, which is typically three years for employees and one year for directors.

Currently, treasury shares are used to satisfy share-based awards or new shares if no treasury shares are available.

##### **Compensation Costs**

The cost of employee services received in exchange for a share-based award classified as equity is measured using the estimated fair value of the award on the date of the grant, and the cost is recognised 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.

For the year ended 31 December 2012, the compensation cost charged against income was £41,749 (2011 £104,764).

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 15 Share based payments (continued)

##### Stock Options

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. The following table provides the estimated fair value and assumptions used in determining the fair value of option awards granted.

	2012	2011
Weighted average grant date FV (£)	0.77	1.17
Risk-free interest rate	1.15%	2.55%
Expected volatility	59.4%	42.9%
Expected dividend yield	0.00%	0.00%
Expected term (years)	<u>5.50 - 6.50</u>	<u>5.50 - 6.50</u>

The risk-free rate used is based on the U.S. Treasury yield curve in effect on the measurement date, with a term equal to the expected term of the options. The volatility used is the implied volatility from traded options on the parent company's common shares over a period that approximates the expected term of the stock options. The expected dividend yield used is estimated based on historical dividend yield and other factors. The expected term of options granted is estimated using the simplified method, defined as the average of the vesting term and the contractual term as historical data is not expected to represent the future expected term of equity awards due to the severance activities of the parent over the last several years. Options outstanding as of 31 December 2012 include stock options granted under the 2007 Plan and the 1997 Program as discussed earlier in this note.

A summary of the status of the options under our plans and changes during the year is presented below.

	2012 Number of shares under options	2012 Weighted average exercise price £	2011 Number of shares under options	2011 Weighted average exercise price £
<b>Ordinary share options</b>				
Outstanding at 1 January	158,391	5.27	144,174	6.26
Granted	24,348	1.41	20,488	2.62
Forfeited/expired	(85,302)	5.08	(6,271)	18.51
	<u>97,437</u>	<u>4.20</u>	<u>158,391</u>	<u>5.27</u>
Outstanding at 31 December	97,437	4.20	158,391	5.27
Exercisable at 31 December	55,582	6.02	92,594	7.30

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 15 Share based payments (continued)

A summary of options outstanding at 31 December 2012 and 31 December 2011 is as follows

Exercise price £	2012 Number of shares	2012 Weighted average remaining contractual life (in years)	2011 Number of shares	2011 Weighted average remaining contractual life (in years)
1 37	24,348	9 14	-	-
2 12	8,636	7 21	19,091	8 21
2 21	28,038	6 15	61,979	7 15
2 58	9,268	8 15	20,488	9 15
4 01	4,877	5 23	10,780	6 23
4 86	856	0 23	1,636	1 23
6 62	1,711	0.23	3,271	1 23
10 08	1,725	1 11	3,141	2 11
10 24	863	1 11	1,572	2 11
11 55	8,468	4 16	17,742	5 16
12 75	6,637	3 10	14,671	4 10
13 66	2,010	2 10	4,020	3 10
	<u>97,437</u>		<u>158,391</u>	

#### Restricted Stock Units

The fair value of each restricted stock unit award is calculated using the stock price at the date of grant. Restricted stock units outstanding consist of those units granted under the 2007 Plan, as discussed earlier in this note.

A summary of the status of restricted stock units and changes during the year is as follows

	2012 Number of restricted stock units	2012 Weighted average grant date fair value of restricted stock units £	2011 Number of restricted stock units	2011 Weighted average grant date fair value of restricted stock units £
Outstanding at 1 January	16,364	2.53	12,592	3 30
Granted	23,521	1.41	10,547	2 62
Exercised	(5,263)	2 41	(6,775)	4 07
Forfeited	(10,550)	2.32	-	-
Outstanding at 31 December	<u>24,072</u>	<u>1 48</u>	<u>16,364</u>	<u>2 53</u>

## Sprintlink UK Limited

### Notes to the financial statements for the year ended 31 December 2012

#### 16 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
<b>Expiry date</b>				
Within 1 year	-	-	-	17,375
Within 2 and 5 years	253,831	253,831	496,830	400,549
After more than 5 years	-	-	-	96,281
<b>Total</b>	<b>253,831</b>	<b>253,831</b>	<b>496,830</b>	<b>514,205</b>

#### 17 Related party transactions

The company undertakes significant transactions with group companies and has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Sprint Nextel Corporation

#### 18 Ultimate controlling party

The company is a wholly owned subsidiary of Sprint International Holding, Inc , a company incorporated in the USA

The company's ultimate holding company is Sprint Nextel Corporation, a company incorporated in the USA and whose stock is traded on the NASDAQ National Market Refer to note 19 for further details

Sprint Nextel Corporation is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are drawn up

The financial statements of Sprint Nextel Corporation can be obtained from 6200 Sprint Parkway, Mail stop KSOPHF0302-3B124 Overland Park, KS66251, USA

#### 19 Subsequent events

On 10 July 2013, Softbank Corporation acquired 78% of the outstanding share capital of Sprint Nextel Corporation The director does not anticipate any impact on the activities of the company as a result of this transaction

#### 20 Approval of financial statements

The financial statements were approved on 6 August 2013