SPRINT CORP
Form S-4/A
May 24, 2005
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As filed with the Securities and Exchange Commission on May 23, 2005

Registration No. 333-123333

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SPRINT CORPORATION

(Exact name of registrant as specified in its charter)

Kansas	**4813**	**48-0457967**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

P.O. Box 7997

Shawnee Mission, Kansas 66207-0997

(800) 829-0965

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Claudia S. Toussaint, Esq.

Vice President, Corporate Governance and

Ethics, and Corporate Secretary

Sprint Corporation

P.O. Box 7997

Shawnee Mission, Kansas 66207-0997

(913) 794-1513

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

E. William Bates, II, Esq.	**Robert I. Townsend, III, Esq.**	**Leonard J. Kennedy, Esq.**	**Robert A. Profusek, Esq.**	**Toby S. Myerson, Esq.**
King & Spalding LLP	**Cravath, Swaine & Moore LLP**	**Senior Vice President and**	**Jones Day**	**Paul, Weiss, Rifkind,**
1185 Avenue of the	**825 Eighth Avenue**	**General Counsel**	**222 East 41st Street**	**Wharton & Garrison LLP**
Americas	**Worldwide Plaza**	**Nextel Communications, Inc.**	**New York, New York 10017**	**1285 Avenue of the Americas**
New York, New York 10036	**New York, New York 10019**	**2001 Edmund Halley Drive**	**(212) 326-3939**	**New York, New York 10019**
(212) 556-2100	**(212) 474-1000**	**Reston, Virginia 20191**		**(212) 373-3000**
		(703) 433-4000		

Approximate date of commencement of proposed sale to the public: At the effective time of the merger referred to herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in

accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. Sprint Corporation may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy statement/prospectus is a part, is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and Sprint is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated May 23, 2005

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

As we previously announced, the boards of directors of Sprint Corporation and Nextel Communications, Inc. have each unanimously approved a strategic merger, combining Sprint and Nextel in what we intend to be a merger of equals. When the merger is completed, Sprint will change its name to Sprint Nextel Corporation and the Sprint Nextel common stock will be quoted on the New York Stock Exchange, which we refer to as the NYSE. Existing shares of Sprint capital stock will remain outstanding. Each share of Nextel class A common stock and Nextel class B common stock will be converted into shares of Sprint Nextel common stock and Sprint Nextel non-voting common stock, respectively, and a small per share amount of cash, with a total value per share expected to equal 1.3 shares of Sprint Nextel common stock. The aggregate amount of cash that will be paid to Nextel stockholders is limited to $2.8 billion. This limit could result in the total value per share of the consideration received by holders of Nextel common stock being less than the value of 1.3 shares of Sprint Nextel common stock. Nextel preferred stock will be converted into Sprint Nextel preferred stock.

In the merger, Sprint expects to issue up to approximately 1.5 billion shares of Sprint Nextel series 1 common stock, up to approximately 38.5 million shares of Sprint Nextel non-voting common stock (convertible under certain circumstances into the same number of shares of Sprint Nextel series 1 common stock) and up to 230,045 shares of Sprint Nextel ninth series preferred stock (convertible into approximately 6 million shares of Sprint Nextel series 1 common stock).

Sprint and Nextel expect to spin off Sprint s local telecommunications business after the merger is completed. In order to facilitate the spin-off on a tax-free basis and to ensure that Sprint will be the acquiring entity for accounting purposes, the exact allocation of cash and shares of Sprint Nextel common stock that Nextel common stockholders will receive will be adjusted as of the time the merger is completed to ensure that former Nextel stockholders will own slightly less than 50% of Sprint Nextel. Among other things, additional issuances of stock by Nextel that are not offset by issuances of stock by Sprint would lead to adjustments in this allocation of cash and shares. As a result, Sprint and Nextel stockholders will not know at the time of their respective annual meetings the number of shares and amount of cash that the Nextel stockholders will receive in the merger.

On , 2005, the closing sales price of Sprint s FON common stock, series 1, which trades on the NYSE under the symbol FON, was $ per share, and the last reported sales price of Nextel s class A common stock, which trades on the Nasdaq National Market under the symbol NXTL, was $ per share.

For a discussion of the risks relating to the merger, see Risk Factors beginning on page 26.

Annual meetings of Sprint s and Nextel s stockholders are being held to approve the transactions contemplated by the merger agreement. Each company s stockholders will also elect directors and act on other matters normally considered at each company s annual meeting. Information about these meetings and the merger is contained in this joint proxy statement/prospectus. We encourage you to read this entire joint proxy statement/prospectus carefully, as well as the annexes and information incorporated by reference.

The Sprint board of directors unanimously recommends that the Sprint stockholders vote *for* the proposals to amend and restate Sprint s articles of incorporation and to approve the issuance of Sprint series 1 common stock, non-voting common stock and ninth series preferred stock, all of which are necessary to effect the merger. The Nextel board of directors unanimously recommends that the Nextel stockholders vote *for* the proposal to adopt the merger agreement.

Gary D. Forsee
Chairman and Chief Executive Officer
Sprint Corporation

Timothy M. Donahue
President and Chief Executive Officer
Nextel Communications, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this joint proxy statement/prospectus or the securities to be issued pursuant to the merger or determined that this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2005 and, together with the accompanying proxy card and annual report for the applicable company, is first being mailed to Sprint and Nextel stockholders on or about , 2005.

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SPRINT CORPORATION

6200 Sprint Parkway

Overland Park, Kansas 66251

www.sprint.com

Notice of Annual Meeting of Stockholders

Time:

9:00 a.m. (Central Daylight Time) on , 2005

Place:

[To Come]

A map showing the location of the meeting is printed on Annex K to this joint proxy statement/prospectus.

Purpose:

To adopt the amendment to Sprint s articles of incorporation to increase the number of authorized shares of Sprint series 1 common stock in connection with the merger;

To adopt the Sprint Nextel amended and restated articles of incorporation to create a class of non-voting common stock and the ninth series preferred stock, change the name of the FON common stock, series 1 and series 2 to series 1 common stock and series 2 common stock, respectively, delete references to the PCS common stock, change Sprint s name to Sprint Nextel Corporation and make other clarifying changes reflected in the Sprint Nextel amended and restated articles of incorporation, which are attached as Annex G to this joint proxy statement/prospectus, in connection with the merger;

To approve the issuance of Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock pursuant to the Agreement and Plan of Merger, dated as of December 15, 2004, among Sprint, Nextel and a wholly owned subsidiary of Sprint, as amended, a composite copy of which is attached as Annex A to this joint proxy statement/prospectus, pursuant to which Nextel will become a wholly owned subsidiary of Sprint;

To approve any motion to adjourn the Sprint annual meeting to another time or place, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Sprint annual meeting to approve the proposals related to the merger;

To elect eight directors to serve for a term of one year;

To ratify the appointment of KPMG LLP as Sprint s independent registered public accounting firm for 2005;

To vote on one stockholder proposal if presented at the meeting; and

To conduct any other business that properly comes before the meeting and any adjournment or postponement of the meeting.

This joint proxy statement/prospectus, including the annexes, contains further information with respect to the business to be transacted at the Sprint annual meeting.

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Record Date:

Sprint stockholders of record on May 20, 2005 may vote at the Sprint annual meeting.

Your vote is important. Whether or not you plan to attend the annual meeting, please promptly complete and return your proxy card in the enclosed envelope, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card.

By order of the Board of Directors,

Overland Park, Kansas
, 2005

Claudia S. Toussaint
Vice President,
Corporate Governance and
Ethics, and Corporate Secretary

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Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, Virginia 20191

www.nextel.com

Notice of Annual Meeting of Stockholders

Time:

10:00 a.m. local time on , 2005

Place:

[To Come]

A map showing the location of the meeting is printed on Annex L to this joint proxy statement/ prospectus.

Purpose:

To adopt the Agreement and Plan of Merger, dated as of December 15, 2004, among Sprint, Nextel and a wholly owned subsidiary of Sprint that was created to complete the merger of Nextel with the subsidiary, as amended, a composite copy of which is attached as Annex A to this joint proxy statement/prospectus;

To approve any motion to adjourn the Nextel annual meeting to another time or place, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Nextel annual meeting to approve the merger proposal;

To elect three directors, Timothy M. Donahue, Frank M. Drendel and William E. Kennard, each for a three-year term ending 2008;

To ratify the appointment of Deloitte & Touche LLP as Nextel s independent registered public accounting firm for 2005;

To adopt the Amended and Restated Incentive Equity Plan, a copy of which is attached as Annex J to this joint proxy statement/prospectus; and

To conduct any other business that properly comes before the annual meeting and any adjournment or postponement of the meeting.

Record Date:

Nextel stockholders of record as of May 20, 2005 may vote at the Nextel annual meeting.

Nextel stockholders have the right to dissent from the merger and seek appraisal of their shares. In order to assert dissenters rights, Nextel stockholders must comply with the requirements of Delaware law as described under The Merger Appraisal Rights beginning on page 76.

Your vote is important. Whether or not you plan to attend the annual meeting, please promptly complete and return your proxy card in the enclosed envelope, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card.

By order of the Board of Directors,

Reston, Virginia
, 2005

William E. Conway, Jr.
Chairman of the Board of Directors

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THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Sprint and Nextel from other documents filed with the Securities and Exchange Commission, which we refer to as the SEC, that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see Where You Can Find More Information beginning on page 226.

You may obtain documents incorporated by reference into this joint proxy statement/prospectus, without charge, by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Sprint Corporation
6200 Sprint Parkway
Overland Park, Kansas 66251
Mailstop: KSOPHF0102-1B322
Attn: Investor Relations
Telephone: (800) 259-3755, Option 1

Nextel Communications, Inc.
2001 Edmund Halley Drive
Reston, Virginia 20191
Attn: Investor Relations
Telephone: (703) 433-4300

You may also obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from D.F. King & Co., Inc., Sprint s proxy solicitor, or Georgeson Shareholder Communications, Inc., Nextel s proxy solicitor, at the following addresses and telephone numbers:

D.F. King & Co., Inc.

48 Wall Street
New York, New York 10005
Bankers and brokers call (212) 269-5550 (collect)
Others call (800) 578-5378 (toll-free)

17 State Street
New York, New York 10004
(212) 440-9800 (collect)
(877) 278-9673 (toll-free)

To receive timely delivery of the documents before your annual meeting, you must request them no later than , 2005 to receive them before the Sprint annual meeting and by , 2005 to receive them before the Nextel annual meeting.

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To be filed by amendment.

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QUESTIONS AND ANSWERS ABOUT THE MEETINGS

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at your company s annual meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: How do I vote?

A: You may vote before your annual meeting in one of the following ways:

use the toll-free number, if any, shown on your proxy card;

visit the website, if any, shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

Q: If my shares are held in street name by a broker or other nominee, will my broker or nominee vote my shares for me?

A: If you are a Nextel stockholder, your broker or other nominee does not have authority to vote on the merger proposal or the Amended and Restated Incentive Equity Plan proposal. If you are a Sprint stockholder, your broker or other nominee does not have authority to vote on the proposals to adopt the amendment to Sprint s articles of incorporation increasing the authorized number of shares of stock, adopt the Sprint Nextel amended and restated articles of incorporation, or issue Sprint capital stock in the merger or adopt the stockholder proposal. Your broker or other nominee will vote your shares held by it in street name with respect to these matters only if you provide instructions to it on how to vote. You should follow the directions your broker or other nominee provides.

Q: What if I do not vote on the matters relating to the merger?

A: If you are a Nextel stockholder and you fail to respond with a vote or fail to instruct your broker or other nominee how to vote on the merger proposal, it will have the same effect as a vote against the merger proposal. If you respond but do not indicate how you want to vote on the merger proposal, your proxy will be counted as a vote in favor of the merger proposal. If you respond and abstain from voting on the merger proposal, your proxy will have the same effect as a vote against the merger proposal.

If you are a Sprint stockholder and you fail to respond with a vote or fail to instruct your broker or other nominee how to vote on the proposals to adopt the amendment to Sprint s articles of incorporation increasing the authorized number of shares and to adopt the Sprint Nextel amended and restated articles of incorporation, it will have the same effect as a vote against these proposals, each of which must be approved for the merger to occur. If you respond and abstain from voting, your proxy will have the same effect as a vote against these proposals. If you respond but do not indicate how you want to vote on the proposals, your proxy will be counted as a vote in favor of these proposals as well as the issuance of Sprint capital stock in the merger.

Q: May I change my vote after I have delivered my proxy or voting instruction card?

A: Yes. You may change your vote at any time before your proxy is voted at your annual meeting. You may do this in one of four ways:

by sending a notice of revocation to the corporate secretary of Sprint or Nextel, as applicable;

by sending a completed proxy card bearing a later date than your original proxy card;

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by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card; or

by attending your annual meeting and voting in person.

Your attendance alone will not revoke any proxy.

If you choose any of the first three methods, you must take the described action no later than the beginning of your annual meeting.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: Do I have appraisal rights?

A: Record holders of Nextel capital stock who do not vote in favor of the merger proposal and otherwise comply with the requirements and procedures of Section 262 of the Delaware General Corporation Law, or DGCL, are entitled to exercise their rights of appraisal, which generally entitle stockholders to receive a cash payment equal to the fair value of their Nextel capital stock in connection with the merger. A detailed description of the appraisal rights and procedures available to Nextel stockholders is included in The Merger Appraisal Rights beginning on page 76. The full text of Section 262 of the DGCL is attached as Annex I to this joint proxy statement/prospectus.

Sprint stockholders do not have appraisal rights in connection with the merger.

Q: Should I send in my stock certificates now?

A: No. Please do not send your stock certificates with your proxy card.

If you are a holder of Nextel common stock, you will receive written instructions from the exchange agent after the merger is completed on how to exchange your stock certificates for the merger consideration.

If you are a holder of Nextel preferred stock, your existing stock certificates will represent the number of shares of Sprint Nextel preferred stock into which your shares will be converted under the terms of the merger. If you wish, you may exchange your Nextel preferred stock certificates for certificates with the new Sprint Nextel name.

If you are a Sprint stockholder, you will keep your existing stock certificates, which will continue to represent the number of shares of Sprint Nextel stock equal to the number of Sprint shares you now hold. If you wish, you may exchange your existing Sprint stock certificates for certificates with the new Sprint Nextel name.

Q: Why am I receiving this document?

A: We are delivering this document to you as both a joint proxy statement of Sprint and Nextel and a prospectus of Sprint. It is a joint proxy statement because each of our boards of directors is soliciting proxies from its stockholders. It is a prospectus because Sprint will exchange shares of its stock for shares of Nextel stock in the merger.

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SUMMARY

This summary highlights selected information contained in this joint proxy statement/prospectus and may not contain all the information that is important to you. Sprint and Nextel urge you to read carefully this joint proxy statement/prospectus in its entirety, as well as the annexes. Additional important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 226.

The Companies

Sprint Corporation

6200 Sprint Parkway

Overland Park, Kansas 66251

(800) 829-0965

Sprint offers an extensive range of innovative communication products and solutions, including wireless, long distance voice and data transport, global Internet Protocol, or IP, local and multiproduct bundles. A Fortune 100 company, Sprint is widely recognized for developing, engineering and deploying state-of-the-art network technologies, including the United States first nationwide all-digital, fiber-optic network, an award-winning tier one Internet backbone, and one of the largest all-digital, nationwide wireless networks in the United States. Sprint provides local telecommunications services in its franchise territories in 18 states. For the year ended December 31, 2004, Sprint had revenues of approximately $27.4 billion and a net loss of approximately $1 billion. The 2004 net loss includes charges of $2.4 billion related primarily to a long distance network asset impairment and restructurings. For the three months ended March 31, 2005, Sprint had revenues of approximately $6.9 billion and net income of approximately $472 million.

Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, Virginia 20191

(703) 433-4000

Nextel is a leading provider of wireless communications services in the United States. Nextel provides a comprehensive suite of advanced wireless services, including digital wireless mobile telephone service, walkie-talkie features, including Nextel Nationwide Direct Connect℠ and Nextel International Direct Connect℠, and wireless data transmission services. At March 31, 2005, Nextel provided service to about 17.0 million subscribers, which consisted of 15.5 million subscribers of Nextel-branded service and 1.5 million subscribers of Boost Mobile branded pre-paid service. Nextel s all-digital packet data network is based on integrated Digital Enhanced Network, or iDEN®, wireless technology

developed with Motorola, Inc. Nextel, together with Nextel Partners, Inc., currently uses the iDEN technology to serve 297 of the 300 largest United States metropolitan areas where about 262 million people live or work. For the year ended December 31, 2004, Nextel had revenues of approximately $13.4 billion and net income of $3 billion. For the three months ended March 31, 2005, Nextel had revenues of approximately $3.6 billion and net income of approximately $595 million.

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Sprint Capital Stock

On February 28, 2004, Sprint s board of directors decided to recombine its PCS common stock and its FON common stock into a single common stock. As a result, each share of PCS common stock was converted into 0.50 shares of FON common stock on April 23, 2004, and the FON common stock now represents the only outstanding common stock of Sprint. There are two series of FON common stock: series 1 and series 2. Immediately before the merger, Sprint FON common stock, series 1 and series 2 will be redesignated and will be series 1 and series 2 common stock of Sprint Nextel. In addition, Sprint has outstanding shares of its seventh series preferred stock, with both series 1 and series 2 common stock underlying.

At the Sprint annual meeting, Sprint stockholders will be asked, among other things, to adopt the amendment to Sprint s articles of incorporation to increase the number of authorized shares of Sprint series 1 common stock in connection with the merger, to adopt the Sprint Nextel amended and restated articles of incorporation to create a class of non-voting common stock and the ninth series preferred stock, and to approve the issuance of the Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock in connection with the merger. All outstanding shares of Nextel preferred stock are redeemable and convertible into Nextel class A common stock and are expected to be redeemed or converted prior to completion of the merger. If the Nextel preferred stock is redeemed or converted prior to the completion of the merger, no shares of Sprint Nextel ninth series preferred stock will be issued in the merger.

For a more complete description of the Sprint Nextel capital stock, see Authorized Capital Stock of Sprint Nextel beginning on page 193.

The Merger

A composite copy of the Agreement and Plan of Merger, dated as of December 15, 2004, as amended by the First Amendment to the Agreement and Plan of Merger, dated as of May 20, 2005, is attached as Annex A to this joint proxy statement/prospectus. References throughout this joint proxy statement/prospectus to the merger agreement refer to the Agreement and Plan of Merger as amended by the First Amendment unless the context requires otherwise. We encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

Consideration to be Received in the Merger by Nextel Stockholders

At the time of completion of the merger, outstanding shares of Nextel capital stock will be converted into the right to receive the merger consideration described below.

Nextel Class A Common Stock

Stock Exchange Ratio and Cash Ratio

Each outstanding share of Nextel class A common stock will be converted into a combination of shares of Sprint Nextel series 1 common stock and cash. Except in the unlikely event that the aggregate cash consideration would exceed the $2.8 billion cash limit described below, this combination of stock and cash consideration will be equal in value to 1.3 shares of Sprint Nextel series 1 common stock for each share of Nextel class A common stock. We refer to the number of shares of Sprint Nextel series 1 common stock delivered in respect of each share of Nextel class A common stock as the stock exchange ratio. We refer to the portion of the value of a share of Sprint Nextel series 1 common stock delivered in cash in respect of each share of Nextel class A common stock as the cash ratio.

The merger agreement provides that the stock exchange ratio will be 1.28 and the cash ratio will be .02, subject to the adjustments described below. Thus, without giving effect to any adjustments, each share of Nextel

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class A common stock would be converted into 1.28 shares of Sprint Nextel series 1 common stock and an amount in cash equal to .02 times the value of a share of Sprint Nextel series 1 common stock (determined by the average closing sales price of Sprint series 1 common stock over the 20 trading days ending on the date the merger is completed). The stock exchange ratio and cash ratio will not be adjusted for changes in the trading price of Sprint common stock or Nextel common stock.

The determination of the final allocation of stock and cash consideration will occur as of the time of the merger and will be based on circumstances existing at that time. Consequently, the final stock exchange ratio and cash ratio will not be known at the time the vote is taken on the merger and the merger-related proposals.

Adjustments to Stock Exchange Ratio and Cash Ratio

Sprint and Nextel intend to spin off Sprint s local telecommunications business on a tax-free basis as expeditiously as possible after the completion of the merger. To mitigate the risk that the stock issued in the merger will preclude this tax-free treatment and to ensure that Sprint is treated as the acquiring entity for accounting purposes, the merger agreement provides for adjustments to the stock exchange ratio and the cash ratio to be made at the time the merger is completed.

The stock exchange ratio will be adjusted at the time of the merger so that Nextel stockholders receive the maximum number of shares of Sprint Nextel common stock (up to 1.3 shares) per share of Nextel common stock that will not result in Nextel stockholders receiving, in the aggregate, more than 49.9% of the total voting power of all classes of Sprint Nextel capital stock, and that will permit Sprint and Nextel each to confirm that Section 355(e) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code (substituting 49.9% for 50%, as applicable), will not apply to the contemplated spin-off of Sprint s local telecommunications business. We sometimes refer to this adjustment as the 49.9% limitation. In the event that delivering 1.3 shares of Sprint Nextel common stock for each outstanding share of Nextel common stock at the completion of the merger would not satisfy the 49.9% limitation, the stock exchange ratio will be reduced. To the extent the stock exchange ratio is reduced, the cash ratio will (subject to the $2.8 billion cash limit described below) be correspondingly increased so that the total consideration delivered per share of Nextel class A common stock is equal in value to 1.3 shares of Sprint Nextel series 1 common stock.

The initial stock exchange ratio of 1.28 and cash ratio of .02 were set to comply with the 49.9% limitation based upon known facts existing at the time the merger agreement was executed, including, among other things, the relative numbers of shares of capital stock of Sprint and Nextel outstanding. As more fully described in The Merger Agreement Consideration to be Received in the Merger Illustration of Adjustments to Merger Consideration beginning on page 83, after giving effect to the adjustments described above, and based on the number of outstanding shares and other facts as of April 29, 2005 and using the assumptions described in that section, the stock exchange ratio would be 1.2769, the cash ratio would be .0231 and the aggregate cash merger consideration would be approximately $600 million. As used throughout this joint proxy statement/prospectus, both the stock exchange ratio and the cash ratio have been rounded.

Regardless of the adjustments to the stock exchange ratio described above, the aggregate amount of cash that will be paid by Sprint to holders of Nextel common stock (including cash paid to holders of Nextel class B common stock as described below) as consideration in the merger (excluding cash payments for fractional shares) cannot exceed $2.8 billion, which we refer to as the cash limit. If the cash limit would be exceeded, reductions in the stock exchange ratio would not be fully offset by increases in the cash ratio, and therefore the total value of the consideration per share of Nextel class A common stock would be less than the value of 1.3 shares of Sprint Nextel series 1 common stock. If, however, the cash limit would be exceeded as a result of a change in law or guidance from the IRS or the U.S. Treasury, then no cash would be paid to holders of Nextel common stock, the stock exchange ratio would automatically be fixed at 1.3, and Sprint and Nextel would not be obligated to, and it is anticipated that they would not, pursue the contemplated spin-off.

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The material factors that would impact the aggregate amount of cash payable to the holders of Nextel common stock, and the determination of whether the cash limit would be exceeded, are described under the heading The Merger Agreement Consideration to be Received in the Merger beginning on page 81.

Illustration of Merger Consideration

The following table illustrates the value that would be received by holders of Nextel common stock in the merger at various market prices of Sprint series 1 common stock, using an assumed stock exchange ratio of 1.2769 and a cash ratio of .0231, based on outstanding share numbers and other facts as of April 29, 2005. The actual amount of cash to be received by holders of Nextel common stock will be determined by multiplying the cash ratio times the average closing sales price of Sprint series 1 common stock during the 20 trading days ending on the date of completion of the merger.

The stock exchange and cash ratios used in the following table reflect the assumptions described in The Merger Agreement Consideration to be Received in the Merger Illustration of Adjustments to Merger Consideration beginning on page 83. As a result of these assumptions and the other factors described above, the actual stock and cash consideration delivered in the merger will likely differ from the amounts set forth in the table below even if Sprint series 1 common stock is trading at an assumed price.

Value of Merger Consideration

Assumed trading price of Sprint series 1 FON common stock	Value of Sprint Nextel common stock per share of Nextel common stock[1]	Cash per share of Nextel common stock[1]	Total value per share of Nextel common stock[1]	Approximate aggregate amount of cash consideration (in millions)
$33.00	$ 42.14	$ 0.76	$ 42.90	$ 860
31.00	39.58	0.72	40.30	810
29.00	37.03	0.67	37.70	760
27.00	34.48	0.62	35.10	710
25.00	31.92	0.58	32.50	650
23.00	29.37	0.53	29.90	600
21.00	26.81	0.49	27.30	550
19.00	24.26	0.44	24.70	500
17.00	21.71	0.39	22.10	440
15.00	19.15	0.35	19.50	390
13.00	16.60	0.30	16.90	340

[1] Assumes that the 20 trading day average price for Sprint series 1 common stock is the same as the price shown in the first column on the left. The closing sales price of Sprint series 1 FON stock on May 19, 2005 was $22.74.

Nextel Class B Common Stock

Each outstanding share of Nextel class B common stock will be converted into a number of shares of Sprint Nextel non-voting common stock equal to the stock exchange ratio described above (including the adjustments described above), as well as an amount of cash per share equal to

the amount of cash per share delivered in respect of each share of Nextel class A common stock as described above (including the adjustments described above).

Nextel Preferred Stock

Although each outstanding share of Nextel series B zero coupon convertible preferred stock due 2013, which we refer to as Nextel preferred stock, would be converted into a share of Sprint Nextel ninth series zero coupon convertible preferred stock due 2013 in the merger, we expect the Nextel preferred stock to be redeemed or converted prior to completion of the merger.

For a more complete description of the merger consideration and the assumptions referred to above, see The Merger Agreement Consideration to be Received in the Merger beginning on page 81. For a more complete discussion of the tax aspects of the contemplated spin-off, see Contemplated Spin-off of Local Telecommunications Business Tax Matters Related to the Spin-off beginning on page 98.

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Treatment of Stock Options and Other Stock-based Awards

Sprint

Sprint stock options and other equity-based awards will remain outstanding and will not be affected by the merger, except that, following the merger, the shares of common stock that will be issuable upon the exercise of stock options and other equity-based awards will be shares of Sprint Nextel common stock.

Nextel

In the merger, all outstanding Nextel employee stock options and other stock-based awards will be converted into options and stock-based awards of Sprint Nextel, and those options and awards will entitle the holder to receive Sprint Nextel common stock. The number of shares issuable under those options and awards, and the exercise prices for those options and awards, will be adjusted based on an exchange ratio of 1.3:1.

For a more complete discussion of the treatment of Nextel stock options and other stock-based awards, see The Merger Agreement Treatment of Nextel Stock Options and Other Stock-based Awards beginning on page 95.

Directors and Executive Management Following the Merger

The Sprint Nextel board of directors will initially consist of 14 directors. Timothy M. Donahue, Nextel s President and Chief Executive Officer, or CEO, will become Sprint Nextel s Chairman and will be a member of the board of directors. Gary D. Forsee, Sprint s Chairman and CEO, will become Sprint Nextel s CEO and President and will be a member of the board of directors. Of the remaining 12 Sprint Nextel directors, six have been designated by Sprint and six have been designated by Nextel, including a co-lead outside director from each company. Two of the designated directors, one from each company, are expected to serve on the board of directors of the local telecommunications company which is anticipated to be spun off from Sprint Nextel and to terminate their service on the Sprint Nextel board of directors at that time.

The following six directors were designated by Sprint to continue on to the board of directors of Sprint Nextel following the merger: Gordon M. Bethune, James H. Hance, Jr., Irvine O. Hockaday, Jr., Linda Koch Lorimer, William H. Swanson and Gerald L. Storch. Mr. Storch is expected to serve on the board of directors of the local telecommunications company.

The following six directors were designated by Nextel as nominees to the board of directors of Sprint Nextel pursuant to the merger agreement: Keith J. Bane, William E. Conway, Jr., Frank M. Drendel, V. Janet Hill, William E. Kennard and Stephanie M. Shern. The individuals designated by Nextel will be elected to the Sprint Nextel board of directors by the Sprint board of directors effective upon completion of the merger. Ms. Shern is expected to serve on the board of directors of the local telecommunications company.

Sprint Nextel will have its executive headquarters in Reston, Virginia and its operational headquarters in Overland Park, Kansas.

For a more complete discussion of the management of Sprint Nextel, including expected directors and senior management, see The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65.

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Recommendations of the Boards of Directors Relating to the Merger

Sprint

The Sprint board of directors unanimously recommends that holders of Sprint common stock and Sprint preferred stock vote *for* the increase in the authorized number of shares of series 1 common stock, *for* the adoption of the Sprint Nextel amended and restated articles of incorporation and *for* the issuance of shares of Sprint capital stock in the merger.

For a more complete description of Sprint s reasons for the merger and the recommendation of the Sprint board of directors, see The Merger Strategic and Financial Rationale and Sprint Board of Directors Recommendation beginning on pages 40 and 43, respectively.

Nextel

The Nextel board of directors unanimously recommends that Nextel stockholders vote *for* the adoption of the merger agreement.

For a more complete description of Nextel s reasons for the merger and the recommendation of the Nextel board of directors, see The Merger Strategic and Financial Rationale and Nextel Board of Directors Recommendation beginning on pages 40 and 44, respectively.

Opinions of Financial Advisors

Sprint Financial Advisors

Sprint s board of directors considered the analyses of Lehman Brothers Inc. and Citigroup Global Markets Inc. and, in particular, the opinions of Lehman Brothers and Citigroup that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth in those opinions, the merger consideration to be paid by Sprint to the holders of Nextel class A and class B common stock in the merger is fair, from a financial point of view, to Sprint. The full text of the Lehman Brothers and Citigroup opinions, each dated December 15, 2004, which set forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with their opinions, are attached as Annexes B and C, respectively, to this joint proxy statement/prospectus.

Lehman Brothers and Citigroup provided their opinions for the use and benefit of the Sprint board of directors in connection with its consideration of the merger. The Lehman Brothers and Citigroup opinions are not intended to be and do not constitute recommendations to any stockholder as to how that stockholder should vote or act with respect to the proposed merger or any other matter described in this joint proxy statement/prospectus. Neither Lehman Brothers nor Citigroup was requested to opine as to, and their opinions do not in any manner address, Sprint s underlying business decision to proceed with or effect the merger. The summaries of the Lehman Brothers and Citigroup opinions in this joint proxy statement/prospectus are qualified in their entirety by reference to the full text of the opinions. Lehman Brothers and Citigroup will

receive total fees of $29 million and $17 million, respectively, for their financial advisory services to Sprint relating to the merger. Of this amount, $25 million, or approximately 86% (in the case of Lehman Brothers), and $15 million, or approximately 88% (in the case of Citigroup), will be paid only if the merger is successfully completed. In addition, Sprint has agreed, subject to certain limitations, to reimburse Lehman Brothers and Citigroup for their reasonable expenses, including attorneys fees and disbursements. Sprint has also agreed to indemnify Lehman Brothers and Citigroup and related persons for certain liabilities that may arise out of the rendering of their opinions, including certain liabilities under the federal securities laws. If the merger is not completed and Sprint receives a termination fee from Nextel, Lehman Brothers will receive an additional fee equal to 1.2% of the termination fee received by Sprint, but in no event more than $12 million, and Citigroup will receive an additional fee equal to 5% of the termination fee received by Sprint, but in no event more than $7 million.

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For a more complete description, see The Merger Opinions of Financial Advisors to the Sprint Board of Directors beginning on page 47. See also Annexes B and C to this joint proxy statement/prospectus.

Nextel Financial Advisors

Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Lazard Frères & Co. LLC each delivered its opinion to Nextel s board of directors that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth in its opinion, the merger consideration, as described in those opinions, to be paid to the holders of Nextel class A common stock in the proposed merger was fair from a financial point of view to those holders. Goldman Sachs, JPMorgan and Lazard each assumed, for purposes of giving their respective opinions, that all the facts, circumstances and conditions in any way relating to the determination of the merger consideration in existence as of December 15, 2004 would be the same facts, circumstances and conditions in existence at the effective time of the proposed merger.

The full text of the Goldman Sachs, JPMorgan and Lazard opinions, each dated December 15, 2004, which set forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with their opinions, are attached as Annexes D, E and F, respectively, to this joint proxy statement/prospectus. Goldman Sachs, JPMorgan and Lazard provided their advisory services and opinions for the information and assistance of the board of directors of Nextel in connection with its consideration of the proposed merger. The Goldman Sachs, JPMorgan and Lazard opinions do not constitute recommendations as to how any stockholder should vote with respect to the proposed merger.

Nextel engaged each of Goldman Sachs, JPMorgan and Lazard pursuant to separate letter agreements to act as its financial advisor in connection with the proposed merger. Pursuant to the terms of these engagement letters, Nextel has agreed to pay each of Goldman Sachs, JPMorgan and Lazard a transaction fee of $13,333,333 in connection with the merger. The payment schedule of the transaction fees payable to Goldman Sachs, JPMorgan and Lazard is as follows: (1) approximately $1.3 million or 10% of the transaction fee was paid upon execution of the merger agreement, (2) approximately $2.0 million or 15% of the transaction fee will be paid upon adoption of the merger agreement by Nextel s stockholders, and (3) approximately $10 million or 75% of the transaction fee will be paid upon completion of the merger. In the event the merger is not completed and such non-completion results in Nextel receiving a termination fee from Sprint pursuant to the terms of the merger agreement, each of Goldman Sachs, JPMorgan and Lazard will receive $5 million, with such amount being reduced by any payments it has already received in connection with the merger pursuant to items (1) and (2) of the preceding sentence. In addition, Nextel has agreed to reimburse each of Goldman Sachs, JPMorgan and Lazard for its reasonable and documented expenses, including reasonable attorneys fees and disbursements, and to indemnify each of Goldman Sachs, JPMorgan and Lazard and related persons against various liabilities, including certain liabilities under the federal securities laws.

For a more complete description, see The Merger Opinions of Financial Advisors to the Nextel Board of Directors beginning on page 56. See also Annexes D, E and F to this joint proxy statement/prospectus.

Interests of Directors and Executive Officers in the Merger

Sprint

Some Sprint directors and executive officers have interests in the merger that are different from, or are in addition to, the interests of Sprint stockholders. These interests include:

the designation of certain directors and officers as Sprint Nextel directors or executive officers;

the granting to two executive officers, subject to completion of the merger, of premium priced options to purchase an aggregate of 220,000 shares of Sprint series 1 common stock with an exercise price of

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$25.465 per share and a target of 83,000 performance-based restricted stock units, or RSUs, with the actual number of RSUs granted varying between 0% and 200% of the target amounts depending on Sprint s achievement of financial targets relating to its enterprise economic value added during 2005;

the accelerated vesting of up to 80,401 RSUs and 41,307 Director Deferred Fee Plan, or DDFP, share units held by outside directors who, at the convenience of the Sprint board of directors, do not continue on the Sprint Nextel board of directors after the merger; and

a retention program applicable to certain executive officers that provides for potential retention payments of up to $8,534,355 in the aggregate and, in the event of involuntary termination of these executive officers, the vesting of up to 1,051,951 RSUs and options for 3,363,058 shares of Sprint series 1 common stock with a weighted average exercise price of $18.9067.

In addition, an amendment to the employment agreement of Sprint s Chairman and CEO, Gary D. Forsee, which will become effective upon completion of the merger, would increase Mr. Forsee s base salary by $200,000 to $1.4 million. Additionally, the amended employment agreement would increase Mr. Forsee s minimum target annual bonus amount from 150% to 170% of his annual base salary and increase the maximum bonus payout to 200% of the target amount. Mr. Forsee s annual bonus would be prorated for the year in which the merger is completed. The amended employment agreement would also set Mr. Forsee s long-term performance bonus target opportunity at a minimum of $10 million for the first year following completion of the merger, with a $10 million target opportunity guideline for the second year following completion of the merger.

For a further discussion, see The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65.

Nextel

Some Nextel directors and executive officers have interests in the merger that are different from, or are in addition to, the interests of Nextel stockholders. These interests include:

the designation as Sprint Nextel directors and/or executive officers;

the accelerated vesting of options for 82,503 shares of Nextel common stock with a weighted average exercise price of $10.96 held by outside directors and continuing exercisability of options for those outside directors who become Sprint Nextel directors;

the accelerated award and/or vesting of deferred shares of Nextel common stock for certain executive officers valued at $15,301,209, based on the closing price per share of Nextel class A common stock of $27.99 on April 29, 2005;

accelerated payment of long-term performance bonuses of up to $4,392,188 for certain executive officers;

potential severance payments of up to $16,555,000 for certain executive officers and Nextel s Vice Chairman;

the potential accelerated vesting of options for 1,972,864 shares of Nextel common stock with a weighted average exercise price of $20.79 for certain executive officers upon termination in specified circumstances; and

retention payments of up to $11,799,750 for certain executive officers and other payments pursuant to existing plans, agreements and arrangements.

The amounts described above are based on an assumed merger completion date of September 30, 2005 and do not take into account future regular quarterly equity awards to directors and executive officers.

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In addition, an amendment to the employment agreement of Nextel s CEO and President, Timothy M. Donahue, which will become effective upon completion of the merger, would increase Mr. Donahue s base salary by $200,000, his minimum target annual bonus to 170% of his base salary with a prorated bonus paid to him in the year of the merger and his long-term performance bonus target opportunity to a minimum of $10 million for the first year following completion of the merger, with a $10 million target opportunity guideline for the second year following completion of the merger.

For a further discussion, see The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65.

Material U.S. Federal Income Tax Consequences of the Merger

Sprint and Nextel have structured the merger to qualify as a reorganization for U.S. federal income tax purposes. In connection with the filing of the registration statement of which this document forms a part, Cravath, Swaine & Moore LLP has delivered to Sprint, and Paul, Weiss, Rifkind, Wharton & Garrison LLP has delivered to Nextel, their respective opinions that, for U.S. federal income tax purposes, the merger will qualify as a reorganization and holders of Nextel capital stock will not recognize gain or loss on the exchange of their Nextel capital stock for Sprint Nextel capital stock, but may recognize income from the receipt of cash in exchange for their Nextel common stock. In addition, it is a condition to each of Sprint s and Nextel s respective obligations to complete the merger that it receives a separate legal opinion, at the effective time of the merger, that confirms that the merger will qualify as a reorganization for U.S. federal income tax purposes.

For a more complete description of the material U.S. federal income tax consequences of the merger, see Material U.S. Federal Income Tax Consequences beginning on page 78.

The tax consequences of the merger to you may depend on your own situation. In addition, you may be subject to state, local or foreign tax laws that are not addressed in this joint proxy statement/prospectus. You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you.

Regulatory Matters

Both Sprint and Nextel are subject to regulation by the Federal Communications Commission, which we refer to as the FCC, and the FCC must approve the transfer of control of certain licenses held by Nextel as a result of the merger. While we believe that this approval will be obtained, there can be no assurance of this or that burdensome conditions will not be imposed as a condition of this approval. We do not believe this approval will be obtained before our stockholders vote on the merger. We were also required to obtain approvals from certain state regulatory authorities to complete the merger. All requested state regulatory approvals have been obtained. Each party s obligations to complete the merger are subject to receipt of FCC authorization and any state and foreign regulatory approvals that, if not obtained, would reasonably be expected to materially impair Sprint s or Nextel s ability to achieve the overall benefits expected to be realized from the merger or provide a reasonable basis for criminal liability.

The merger is also subject to the expiration or termination of the applicable waiting period under the U.S. antitrust laws. The merger agreement requires Sprint and Nextel to satisfy any conditions or divestiture requirements imposed upon them by regulatory authorities, unless the conditions or divestitures would reasonably be expected to have a material adverse effect on Sprint or Nextel.

For a more complete discussion of regulatory matters relating to the merger, see The Merger Regulatory Approvals Required for the Merger beginning on page 74.

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Conditions to Completion of the Merger

Each party s obligation to complete the merger is subject to the satisfaction or waiver of various conditions, including the following:

- receipt of the required stockholder approvals;
- expiration or termination of the waiting period under U.S. antitrust laws;
- receipt of FCC authorization required to complete the merger;
- receipt of required state and foreign regulatory approvals;
- no legal prohibition on the merger in effect;
- the NYSE authorizing for listing the shares of Sprint Nextel series 1 common stock to be issued to holders of Nextel class A common stock;
- the SEC declaring effective the registration statement, of which this joint proxy statement/prospectus is a part, and the registration statement not being the subject of any stop order or threatened stop order;
- accuracy of the other party s representations and warranties in the merger agreement, including their representation that no material adverse change has occurred;
- the other party s compliance with its obligations under the merger agreement; and
- receipt of opinions of counsel relating to the U.S. federal income tax treatment of the merger.

The merger agreement provides that any or all of these conditions may be waived, in whole or in part, by Sprint or Nextel, to the extent legally allowed. Neither Sprint nor Nextel currently expects to waive any material condition to the completion of the merger. If either Sprint or Nextel determines to waive any condition to the merger that would result in a material and adverse change in the terms of the merger to Nextel or Sprint stockholders (including any change in the tax consequences of the transaction to Nextel stockholders), proxies would be resolicited from the Sprint or Nextel stockholders, as applicable. For a more complete discussion of the conditions to the merger, see The Merger Agreement Conditions to Completion of the Merger beginning on page 89.

Material Events Following Completion of the Merger

Certain material events may occur as a result of the completion of the merger. These events could have a material effect on Sprint Nextel. See Risk Factors beginning on page 26. These events include:

In certain circumstances following completion of the merger, Sprint Nextel will be required to make an offer to repurchase Nextel s redeemable notes at a price equal to 101% of the outstanding principal amount, plus accrued and unpaid interest. See Risk Factors As a result of the merger, the repurchase of a significant portion of Nextel s outstanding debt may be required and additional funds to finance the repurchase may not be available on terms favorable to Sprint Nextel, if at all beginning on page 30 for a description of the circumstances that would require Sprint Nextel to offer to repurchase the Nextel redeemable notes. Any required repurchase would likely be financed with other debt. At April 29, 2005, the aggregate principal amount of Nextel s redeemable notes was $4,762 million and all four series of Nextel s redeemable notes were trading above 101% of the outstanding principal amount. If the notes are trading above 101% at the time of any repurchase offer, the holders would be unlikely to sell their notes to Nextel in the repurchase offer;

As a result of the merger, Sprint Nextel may be required to purchase the outstanding shares of Nextel Partners that Nextel does not already own. Nextel owns all of Nextel Partners class B common stock and none of its class A common stock. See Risk Factors As a result of the merger, Sprint Nextel may

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be required to purchase the outstanding shares of Nextel Partners that Nextel does not already own and assume Nextel Partners outstanding indebtedness. If we do not purchase the outstanding shares of Nextel Partners, exclusivity provisions will remain in effect that could limit our ability to achieve synergies and fully integrate Sprint s and Nextel s operations beginning on page 31.

Timing of the Merger

The merger is expected to be completed in the second half of 2005, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

For a discussion of the timing of the merger, see The Merger Agreement Form and Effective Time of the Merger beginning on page 81.

Termination of the Merger

The merger agreement may be terminated by Sprint or Nextel before completion of the merger in certain circumstances, including after stockholder approval. In addition, the merger agreement provides that Sprint or Nextel may be required to pay a break-up fee to the other equal to $1 billion in the circumstances generally described below:

If Nextel or Sprint terminates the merger agreement because the board of directors of the other party withdraws, or adversely modifies, its approval of the merger and after December 15, 2004 a competing acquisition proposal for the party that has withdrawn or adversely modified its approval has been made or become publicly known, the fee is payable by the party whose board of directors has taken that action.

If Nextel or Sprint terminates the merger agreement in order to accept a competing acquisition proposal with another company, then the party terminating to accept the competing proposal must pay the termination fee.

If the merger agreement is terminated because Sprint or Nextel stockholder approval is not obtained, the party whose stockholders have withheld approval must pay the termination fee, but only if (1) a competing acquisition proposal has been made for it or become publicly known after December 15, 2004 and (2) within 12 months after termination of the merger agreement, it enters into an agreement for a competing acquisition proposal.

If the merger agreement is terminated because the merger has not been completed by December 31, 2005 (or June 30, 2006 if completion is delayed due to delay in receiving certain regulatory approvals), either Sprint or Nextel must pay the termination fee if (1) a competing acquisition proposal has been made for it or become publicly known after December 15, 2004 and (2) within 12 months after termination of the merger agreement, it enters into an agreement for a competing acquisition proposal.

Sprint s and Nextel s obligation to pay the termination fee may discourage a third party from pursuing a competing acquisition proposal that could result in greater value to Sprint s or Nextel s stockholders. Although payment of the break-up fee could have an adverse effect on the financial condition of the company making the payment, neither Sprint nor Nextel believes that such effect would be material. The boards of directors of each of Sprint and Nextel determined, based in part on advice from their legal advisors, that the amount of the termination fee and the circumstances in which it would become payable were generally typical for a transaction of the magnitude of the merger and would not unduly inhibit an alternative acquisition proposal.

See The Merger Agreement Termination Events; Termination Fee Required and Termination Events; No Termination Fee beginning on pages 92 and 94, respectively, for a discussion of the circumstances under which the parties may terminate and under which termination fees will be required to be paid.

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Comparison of Stockholder Rights

Nextel is a Delaware corporation. Sprint is a Kansas corporation. The shares of Sprint Nextel stock that Nextel stockholders will receive in the merger will be shares of a Kansas corporation. Stockholder rights under Delaware and Kansas law are different. In addition, the amended and restated articles of incorporation and bylaws of Sprint Nextel contain provisions that are different from the certificate or articles of incorporation and bylaws of Nextel and Sprint, respectively. At the Sprint annual meeting, Sprint stockholders will be asked, among other things, to adopt the Sprint Nextel amended and restated articles of incorporation. The Sprint Nextel amended and restated articles of incorporation include material changes to Sprint s articles of incorporation, such as the creation of the class of Sprint non-voting common stock and the ninth series preferred stock, both of which are necessary to effect the merger. For a more detailed description of the terms of the Sprint Nextel amended and restated articles of incorporation, see Authorized Capital Stock of Sprint Nextel beginning on page 193. Sprint stockholders are not being asked to vote on the Sprint Nextel bylaws. Although Nextel stockholders will be asked to adopt the merger agreement at the Nextel annual meeting, the approval by Nextel stockholders of the Sprint Nextel amended and restated articles of incorporation and bylaws, by themselves, is not required.

For a summary of certain differences among the rights of stockholders of Sprint, Nextel and Sprint Nextel, see Comparison of Rights of Stockholders of Sprint, Nextel and Sprint Nextel beginning on page 210.

Matters to be Considered at the Annual Meetings

Sprint

Sprint stockholders will be asked to vote on the following proposals:

- to adopt the amendment to Sprint s articles of incorporation to increase the number of authorized shares of Sprint series 1 common stock in connection with the merger;
- to adopt the Sprint Nextel amended and restated articles of incorporation to create a class of non-voting common stock and create the ninth series preferred stock, change the name of the FON common stock, series 1 and series 2 to series 1 common stock and series 2 common stock, respectively, delete references to the PCS common stock, change Sprint s name to Sprint Nextel Corporation and make other clarifying changes reflected in the Sprint Nextel amended and restated articles of incorporation in connection with the merger;
- to approve the issuance of Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock in the merger;
- to approve any motion to adjourn the Sprint annual meeting to another time or place, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Sprint annual meeting to approve the proposals related to the merger;

to elect eight directors to serve for a term of one year;

to ratify the appointment of KPMG LLP as Sprint s independent registered public accounting firm for 2005;

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to vote on one stockholder proposal if presented at the meeting; and

to conduct other business that properly comes before the Sprint annual meeting and any adjournment or postponement of the meeting.

Each of the first three proposals listed above relating to the merger is conditioned upon the other two and the approval of each such proposal is required for completion of the merger.

Recommendation of Sprint s Board of Directors: The Sprint board of directors unanimously recommends that Sprint stockholders vote to approve all of the proposals set forth above (except the stockholder proposal, which the Sprint board of directors unanimously recommends that Sprint stockholders vote against), as more fully described under Sprint Annual Meeting beginning on page 104.

Nextel

Nextel stockholders will be asked to vote on the following proposals:

to adopt the merger agreement;

to approve any motion to adjourn the Nextel annual meeting to another time or place, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Nextel annual meeting to approve the merger proposal;

to elect three directors to serve for a term of three years;

to ratify the appointment of Deloitte & Touche LLP as Nextel s independent registered public accounting firm for 2005;

to adopt the Amended and Restated Incentive Equity Plan; and

to conduct any other business that properly comes before the Nextel annual meeting and any adjournment or postponement of the meeting.

Recommendation of Nextel s Board of Directors: The Nextel board of directors unanimously recommends that Nextel stockholders vote to approve all of the proposals set forth above, as more fully described under Nextel Annual Meeting beginning on page 146.

Voting by Sprint and Nextel Directors and Executive Officers

On the Sprint record date, directors and executive officers of Sprint and their affiliates owned and were entitled to vote 935,385 shares of Sprint capital stock, or approximately 0.063% and 0.066%, respectively, of the total voting power of the outstanding shares of Sprint common stock (with each share having one vote for purposes of this calculation) and Sprint capital stock outstanding on that date. On the Nextel record date, directors and executive officers of Nextel and their affiliates owned and were entitled to vote 2,217,403 shares of Nextel class A common stock, or less than 1% of the shares of Nextel class A common stock outstanding on that date.

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Comparative Per Share Information (Unaudited)

The following table shows per share data regarding earnings (loss) from continuing operations and book value per share for Sprint and Nextel on a historical, pro forma combined and pro forma equivalent basis. The pro forma book value per share information was computed as if the merger had been completed on March 31, 2005. The pro forma earnings (loss) from continuing operations information was computed as if the merger had been completed on January 1, 2004. The Nextel pro forma equivalent information was calculated by multiplying the corresponding pro forma combined data by an assumed stock exchange ratio of 1.2769 to 1.0, which stock exchange ratio may vary as described under The Merger Agreement Consideration to be Received in the Merger beginning on page 81. The equivalent per share data for Nextel does not give effect to the cash amount per share. This information shows how each share of Nextel class A and class B common stock would have participated in Sprint s losses from continuing operations and book value per share if the merger had been completed on the relevant dates and at the assumed stock exchange ratio of 1.2769 to 1.0. These amounts do not necessarily reflect future per share amounts of earnings (losses) from continuing operations and book value per share of Sprint Nextel.

The following unaudited comparative per share data is derived from the historical consolidated financial statements of each of Sprint and Nextel. The information below should be read in conjunction with the financial statements and accompanying notes of Sprint and Nextel, which are incorporated by reference into this joint proxy statement/prospectus. We urge you also to read Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 183.

	For the Three Months Ended March 31, 2005	For the Year Ended December 31, 2004
Sprint Historical:		
Book value per share	$ 9.41	$ 9.17
Cash dividends per share	$ 0.125	Note (1)
Diluted earnings (loss) per share from continuing operations (2)	$ 0.31	$ (0.71)
Basic earnings (loss) per share from continuing operations (2)	$ 0.32	$ (0.71)
Nextel Historical:		
Book value per share	$ 9.05	$ 8.42
Cash dividends per share		
Earnings per share from continuing operations:		
Basic	$ 0.53	$ 2.69
Diluted	$ 0.52	$ 2.62
Sprint Nextel Pro Forma Combined:		
Book value per share	$ 17.35	
Cash dividends per share	Note (3)	Note (3)
Diluted and basic earnings (loss) per share from continuing operations (2)	$ 0.15	$ (0.43)
Nextel Pro Forma Equivalent:		
Book value per share	$ 22.15	
Cash dividends per share	Note (3)	Note (3)
Diluted and basic earnings (loss) per share from continuing operations (2)	$ 0.19	$ (0.55)

(1) On April 23, 2004, Sprint recombined its two tracking stocks. Each share of PCS common stock automatically converted into 0.50 shares of FON common stock. Before the recombination of the two tracking stocks, shares of PCS common stock did not receive dividends. For the year ended December 31, 2004, shares of FON common stock (before the conversion of shares of PCS common stock) received dividends of $0.50 per share. In the 2004 first quarter, shares of FON common stock (before the conversion of shares of PCS common stock) received a dividend of $0.125 per share. In the second, third and fourth

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quarters of 2004, shares of FON common stock, which included shares resulting from the conversion of shares of PCS common stock, received quarterly dividends of $0.125 per share.

(2) As the effects of including the incremental shares associated with options, restricted stock units and employees stock purchase plan shares were anti-dilutive for the year ended December 31, 2004, they are not included in the weighted average shares outstanding, and both diluted and basic loss per share reflect the same calculation.

(3) For a discussion of the anticipated dividend and cash distribution policy of Sprint Nextel, see Comparative Stock Prices and Dividends Dividends and Other Distributions beginning on page 101.

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Market Prices and Dividends and Other Distributions

Stock Prices

The table below presents the closing sales price of Sprint s series 1 FON stock, which trades on the NYSE under the symbol FON, the last reported sales price of Nextel class A common stock, which trades on the Nasdaq National Market, which we refer to as Nasdaq, under the symbol NXTL, and the market value of a share of Nextel class A common stock on an equivalent per share basis. These prices are presented on two dates:

December 14, 2004, the last trading day before the public announcement of the signing of the merger agreement; and

, 2005, the latest practicable date before the date of this joint proxy statement/prospectus.

	Series 1 FON Stock	Nextel Class A Common Stock	Equivalent Per Share Data(1)
December 14, 2004	$ 25.10	$ 29.99	$ 32.63
, 2005	$	$	$

(1) The equivalent per share data for Nextel class A common stock has been determined by multiplying the closing sales price of a share of Sprint s series 1 FON stock on each of the dates by 1.3.

Dividends and Other Distributions

Sprint paid a Sprint series 1 common stock dividend of $0.125 per share in each of the quarters of 2004 and 2003 and expects to continue paying dividends at current levels through completion of the merger. Sprint also paid a Sprint series 2 common stock dividend of $0.125 per share in each of the last three quarters of 2004. Dividends on the Sprint series 1 common stock are paid when declared by the Sprint board of directors. If the Sprint board declares a dividend on one series of common stock, it must declare the same dividend on all outstanding series of common stock. Dividends on common stock may be declared only out of Sprint s surplus or out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year. Before any dividends on common stock may be paid or declared and set apart for payment, Sprint must pay or declare and set apart for payment full cumulative dividends on all outstanding series of preferred stock. Upon the issuance of a new series of preferred stock, the Sprint board may provide for dividend restrictions on the common stock as to that series of preferred stock.

Nextel has not paid any dividends on its common stock and does not plan to pay dividends on its common stock for the foreseeable future. Nextel s indentures governing its public notes and its bank credit agreement and other financing documents prohibit Nextel from paying dividends, except in compliance with specified financial covenants, and limit Nextel s ability to dividend cash from the subsidiaries that operate its network to Nextel.

The Sprint Nextel board will determine the Sprint Nextel dividend policy and, after the spin-off, the spun-off company s board will determine its dividend policy. Following the completion of the merger and until completion of any spin-off of Sprint s local telecommunications business, it is currently contemplated that Sprint Nextel will pay a reduced quarterly dividend to stockholders in aggregate amounts consistent with the aggregate dividends that the spun-off local telecommunications business would be likely to pay. Following completion of the contemplated spin-off, it is anticipated that Sprint Nextel will not pay a dividend. However, Sprint Nextel will evaluate its cash distribution policy from time to time, as appropriate in the context of its growth prospects and funding requirements. See Contemplated Spin-off of Local Telecommunications Business beginning on page 97.

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Selected Historical Financial Data of Sprint

The following table sets forth selected historical financial data for Sprint. The following data at and for each of the five years ended December 31, 2004 have been derived from Sprint s audited consolidated financial statements. The consolidated financial statements for the year ended December 31, 2004 were audited by KPMG LLP and the consolidated financial statements for each of the four years ended December 31, 2003 were audited by Ernst & Young LLP. The statement of operations data for the three months ended March 31, 2005 and 2004, and the balance sheet data as of March 31, 2005, have been derived from Sprint s unaudited consolidated financial statements. In the opinion of Sprint s management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. The following information should be read together with Sprint s consolidated financial statements and the notes related to those financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The information set forth below is not necessarily indicative of the results of future operations.

(in millions, except per share amounts and ratios)	As of or for the Three Months Ended March 31,		As of or for the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
Statement of Operations Data:							
Net operating revenues	$ 6,936	$ 6,707	$ 27,428	$ 26,197	$ 26,679	$ 25,562	$ 23,166
Operating income (loss) (1)(2)	1,036	724	(303)	1,007	2,096	(910)	280
Income (loss) from continuing operations (1)(2)(3)	472	225	(1,012)	(292)	451	(1,599)	(788)
Net income (loss) (1)(2)(3)(4)(5)	472	225	(1,012)	1,290	610	(1,447)	41
Diluted earnings (loss) per common share from continuing operations (6)(7)	$ 0.31	$ 0.16	$ (0.71)	$ (0.21)	$ 0.32	$ (1.16)	$ (0.58)
Basic earnings (loss) per common share from continuing operations (6)(7)	$ 0.32	$ 0.16	$ (0.71)	$ (0.21)	$ 0.32	$ (1.16)	$ (0.58)
Diluted earnings (loss) per common share (6)(7)	$ 0.31	$ 0.16	$ (0.71)	$ 0.91	$ 0.43	$ (1.05)	$ 0.02
Basic earnings (loss) per common share (6)(7)	$ 0.32	$ 0.16	$ (0.71)	$ 0.91	$ 0.43	$ (1.05)	$ 0.02
Diluted weighted average common shares outstanding (6)(7)	1,494.7	1,436.1	1,443.4	1,415.3	1,403.8	1,381.7	1,364.1
Basic weighted average common shares outstanding (6)(7)	1,476.8	1,424.2	1,443.4	1,415.3	1,400.0	1,381.7	1,364.1
Dividends per common share	$ 0.125		Note (8)	Note (8)	Note (8)	Note (8)	Note (8)
Balance Sheet Data:							
Total assets	$ 40,337		$ 41,321	$ 42,675	$ 45,113	$ 45,619	$ 42,943
Property, plant and equipment, net (1)	22,247		22,628	27,101	28,565	28,786	25,166
Total debt (including short-term and long-term borrowings, equity unit notes and redeemable preferred stock)	16,369		17,451	19,407	22,273	22,883	18,975
Stockholders equity	13,920		13,521	13,113	12,108	12,450	13,596
Ratio of earnings to combined fixed charges and preferred stock dividends: (9)	2.84	1.82	(a)	(b)	1.21	(c)	(d)

(1) During the three months ended March 31, 2004, Sprint recorded a restructuring charge reducing operating income by $30 million and income from continuing operations by $19 million.

In 2004, Sprint recorded net charges reducing operating income by $3.7 billion to an operating loss and reducing income from continuing operations by $2.3 billion to an overall loss from continuing operations. The charges related primarily to the long distance network impairment and restructurings partially offset by recoveries of fully reserved MCI Communications Corporation (formerly WorldCom, Inc.) receivables. The impairment of Sprint s long distance network assets, which was determined in accordance with Statement of Financial Accounting Standards

(SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, resulted in a pre-tax, non-cash charge of $3.5 billion. This charge was the result of the analysis of long distance business trends and projections that considered current industry and competitive conditions, recent regulatory rulings, evolving technologies and Sprint s strategy to expand its position as a leader in the development and delivery of subscriber solutions requiring transparent wireless and wireline connectivity. This charge reduced the net book value of Sprint s long distance property, plant and equipment by about 60%, to $2.3 billion.

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In 2003, Sprint recorded net charges reducing operating income by $1.9 billion and reducing income from continuing operations by $1.2 billion resulting in an overall loss from continuing operations. The charges related primarily to restructurings, asset impairments, and executive separation agreements, offset by recoveries of fully reserved MCI receivables.

In 2002, Sprint recorded charges reducing operating income by $402 million and reducing income from continuing operations by $253 million. The charges related primarily to restructurings, asset impairments and expected loss on MCI receivables.

In 2001, Sprint recorded charges reducing operating income by $1.8 billion to an operating loss and increasing the loss from continuing operations by $1.2 billion. The charges related primarily to restructuring and asset impairments.

In 2000, Sprint recorded charges reducing operating income by $425 million and increasing the loss from continuing operations by $273 million. The charges related to the terminated WorldCom merger and asset impairments.

(2) Sprint adopted SFAS No. 142, *Goodwill and Other Intangibles*, on January 1, 2002. Accordingly, amortization of goodwill, spectrum licenses and trademarks ceased as of that date, because they are indefinite life intangibles.

(3) In 2004, Sprint recorded charges of $72 million, net, for premiums paid on the early retirement of debt and the recognition of deferred debt costs. These charges increased loss from continuing operations by $44 million.

In 2003, Sprint recorded charges of $36 million, net, for premiums paid on the early retirement of debt and for the settlement of a securities class action lawsuit relating to the failed merger with WorldCom. Additionally, Sprint recorded a $49 million tax benefit for the recognition of certain income tax credits and adjustments for state tax apportionments. In total, these items reduced loss from continuing operations by $27 million.

In 2002, Sprint recorded charges of $134 million related to a write-down of an investment due to declining market value offset by gains on the sales of subscriber contracts and Sprint s investment in Pegaso Telecomunicaciones, S.A. de C.V. Additionally, Sprint recognized a tax benefit related to capital losses not previously recognizable of $292 million. In total, these items reduced loss from continuing operations by $143 million.

In 2001, Sprint recorded charges of $48 million, which increased the loss from continuing operations by $81 million. These amounts primarily included a write-down of an equity investment offset by a curtailment gain on the modification of certain retirement plan benefits and a gain on investment activities.

In 2000, Sprint recorded charges of $68 million, which increased the loss from continuing operations by $74 million. The charges related primarily to write-downs of certain equity investments, offset by a gain from the sale of subscribers and network infrastructure to a PCS third party affiliate.

(4)

In 2003, Sprint recorded an after-tax gain of $1.3 billion associated with the sale of its directory publishing business. In 2000, Sprint sold its interest in a joint venture, which provided international long distance telecommunications services.

(5) Sprint adopted SFAS No. 143, *Accounting for Asset Retirement Obligations*, on January 1, 2003. The local telecommunications division historically accrued costs of removal in its depreciation reserves consistent with industry practice. These costs of removal do not meet the SFAS No. 143 definition of an asset retirement obligation. Accordingly, Sprint recorded a credit of $420 million to remove the accumulated excess cost of removal resulting in a cumulative effect of change in accounting principle credit of $258 million, net of tax.

(6) All per share amounts have been restated, for all periods before 2004, to reflect the recombination of the FON common stock and PCS common stock as of the earliest period presented at an identical conversion

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ratio (0.50). The conversion ratio was also applied to dilutive PCS securities (mainly stock options, employees stock purchase plan shares, convertible preferred stock and restricted stock units) to determine diluted weighted average shares on a consolidated basis.

(7) As the effects of including the incremental shares associated with options, restricted stock units and employees stock purchase plan shares are antidilutive, both basic loss per share and diluted loss per share reflect the same calculation for the years ended December 31, 2004, 2003, 2001 and 2000.

(8) Before the recombination of the two tracking stocks, shares of PCS common stock did not receive dividends. For each of the five years ended December 31, 2004, shares of FON common stock (before the conversion of shares of PCS common stock) received dividends of $0.50 per share. In the 2004 first quarter, shares of FON common stock (before the conversion of shares of PCS common stock) received a dividend of $0.125 per share. In the second, third and fourth quarters of 2004, shares of FON common stock, which included shares resulting from the conversion of shares of PCS common stock, received quarterly dividends of $0.125 per share.

(9) For purposes of calculating the ratio,

(1) earnings include:

income (loss) from continuing operations before taxes, plus

equity in the net losses of less-than-50% owned entities, less

capitalized interest; and

(2) fixed charges include:

interest on all debt of continuing operations;

amortization of debt issuance costs; and

the interest component of operating rents.

For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends, preferred stock dividends include the amount of pre-tax earnings required to pay the dividends on outstanding preferred stock.

The ratio of earnings to combined fixed charges and preferred stock dividends is calculated as follows:

$$\frac{\text{(earnings + fixed charges)}}{\text{(fixed charges) + (pretax earnings required to cover preferred stock dividends)}}$$

Pretax earnings required to cover preferred stock dividends are calculated as follows:

$$\frac{\text{preferred stock dividends, as adjusted for the tax benefits related to unallocated shares}}{1 \quad \text{(Sprint s effective income tax rate)}}$$

(a) Earnings, as adjusted, were inadequate to cover fixed charges and preferred stock dividends by $1.6 billion in 2004.

(b) Earnings, as adjusted, were inadequate to cover fixed charges and preferred stock dividends by $491 million in 2003.

(c) Earnings, as adjusted, were inadequate to cover fixed charges and preferred stock dividends by $2.3 billion in 2001.

(d) Earnings, as adjusted, were inadequate to cover fixed charges and preferred stock dividends by $910 million in 2000.

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Selected Historical Financial Data of Nextel

The following table sets forth selected historical financial data for Nextel. The following data at and for each of the five years ended December 31, 2004 have been derived from Nextel s audited consolidated financial statements. The statement of operations data for the three months ended March 31, 2005 and 2004, and the balance sheet data as of March 31, 2005, have been derived from Nextel s unaudited consolidated financial statements. In the opinion of management, Nextel s unaudited condensed consolidated financial statements reflect all adjustments that are necessary for a fair presentation of the results for interim periods. All adjustments made were of a normal recurring nature, except as described in the notes included in Nextel s Form 10-Q for the quarter ended March 31, 2005. The following information should be read together with Nextel s consolidated financial statements and the notes related to those financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The information set forth below is not necessarily indicative of the results of future operations.

	For the Three Months Ended March 31, (unaudited)		For the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(in millions, except per share amounts)							
Statement of Operations Data:							
Operating revenues	$3,608	$ 3,103	$ 13,368	$ 10,820	$ 8,721	$ 7,689	$ 5,714
Cost of revenues (exclusive of depreciation and amortization included below)	1,084	925	4,003	3,169	2,535	2,888	2,188
Selling, general and administrative	1,200	971	4,241	3,453	3,039	3,020	2,278
Restructuring and impairment charges					35	1,769	
Depreciation and amortization	507	443	1,841	1,694	1,595	1,746	1,265
Operating income (loss)	817	764	3,283	2,504	1,517	(1,734)	(17)
Interest expense, net	(115)	(146)	(565)	(802)	(990)	(1,196)	(849)
(Loss) gain on retirement of debt, net of debt conversion costs	(37)	(17)	(117)	(245)	354	469	(127)
Gain on deconsolidation of NII Holdings, Inc.					1,218		
Equity in earnings (losses) of unconsolidated affiliates, net	17		15	(58)	(309)	(95)	(152)
Other (expense) income, net	2	27	29	225	(39)	(223)	281
Income tax benefit (provision)	(89)	(33)	355	(113)	(391)	135	33
Net (loss) income	595	595	3,000	1,511	1,360	(2,644)	(831)
Gain (loss) on retirement of mandatorily redeemable preferred stock				(7)	485		
Mandatorily redeemable preferred stock dividends and accretion	(6)	(2)	(9)	(58)	(211)	(233)	(209)
Income (loss) available to common stockholders	$589	$ 593	$ 2,991	$ 1,446	$ 1,634	$ (2,877)	$ (1,040)
Earnings (loss) per common share							
Basic	$0.53	$ 0.54	$ 2.69	$ 1.38	$ 1.85	$ (3.70)	$ (1.38)
Diluted	$0.52	$ 0.52	$ 2.62	$ 1.34	$ 1.75	$ (3.70)	$ (1.38)
Weighted average number of common shares outstanding							
Basic	1,121	1,106	1,111	1,047	884	778	756
Diluted	1,139	1,172	1,152	1,089	966	778	756

Balance Sheet Data:	As of March 31, 2005 (unaudited)	As of December 31, 2004	2003	2002	2001	2000
Total assets	$ 24,392	$ 22,744	$ 20,510	$ 21,477	$ 22,064	$ 22,686
Domestic long-term debt, capital lease and finance obligations, including current portion (in millions)	$ 8,574	$ 8,549	$ 10,212	$ 12,550	$ 14,865	$ 12,212
Mandatorily redeemable preferred stock (in millions)	$ 110	$ 108	$ 99	$ 1,015	$ 2,114	$ 1,881

Highlighted below are certain transactions and factors that may be significant to an understanding of Nextel s financial condition and comparability of results of operations.

NII Holdings. The information presented above that is derived from Nextel s consolidated financial statements includes the consolidated results of NII Holdings, Inc. through December 31, 2001. During 2001, NII Holdings recorded a non-cash pre-tax restructuring and impairment charge of $1,747 million in connection with its decision to discontinue funding one of its operating companies and the implementation of its revised business plan.

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In November 2002, NII Holdings, which before that time had been Nextel s substantially wholly owned subsidiary, completed its reorganization under Chapter 11 of the U.S. Bankruptcy Code having filed a voluntary petition for reorganization in May 2002 in the U.S. Bankruptcy Court for the District of Delaware after it and one of its subsidiaries defaulted on credit and vendor finance facilities. Before its bankruptcy filing, NII Holdings was accounted for as one of Nextel s consolidated subsidiaries. As a result of NII Holdings bankruptcy filing in May 2002, Nextel began accounting for its investment in NII Holdings using the equity method. In accordance with the equity method of accounting, Nextel did not recognize equity losses of NII Holdings after May 2002 as it had already recognized $1,408 million of losses in excess of its investment in NII Holdings through that date. NII Holdings net operating results through May 2002 have been presented as equity in losses of unconsolidated affiliates, as permitted under the accounting rules governing a mid-year change from consolidating a subsidiary to accounting for the investment using the equity method. However, the presentation of NII Holdings in the financial statements as a consolidated subsidiary in 2001 has not changed from prior presentation. The following table provides the operating revenues and net loss of NII Holdings included in Nextel s consolidated results for 2001 and prior periods, excluding the impact of intercompany eliminations:

	2001	2000
Operating revenues	$ 680	$ 330
Net loss	2,497	417

Upon NII Holdings emergence from bankruptcy in November 2002, Nextel recognized a non-cash pre-tax gain on deconsolidation of NII Holdings in the amount of $1,218 million consisting primarily of the reversal of equity losses it had recorded in excess of its investment in NII Holdings, partially offset by charges recorded when it consolidated NII Holdings, including, among other items, $185 million of cumulative foreign currency translation losses. At the same time, Nextel began accounting for its new ownership interest in NII Holdings using the equity method, under which Nextel recorded its proportionate share of NII Holdings results of operations. In November 2003, Nextel sold 3.0 million shares of NII Holdings common stock, which generated $209 million in net proceeds and a gain of $184 million.

Operating Revenues and Cost of Revenues. Effective July 1, 2003, Nextel adopted the provisions of Emerging Issues Task Force, or EITF, Issue No. 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables*. EITF Issue No. 00-21 provides guidance on when and how an arrangement involving multiple deliverables should be divided into separate units of accounting. Accordingly, for all handset sale arrangements entered into beginning in the third quarter 2003, Nextel recognizes revenue and the related cost of revenue when title to the handset passes to the subscriber. Before July 1, 2003, in accordance with Staff Accounting Bulletin, or SAB, No. 101, *Revenue Recognition in Financial Statements*, Nextel recognized revenue from handset sales and an equal amount of the related cost of revenue on a straight-line basis over the expected subscriber relationship period of 3.5 years, beginning when title to the handset passed to the subscriber. Therefore, the adoption of EITF 00-21 resulted in increased handset revenues and cost of handset revenues in 2003 as compared to 2002.

Nextel elected to apply the provisions of EITF Issue No. 00-21 to its existing subscriber arrangements. Accordingly, on July 1, 2003, Nextel reduced its current assets and liabilities by about $563 million and its noncurrent assets and liabilities by about $783 million, representing substantially all of the revenues and costs associated with the original sale of handsets that were deferred under SAB No. 101. Additional information regarding Nextel s adoption of EITF Issue No. 00-21 can be found in note 1 to the consolidated financial statements appearing in Nextel s annual report on Form 10-K for the year ended December 31, 2004.

Adoption of SFAS No. 142. Effective January 1, 2002, Nextel adopted the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets*. Under SFAS No. 142, Nextel is no longer required to amortize goodwill and intangible assets with indefinite useful lives, which consist of FCC licenses. In the first quarter 2002, Nextel incurred a one-time cumulative non-cash charge to the income tax provision of $335 million to increase the valuation allowance related to its net operating losses. This cumulative charge was required since Nextel has significant deferred tax liabilities related to its FCC licenses that have a significantly lower tax basis than book

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basis. Additional information regarding the adoption of SFAS No. 142 can be found in note 5 to the consolidated financial statements appearing in Nextel s annual report on Form 10-K for the year ended December 31, 2004.

Long-Term Debt, Preferred Stock and Finance Obligation. During the second quarter 2002 and continuing throughout 2003, 2004 and into 2005, Nextel reduced its outstanding debt obligations through the redemption, purchase and retirement of some of its long-term debt and preferred stock. Nextel used some of the proceeds from newly issued senior notes and a new term loan under the bank credit facility, together with its existing cash resources, to redeem and retire certain senior notes, then-existing term loans under the facility and preferred stock. These newly issued senior notes and the new term loan have lower interest rates and longer maturity periods than the notes and loans that were retired. Nextel also issued shares of its class A common stock in exchange for some of its outstanding debt securities. Additional information can be found in note 6 to Nextel s consolidated financial statements appearing at the end of its annual report on Form 10-K for the year ended December 31, 2004 and note 3 to Nextel s condensed consolidated financial statements appearing in its quarterly report on Form 10-Q for the quarter ended March 31, 2005.

Income Tax Benefit (Provision). Nextel maintains a valuation allowance that includes reserves against certain of its deferred tax asset amounts in instances where it determines that it is more likely than not that a tax benefit will not be realized. Nextel s valuation allowance has historically included reserves primarily for the tax benefit of net operating loss carryforwards, as well as for capital loss carryforwards, separate return net operating loss carryforwards and the tax benefit of stock option deductions relating to employee compensation. Before June 30, 2004, Nextel had recorded a full reserve against the tax benefits relating to its net operating loss carryforwards because, at that time, Nextel did not have a sufficient history of taxable income to conclude that it was more likely than not that it would be able to realize the tax benefits of the net operating loss carryforwards. Accordingly, Nextel recorded in its income statement only a small provision for income taxes, as its net operating loss carryforwards resulting from losses generated in prior years offset virtually all of the taxes that Nextel would have otherwise incurred.

During 2004, based on Nextel s cumulative operating results and an assessment of its expected future operations, Nextel concluded that it was more likely than not that it would be able to realize the tax benefits of its net operating loss carryforwards. Therefore, Nextel decreased the valuation allowance attributable to its net operating loss carryforwards by $901 million as a credit to tax expense. Additionally, Nextel decreased the valuation allowance attributable to the tax benefit of stock option deductions related to employee compensation and credited paid-in capital by $389 million. Also during 2004, Nextel determined that it was more likely than not that it would utilize a portion of its capital loss carryforwards before their expiration. Accordingly, Nextel decreased the valuation allowance primarily attributable to capital loss carryforwards by $212 million as a credit to tax expense. Additional information can be found in note 9 to Nextel s consolidated financial statements appearing at the end of its annual report on Form 10-K for the year ended December 31, 2004.

For the three months ended March 31, 2005, Nextel determined that it was more likely than not that it would utilize a portion of its capital loss carryforwards before their expiration. Accordingly, Nextel decreased the valuation allowance attributable to capital loss carryforwards by $178 million. Additional information can be found in note 4 to Nextel s condensed consolidated financial statements appearing in its quarterly report on Form 10-Q for the quarter ended March 31, 2005.

Other Income (Expense), Net. As discussed in note 3 to Nextel s consolidated financial statements appearing at the end of its annual report on Form 10-K for the year ended December 31, 2004, other income (expense), net in 2003 includes a $184 million gain on Nextel s sale of common stock of NII Holdings and a $39 million gain related to the redemption of the redeemable preferred stock that Nextel held in Nextel Partners. Other income (expense), net in 2001 includes a $188 million other-than-temporary reduction in the fair value of NII Holdings investment in TELUS Mobility, Inc. Other income (expense), net in 2000 includes a $275 million gain realized when NII Holdings exchanged its stock in Clearnet Communications, Inc. for stock in TELUS Mobility as a result of the acquisition of Clearnet by TELUS Mobility.

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Summary Unaudited Pro Forma Condensed Combined Financial Data

The following summary unaudited pro forma condensed combined financial information is designed to show how the merger of Sprint and Nextel might have affected historical financial statements if the merger had been completed at an earlier time. The following summary unaudited pro forma condensed combined financial information was prepared based on the historical financial results reported by Sprint and Nextel in their filings with the SEC. The following should be read in connection with Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 183 and the Sprint and Nextel financial statements, which are incorporated by reference into this joint proxy statement/prospectus.

The unaudited pro forma balance sheet assumes that the merger took place on March 31, 2005 and combines Sprint s March 31, 2005 condensed consolidated balance sheet with Nextel s March 31, 2005 condensed consolidated balance sheet. The unaudited pro forma statements of operations for the three months ended March 31, 2005 and for the year ended December 31, 2004 give effect to the merger as if it occurred on January 1, 2004.

The summary unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the entities been a single entity during these periods.

	Sprint Nextel Pro Forma	
	As of or for the Three Months Ended March 31, 2005	For the Year Ended December 31, 2004
	(in millions, except per share amounts)	
Statement of Operations Data:		
Net revenue	$ 10,544	$ 40,796
Income (loss) from continuing operations	434	(1,207)
Diluted average number of shares of common stock outstanding (1)	2,955.6	2,867.9
Basic average number of shares of common stock outstanding (1)	2,913.6	2,867.9
Diluted and basic income (loss) per share from continuing operations (1)	$ 0.15	$ (0.43)
Balance Sheet Data:		
Cash and equivalents	$ 5,165	
Working capital	5,559	
Total assets	96,461	
Long-term debt and capital lease obligations (net of current portion and including redeemable preferred stock)	24,198	
Total stockholders equity	50,635	

(1) As the effects of including the incremental shares associated with options, restricted stock units and employees stock purchase plan shares are anti-dilutive for the year ended December 31, 2004, they are not included in the weighted average shares outstanding, and both diluted and basic earnings per share reflect the same calculation.

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RISK FACTORS

Risk Factors Relating to Sprint, Nextel and Sprint Nextel

Sprint s and Nextel s businesses are and Sprint Nextel s business will be subject to the risks described below relating to the merger. In addition, Sprint and Nextel are, and they and Sprint Nextel will continue to be, subject to the risks described in Part 1, Item 1 of the annual reports on Form 10-K/A and Form 10-K, as amended, for the year ended December 31, 2004 filed with the SEC by Sprint and Nextel, respectively. If any of the risks described below or in the annual reports incorporated by reference into this joint proxy statement/prospectus actually occurs, the respective businesses, financial results, financial condition or stock prices of Sprint, Nextel or Sprint Nextel could be materially adversely affected. The risks below should be considered along with the other risks described in the annual reports incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 226 for the location of information incorporated by reference into this joint proxy statement/prospectus.

Risk Factors Relating to the Merger

The stock exchange ratio and cash ratio are subject to adjustment and will not be finally determined until after Sprint and Nextel stockholders have voted on the merger, and the value of the aggregate consideration to be received for each share of Nextel common stock may be less than the value of 1.3 shares of Sprint Nextel common stock.

The allocation of Sprint Nextel common stock and cash to be received by Nextel common stockholders in the merger for each share of Nextel common stock held by them will not be finally determined until after the completion of the merger. As a result, the stock exchange ratio and cash ratio will not be known at the time that Sprint and Nextel stockholders vote on the merger and merger-related proposals. At the time of completion of the merger, the stock exchange ratio generally will be adjusted so that Nextel stockholders receive the maximum number of shares of Sprint Nextel capital stock that both does not exceed 49.9% of the total combined voting power of all classes of Sprint Nextel capital stock and permits Sprint and Nextel each to confirm that Section 355(e) of the Internal Revenue Code of 1986, as amended (substituting 49.9% for 50%, as applicable), will not apply to the contemplated spin-off of Sprint s local telecommunications business. The cash ratio will be adjusted so that the sum of the cash ratio and the stock exchange ratio equals 1.3, subject to the cash limit described below. Factors that could have a significant effect on the stock exchange ratio and cash ratio include the issuance by Sprint or Nextel of additional shares of voting stock before the merger is completed as a result of the exercise of Nextel or Sprint stock options or the conversion of convertible securities of Nextel or Sprint.

Regardless of the adjustments to the stock exchange ratio and the cash ratio described above, the aggregate amount of cash that will be paid by Sprint as consideration in the merger (excluding cash payments for fractional shares) cannot exceed $2.8 billion. If the amount of cash that would be payable after adjusting the stock exchange ratio and the cash ratio exceeds the cash limit, the stock exchange ratio will be adjusted as described above but the per share cash amount will be reduced so that the aggregate amount of cash payable by Sprint does not exceed the cash limit. In that event, the value of the aggregate consideration to be received for each share of Nextel common stock will be less than the value of 1.3 shares of Sprint Nextel common stock. If, however, the aggregate cash amount payable would exceed the cash limit as a result of a change in law or guidance from the IRS or the U.S. Treasury, then no cash will be paid to holders of Nextel common stock, the stock exchange ratio will be fixed at 1.3 and Sprint and Nextel will not be obligated to, and it is anticipated that they would not, pursue the contemplated spin-off.

Because the market price of Sprint s common stock may fluctuate, the value of Sprint Nextel common stock to be issued in the merger will fluctuate.

The stock exchange ratio will not be adjusted due to any increase or decrease in the price of Sprint or Nextel common stock before completion of the merger. In addition, the cash portion of the merger consideration will be determined by reference to the trading prices of Sprint series 1 common stock over a specified period prior to completion of the merger. The market price of Sprint series 1 common stock will likely be different, and may be lower, on the date Nextel common stockholders receive shares of Sprint Nextel common stock than it was on the

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date the merger agreement was signed, the date of this joint proxy statement/prospectus and the date of the annual meetings. Changes in the price of Sprint series 1 common stock before completion of the merger will affect the value that Nextel common stockholders will receive in the merger. These variations in the market price of Sprint series 1 common stock may be caused by a variety of factors including changes in the business, operations and prospects of Sprint and Nextel, market reactions to the proposed merger, regulatory considerations, general market and economic conditions and other factors. Neither Sprint nor Nextel is permitted to terminate the merger agreement solely because of changes in the market price of either company s common stock.

If the merger is completed, the resulting company may not be able to successfully integrate the businesses of Sprint and Nextel and realize the anticipated benefits of the merger.

Realization of the anticipated benefits in the merger will depend on Sprint Nextel s ability to successfully integrate the businesses and operations of Sprint and Nextel. The resulting company will be required to devote significant management attention and resources to integrating its wireless networks and other wireless technologies, as well as its business practices, operations and support functions. The challenges Sprint Nextel may encounter include the following:

- integrating Sprint s and Nextel s existing wireless networks, which operate on different technology platforms and use different spectrum bands, and developing wireless devices and other products and services that operate seamlessly on both technology platforms;
- developing and deploying next generation wireless technologies;
- combining diverse product and service offerings, subscriber plans and sales and marketing approaches;
- preserving subscriber, supplier and other important relationships and resolving potential conflicts that may arise as a result of the merger;
- consolidating and integrating duplicative facilities and operations, including back-office systems;
- addressing differences in business cultures, preserving employee morale and retaining key employees, while maintaining focus on providing consistent, high quality customer service and meeting the operational and financial goals of the resulting company; and
- adequately addressing business integration issues while also addressing the contemplated spin-off of the local telecommunications business.

The process of integrating Sprint s and Nextel s operations could cause an interruption of, or loss of momentum in, the resulting company s business and financial performance. The diversion of management s attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies operations could have an adverse effect on the business, financial results, financial condition or stock price of the resulting company. The integration process may also result in additional and unforeseen expenses. There can be no assurance that the contemplated expense savings and synergies anticipated from the merger will be realized.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Sprint and Nextel because of, among other things, the market disruption that would occur as a result of uncertainties relating to a failure to complete the merger.

Although Sprint and Nextel have agreed to use their reasonable best efforts to obtain stockholder approval of the proposals relating to the merger, there is no assurance that these proposals will be approved, and there is no assurance that Sprint and Nextel will receive the necessary regulatory approvals or satisfy the other conditions to the completion of the merger. If the merger is not completed for any reason, Sprint and Nextel will be subject to several risks, including the following:

being required to pay the other company a termination fee of $1 billion, which each company is required to do in certain circumstances relating to termination of the merger agreement if a third party initiates a competing acquisition proposal for one of the companies; see Summary The Merger Termination of the Merger beginning on page 13; and

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having had the focus of management of each of the companies directed toward the merger and integration planning instead of on each company s core business and other opportunities that could have been beneficial to the companies.

In addition, each company would not realize any of the expected benefits of having completed the merger.

If the merger is not completed, the price of Sprint and Nextel common stock may decline to the extent that the current market price of that stock reflects a market assumption that the merger will be completed and that the related benefits and synergies will be realized, or as a result of the market s perceptions that the merger was not consummated due to an adverse change in Sprint s or Nextel s business. In addition, Sprint s business and Nextel s business may be harmed, and the prices of their stock may decline as a result, to the extent that subscribers, suppliers and others believe that the companies cannot compete in the marketplace as effectively without the merger or otherwise remain uncertain about the companies future prospects in the absence of the merger. For example, subscribers may delay or defer purchasing decisions, which could negatively affect the business and results of operations of Sprint and Nextel, regardless of whether the merger is ultimately completed. Similarly, current and prospective employees of Sprint and Nextel may experience uncertainty about their future roles with the resulting company and choose to pursue other opportunities that could adversely affect Sprint or Nextel, as applicable, if the merger is not completed. This may adversely affect the ability of Sprint and Nextel to attract and retain key management, marketing and technical personnel, which could harm the companies businesses and results.

In addition, if the merger is not completed and the Sprint or Nextel board of directors determines to seek another merger or business combination, there can be no assurance that a transaction creating stockholder value comparable to the value perceived to be created by the merger will be available to either Sprint or Nextel.

If the merger is not completed, Sprint and Nextel cannot assure their respective stockholders that these risks will not materialize or materially adversely affect the business, financial results, financial condition and stock prices of Sprint or Nextel.

The merger agreement limits Sprint s and Nextel s ability to pursue an alternative acquisition proposal to the merger and requires Sprint or Nextel to pay a termination fee of $1 billion if it does.

The merger agreement prohibits Sprint and Nextel from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See The Merger Agreement No Solicitation beginning on page 90. The merger agreement also provides for the payment by Sprint or Nextel of a termination fee of $1 billion if the merger agreement is terminated in certain circumstances in connection with a third party initiating a competing acquisition proposal for one of the companies. See Summary The Merger Termination of the Merger beginning on page 13.

If Sprint receives the $1 billion termination fee, it will be obligated to pay $12 million of that amount to Lehman Brothers and $7 million of that amount to Citigroup. If Nextel receives the $1 billion termination fee, it will be obligated to pay its financial advisors, Goldman Sachs, JPMorgan and Lazard, $5 million each, less any transaction fees previously received by each such financial advisor under the terms of its engagement.

These provisions limit Sprint s and Nextel s ability to pursue offers from third parties that could result in greater value to Sprint s or Nextel s stockholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal.

The merger is subject to the receipt of consents and approvals from various government entities, which may impose conditions on, jeopardize or delay completion of the merger or reduce the anticipated benefits of the merger.

Completion of the merger is conditioned upon filings with, and the receipt of required consents, orders, approvals or clearances from, various governmental agencies, including the Federal Trade Commission, which we refer to as the FTC, the Antitrust Division of the U.S. Department of Justice, the FCC and state public utility

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or service commissions and filings with various foreign authorities. Sprint and Nextel have made initial filings with the FTC, the Antitrust Division (which subsequently issued a second request for information) and the FCC; however, the applicable waiting period under U.S. antitrust laws has not yet expired or been terminated and the FCC has not yet approved Sprint s and Nextel s change of control applications. All requested state approvals have been received and all required foreign filings have been made.

There is no assurance that all of these required consents, orders, approvals and clearances will be obtained, and if they are obtained, they may not be obtained before Sprint and Nextel stockholders vote on the merger. Moreover, if they are obtained, they may impose conditions on, or require divestitures relating to, the divisions, operations or assets of Sprint or Nextel. These conditions or divestitures may jeopardize or delay completion of the merger or reduce the anticipated benefits of the merger. The merger agreement requires Sprint and Nextel to satisfy any conditions or divestiture requirements imposed upon them unless the conditions or divestitures would reasonably be expected to have a material adverse effect on Sprint or Nextel.

The completion of the contemplated spin-off of the resulting company s local telecommunications business after the merger cannot be assured, and the specific assets and liabilities of the spun-off company have not yet been determined.

Sprint and Nextel intend to spin off the local telecommunications business as a separate entity to Sprint Nextel s stockholders after the merger, but the spin-off is not a condition to the completion of the merger. Part of the strategic rationale for the merger is the belief that the contemplated spin-off will provide Sprint Nextel with greater growth opportunities than other major U.S. telecommunications companies whose businesses include a substantial portion of wireline based services. If the contemplated spin-off is not completed, Sprint Nextel may have slower rates of growth than currently expected because the number of local access lines served and switched access minutes used have been declining and are projected to continue to decline in the future. These declines can be attributed in part to industry-wide trends such as increased competition and product substitution that are affecting the local telephone business. Moreover, Sprint Nextel s strategy of developing its higher growth wireless business may increasingly conflict with the strategy and interests of its local telephone business, particularly as customers are increasingly choosing between wireline and wireless services. Net operating revenues from Sprint s local telephone business fell from $6,130 million in 2003 to $6,021 million in 2004 and operating income from its local telephone business fell from $1,862 million to $1,766 million over the same period. Sprint has continued to experience declines in revenues and operating income in 2005.

There are significant operational and technical challenges that will need to be addressed in order to successfully separate the assets and operations of the local telecommunications business from the rest of the resulting company. The spin-off will also require the creation of a new publicly traded company with a capital structure appropriate for that company, the creation and staffing of operational and corporate functional groups and the creation of transition services arrangements between the spun-off company and Sprint Nextel. The spin-off may result in additional and unforeseen expenses, and completion of the spin-off cannot be assured. Completion of the spin-off will be conditioned upon, among other things, receipt of required consents and approvals from various federal and state regulatory agencies, including state public utility or service commissions. These consents and approvals, if received, may impose conditions and limitations on the business and operations of the company resulting from the spin-off. These conditions and limitations could jeopardize or delay completion of the spin-off and could reduce the anticipated benefits of the merger and the spin-off.

The assets that will be included in the spin-off have not yet been determined and may be important or valuable to the operations of Sprint Nextel, which could require Sprint Nextel to enter into arrangements with the spun-off company to use those assets or take other measures to replace those assets. In addition, the subsidiary to be spun off is expected to incur substantial indebtedness before the spin-off, the proceeds of which will be distributed to Sprint Nextel in exchange for the assets contributed to the subsidiary to be spun off. The proceeds are expected to be used to repay various obligations of Sprint Nextel following the merger. Because the amount of indebtedness to be incurred by the subsidiary to be spun off has not yet been determined, the proceeds to be received by Sprint Nextel in connection with the spin-off and available to repay Sprint Nextel obligations cannot yet be determined.

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The U.S. Treasury and the staff of the Joint Committee on Taxation have suggested certain changes to Section 355 of the Internal Revenue Code of 1986, as amended. It is unclear whether any legislation will be introduced to implement these proposals, and if so, whether any legislation will be enacted. After consultation with their tax advisors, Sprint and Nextel believe that even if legislation is enacted, it is unlikely that it would apply to the contemplated spin-off of the local telecommunications business. However, it is possible that any such legislation could prevent Sprint Nextel from completing the contemplated spin-off on a tax-free basis, in which case the contemplated spin-off would not occur.

Sprint Nextel will not complete the spin-off unless it obtains satisfactory rulings from the IRS addressing certain matters or opinions from Cravath, Swaine & Moore LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP regarding the tax-free qualification of the spin-off. However, at the present time, it is not expected that Sprint Nextel will complete the spin-off in reliance on the opinions of counsel without also receiving certain rulings from the IRS. There can be no assurance that Sprint Nextel will receive such rulings or opinions of counsel. Moreover, if the aggregate amount of cash that would otherwise be payable to the Nextel stockholders in the merger exceeds the cash limit as a result of a change in law or guidance from the IRS or the U.S. Treasury, then Sprint and Nextel will not be obligated to pursue the spin-off.

Sprint and Nextel are, and Sprint Nextel will be, subject to restrictions on acquisitions involving their stock, issuances of their stock and possibly other corporate opportunities in order to enable the contemplated spin-off of the local telecommunications business to qualify for tax-free treatment.

The contemplated spin-off of the local telecommunications business cannot qualify for tax-free treatment to Sprint Nextel if 50% or more (by vote or value) of the stock of either Sprint Nextel or the spun-off entity is acquired or issued as part of a plan or series of related transactions that includes the contemplated spin-off. Because the merger generally will be treated as involving the acquisition of 49.9% of the stock of Sprint Nextel (and the spun-off entity) for purposes of this analysis, from now until the completion of the spin-off, Sprint and Nextel, or Sprint Nextel, as applicable (and for some period thereafter, Sprint Nextel), will be subject to restrictions on certain acquisitions involving stock, stock issuances and possibly other corporate opportunities in order to enable the spin-off to qualify for tax-free treatment. At this time, it is not possible to determine how long these restrictions will apply to Sprint Nextel after completion of the merger. In addition, it is not possible to determine whether these limitations will have a material impact on Sprint, Nextel or, after completion of the merger, Sprint Nextel. See Contemplated Spin-off of Local Telecommunications Business Tax Matters Related to the Spin-off beginning on page 98.

As a result of the merger, the repurchase of a significant portion of Nextel s outstanding debt may be required and additional funds to finance the repurchase may not be available on terms favorable to Sprint Nextel, if at all.

Nextel has four series of senior serial redeemable notes outstanding, the aggregate principal amount of which was about $4,762 million as of April 29, 2005. As a result of the merger, Sprint Nextel will be required to make an offer to repurchase Nextel s redeemable notes at a price equal to 101% of the outstanding principal amount, plus accrued and unpaid interest, unless:

- Sprint Nextel s long-term debt is rated investment grade by either Standard & Poor s Rating Services or Moody s Investor s Service, Inc. for at least 90 consecutive days from completion of the merger, which may be extended for up to 90 additional days, in accordance with the terms of the applicable indenture; or

- with respect to three of the series of redeemable notes, the aggregate principal amount of which was about $4,674 million as of April 29, 2005, within 30 days from the completion of the merger both S&P and Moody s reaffirm or increase the rating of all four series of Nextel s outstanding redeemable notes and its 5.25% convertible senior notes due 2010.

As of April 29, 2005, Sprint s long-term debt was rated investment grade (BBB by S&P and Baa3 by Moody s), and Nextel s long-term debt was rated one level below investment grade (BB by S&P and Ba3 by Moody s). In addition, in the unlikely event that Sprint Nextel common stock represents less than 90% of the consideration

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received by holders of Nextel common stock, Sprint Nextel will be required to make an offer to purchase Nextel s 5.25% convertible senior notes due 2010, $607 million in principal amount of which was outstanding at April 29, 2005.

If necessary, Sprint and Nextel expect that Sprint Nextel will finance any required repurchase of notes from the incurrence of additional indebtedness. Neither Sprint nor Nextel can assure you, however, that Sprint Nextel will be able to obtain the financing necessary to repurchase the notes on terms favorable to it, if at all. If Sprint Nextel is unable to obtain necessary financing on favorable terms, the earnings and cash flow of Sprint Nextel could be materially adversely affected. If Sprint Nextel is unable to obtain the necessary financing at all, it would be in default under the related indentures, which would cause defaults under its other financing arrangements.

As a result of the merger, Sprint Nextel may be required to purchase the outstanding shares of Nextel Partners that Nextel does not already own and assume Nextel Partners outstanding indebtedness. If we do not purchase the outstanding shares of Nextel Partners, exclusivity provisions will remain in effect that could limit our ability to achieve synergies and fully integrate Sprint s and Nextel s operations.

Under the terms of the certificate of incorporation of Nextel Partners, during the 18 month period following completion of the merger, the holders of a majority of the Nextel Partners class A common stock can vote to require Sprint Nextel to purchase all of the Nextel Partners class A shares not held by Nextel for the appraised fair market value of those shares. Nextel owns all of Nextel Partners class B common stock and none of its class A common stock. Based on the closing stock market price on May 19, 2005, the aggregate market value of the outstanding Nextel Partners class A shares, which represent approximately 69.8% of the total outstanding shares of Nextel Partners, was approximately $4.42 billion. The appraised fair market value of the Nextel Partners class A shares, as determined in accordance with the Nextel Partners certificate of incorporation, that could be payable by Sprint Nextel could be significantly higher or lower than that amount.

Neither Sprint nor Nextel knows if the stockholders of Nextel Partners will elect to require Sprint Nextel to purchase the Nextel Partners class A shares after the merger. If Sprint Nextel is required to purchase the Nextel Partners class A shares, Sprint Nextel may purchase Nextel Partners class A common stock with shares of Sprint Nextel common stock or finance the purchase with proceeds from the issuance of additional indebtedness.

Further, the agreements between Nextel Partners and Nextel contain exclusivity provisions that will remain in place if Sprint Nextel is not required to purchase the Nextel Partners class A shares. Sprint and Nextel believe that the merger will not breach those provisions; however, continued compliance with those provisions may limit Sprint Nextel s ability to achieve synergies and fully integrate the operations of Sprint and Nextel, which could have a negative impact on Sprint Nextel s results of operations. Although Sprint Nextel may from time to time engage in discussions with Nextel Partners regarding these matters, neither Sprint nor Nextel can assure you that Sprint Nextel will be able to renegotiate those exclusivity provisions on favorable terms or obtain waivers of those restrictions.

Sprint is subject to exclusivity provisions and other restrictions under its arrangements with the Sprint PCS Affiliates. Continued compliance with those restrictions may limit Sprint Nextel s ability to achieve synergies and fully integrate the operations of Sprint and Nextel, and Sprint or Sprint Nextel could incur significant costs to resolve issues related to the merger under these arrangements. The manner in which these restrictions will be addressed is not currently known.

Sprint supplements its own wireless network through arrangements with third party network operators, which we refer to as Sprint PCS Affiliates. Sprint PCS Affiliates currently serve approximately 3.2 million subscribers who purchase services under the Sprint brand name that are provided on code division multiple access, or CDMA, networks built and operated at the Sprint PCS Affiliates own expense.

All of these arrangements restrict Sprint s and its affiliates ability to own, operate, build or manage wireless communication networks or to sell Sprint s wireless services within specified geographic areas. Continued compliance with those restrictions may limit Sprint Nextel s ability to achieve synergies and fully integrate the operations of Sprint and Nextel, which could have a negative impact on Sprint Nextel s results of operations.

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Three of the Sprint PCS Affiliates have arrangements that do not expressly define the network covered by the exclusivity agreements and as a result these Sprint PCS Affiliates might contend that Sprint Nextel would be in breach of these provisions upon completion of the merger.

In case of a material breach of any of these arrangements that is not cured within a specified cure period, the affected Sprint PCS Affiliate can pursue the following mutually exclusive remedies: (1) the sale to Sprint of the Sprint PCS Affiliate s operating assets at 80% or 88% (depending on the Sprint PCS Affiliate) of the appraised fair market value of the Sprint PCS Affiliate s wireless business in the affected territory, (2) for certain Sprint PCS Affiliates, the purchase from Sprint of certain spectrum rights in its territory at a price equal to the greater of (a) Sprint s original spectrum costs plus microwave relocation costs and (b) 9% of the appraised fair market value of the Sprint PCS Affiliate s wireless business in the affected territory, or (3) pursuing against Sprint a claim for damages or other appropriate relief. If it is determined that a material breach has occurred, and the affected Sprint PCS Affiliate elects to pursue either of the remedies described in (1) or (2) above, the Sprint PCS Affiliate s wireless business in the affected territory will be appraised at the fair market value using the appraisal process prescribed in the arrangement between Sprint and the affected Sprint PCS Affiliate. The prescribed appraisal process is complex and will involve numerous judgments by the appraisers. On May 19, 2005, the aggregate market value of the common stock of the publicly traded Sprint PCS Affiliates, whose networks cover approximately 89% of the total population covered by Sprint PCS Affiliates networks, was approximately $4.3 billion. Given the prescribed adjustments and other factors that are required components of the appraisal process, however, the public equity value of the publicly traded Sprint PCS Affiliates does not correlate directly to the appraised fair market value of those Affiliates wireless businesses and may not be indicative of the value of the non-publicly traded Sprint PCS Affiliates. Accordingly, the appraised value of the Sprint PCS Affiliates wireless business in the affected territories may differ significantly from values of the Sprint PCS Affiliates derived from public equity values. Although Sprint may from time to time engage in discussions with Sprint PCS Affiliates regarding these matters, there is no assurance that these arrangements can be renegotiated with them on favorable terms or that waivers of the restrictions under those arrangements can be obtained. The outcome of any possible claims, and the associated costs that could be incurred by Sprint or Sprint Nextel, cannot currently be determined but could represent a significant cost.

Some of the directors and executive officers of Sprint and Nextel have interests in the merger that are different from Sprint and Nextel stockholders.

When considering the recommendation of the Sprint board of directors with respect to the merger proposals, Sprint stockholders should be aware that some directors and executive officers of Sprint have interests in the merger that are different from, or are in addition to, the interests of the stockholders of Sprint. These interests include their designation as Sprint Nextel directors or executive officers, the fact that the completion of the transaction results in the acceleration of vesting of equity-based awards held by outside directors who do not continue on the Sprint Nextel board of directors after the merger and acceleration of vesting of equity awards held by executive officers upon termination in specified circumstances, and payments to executive officers under a retention program adopted by Sprint in connection with the merger.

When considering the recommendation of the Nextel board of directors with respect to the merger proposals, Nextel stockholders should be aware that some directors and executive officers of Nextel have interests in the merger that are different from, or are in addition to, the interests of the stockholders of Nextel. These interests include their designation as Sprint Nextel directors or executive officers and the fact that the completion of the transaction results in (1) the acceleration of vesting of options for outside directors and, upon termination, in specified circumstances, for executive officers, (2) continuing exercisability of options by directors who become Sprint Nextel directors, (3) the accelerated vesting of deferred shares that were awarded under certain employment agreements for executive officers, (4) the potential payments of severance upon termination in specified circumstances, and (5) retention and other payments pursuant to existing plans, agreements and arrangements to which all executive officers are entitled.

Stockholders should consider these interests in conjunction with the recommendation of the directors of Sprint and Nextel of approval of the proposals related to the merger.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this joint proxy statement/prospectus and in the documents that are incorporated by reference into this joint proxy statement/prospectus. These forward-looking statements relate to Sprint s or Nextel s outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on Sprint s or Nextel s business, results of operations or financial condition. Specifically, forward looking statements may include:

- statements relating to the benefits of the merger, including anticipated synergies and cost savings estimated to result from the merger;
- statements relating to future business prospects, revenue, income and financial condition of Sprint, Nextel and the resulting company;
- statements relating to revenues, number of subscribers and points of distribution of the resulting company after the merger; and
- statements preceded by, followed by or that include the words estimate, plan, project, forecast, intend, expect, anticipate, seek, target or similar expressions.

These statements reflect Sprint s and Nextel s management s judgment 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, each of Sprint s and Nextel s management has made assumptions regarding, among other things, subscriber and network usage, subscriber growth and retention, pricing, operating costs and the economic environment.

Future performance cannot be ensured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause Sprint s, Nextel s and the resulting company s actual results to differ include:

- expected cost savings from the merger may not be fully realized within the expected time frames or at all;
- revenues following the merger may be lower than expected;
- the effects of vigorous competition in the markets in which Sprint and Nextel operate;
- the costs and business risks associated with providing new services and entering new markets;
- an adverse change in the ratings afforded to Sprint s or Nextel s debt securities by rating agencies or a lower rating afforded to Sprint Nextel s debt securities;

the effects of other mergers and consolidations in the telecommunications industry and unexpected announcements or developments from others in the telecommunications industry;

the uncertainties related to Sprint s or Nextel s investments in networks, systems, and other businesses;

the impact of new, emerging and competing technologies on Sprint s and Nextel s business;

the availability and cost of acquiring additional spectrum;

the timely development and availability of new handsets with expanded applications and features;

the possibility of one or more of the markets in which Sprint and Nextel compete being impacted by changes in political or other factors such as monetary policy, legal and regulatory changes or other external factors over which they have no control;

the possibility that Sprint Nextel will not effect the spin-off of the local telecommunications business; and

other risks referenced from time to time in Sprint s and Nextel s filings with the SEC and those factors listed in this joint proxy statement/prospectus under Risk Factors beginning on page 26.

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You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, neither Sprint nor Nextel undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Sprint and Nextel. See Where You Can Find More Information beginning on page 226 for a list of the documents incorporated by reference into this joint proxy statement/prospectus.

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THE MERGER

The following is a discussion of the merger and the material terms of the merger agreement between Sprint and Nextel. You are urged to read carefully the merger agreement in its entirety, a composite copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference herein. You are also urged to read the opinions of Sprint s and Nextel s financial advisors, which are attached as Annexes B through F to this joint proxy statement/prospectus and are incorporated by reference herein.

Background of the Merger

In pursuing their strategies for enhancing stockholder value, each of Sprint and Nextel has regularly considered opportunities for business combinations, joint ventures and other strategic and commercial relationships involving the two companies and third parties. From time to time, representatives of Sprint and Nextel have had discussions regarding possible business arrangements, including joint network building or network sharing arrangements and other possible operations-focused transactions. The most recent of these discussions occurred intermittently in the period from June 2003 through April 2004, but did not result in any transaction. A mutual nondisclosure agreement was executed on June 24, 2003 in order to facilitate preliminary discussions of whether the parties were interested in exploring the possibility of a potential business combination. The Sprint board of directors was updated on the status of these discussions at its regularly scheduled August 12, 2003 meeting, and it determined not to pursue the preliminary discussions further at that time. The companies thereafter terminated the discussions.

Throughout the period from June 2003 to October 2004, each of Sprint and Nextel also considered from time to time possible transactions with third parties, including acquisitions of assets or businesses, joint ventures and business combination transactions, and senior management from each company had informal discussions with their counterparts at other telecommunications companies. However, these discussions did not advance beyond preliminary stages in respect of transactions that would have precluded the merger, except that Nextel did conduct extensive due diligence investigations and participate in the process initiated in late 2003 that led to the execution of an agreement for the sale of AT&T Wireless Services, Inc. to Cingular Wireless LLC in early 2004. In addition, Sprint s management explored the possibility of a spin off of the local telecommunications business independent of a merger with Nextel or any other third party and updated the Sprint board of directors from time to time on these considerations.

In connection with the AT&T Wireless process and more generally, Nextel s senior management and board of directors held a series of discussions in late 2003 and early 2004 concerning pending and expected consolidation in the wireless industry, the potential benefits of scale and synergy benefits that could be generated in a substantial merger of wireless carriers. During these deliberations, management informed the Nextel board that management believed that Sprint was the most attractive potential merger partner in the wireless communications industry. After extensive consideration, Nextel determined not to submit a definitive proposal for the acquisition of AT&T Wireless, and instead to seek to initiate discussions regarding a possible business combination with Sprint.

In the week of February 8, 2004, Timothy M. Donahue, Nextel s President and CEO, contacted Len J. Lauer, Sprint s President and Chief Operating Officer, to determine whether there was a possibility that Sprint would be interested in discussing a potential business combination. Mr. Lauer advised Mr. Donahue that Sprint was not interested in pursuing exploratory discussions at that time. Despite Mr. Lauer s response, Nextel continued to study the possible business combination, including with its financial and legal advisors, who together with Nextel s senior management conducted extensive analyses of Sprint based on public information.

On March 19, following the expiration of restrictions on the ability of Gary D. Forsee, Sprint s Chairman and CEO, to discuss certain potential business combinations arising from his prior employment arrangements, Mr. Donahue and Mr. Forsee discussed potential opportunities for

cooperation between the two companies.

Thereafter, Messrs. Forsee and Donahue had a series of discussions regarding possible strategic opportunities and operations-based transactions that could be pursued in an effort to capitalize on each company s respective strengths. At a meeting on April 6 in Reston, Virginia, Messrs. Forsee and Donahue agreed to have further exploratory discussions to consider the possible benefits and risks associated with a business combination and to arrange a meeting of their respective senior financial officers to discuss preliminarily the principal concepts for a potential business combination. From the onset of their discussions in March 2004 and during the discussions over the ensuing seven-month period, Messrs. Forsee and Donahue and other senior executives of the two companies expressed the view that there were strategic benefits, including the opportunity for revenue and cost-sharing synergies, from a combination of the two companies that were believed to be greater than those available in any alternative transaction. For this reason and because the transaction under consideration was being approached as a merger, rather than a sale by one company to the other, the parties did not engage in any meaningful discussions regarding alternative transactions during this period.

On April 29, Robert J. Dellinger, Sprint s Executive Vice President and Chief Financial Officer, and Gene M. Betts, Sprint s Senior Vice President and Treasurer, met with Paul N. Saleh, Nextel s Executive Vice President and Chief Financial Officer, Marc R. Montagner, Nextel s Senior Vice President, Business Development, and Michael Kalten, Nextel s Senior Director, Business Development, at Nextel s offices in Reston, Virginia. At the meeting, the parties exchanged high-level information concerning the two companies and Nextel presented several concepts for potential business combination transactions with Sprint.

On May 26, Messrs. Forsee, Lauer and Dellinger met with Messrs. Donahue and Saleh, Thomas N. Kelly, Jr., Nextel s Executive Vice President and Chief Operating Officer, and Barry West, Nextel s Executive Vice President and Chief Technology Officer, in Reston, Virginia to review the matters discussed at the April 29 meeting and further explore a potential business combination, as well as to begin to plan a due diligence process.

On May 27, Nextel management updated the Nextel board of directors on the status of the discussions with Sprint and the Nextel board authorized management to continue to explore a potential business combination with Sprint.

Mr. Forsee provided an update regarding the discussions with Nextel at a June 7 meeting of the Sprint board of directors. After discussing the potential benefits of the potential business combination with Sprint s management and advisors, the Sprint board authorized Sprint management to proceed with the discussions.

In late June 2004, representatives of Nextel communicated to Sprint s representatives Nextel s intention to defer any significant discussions regarding a potential business combination. Discussions at that time had been of a general nature and the parties had advanced different concepts as to relative valuation. Specific exchange ratios were not advanced and negotiated in a meaningful way at this point and there appeared to be substantial differences in views as to relative valuation and structure. Because it did not appear to Nextel that agreement on the key terms of a transaction could be reached in the near future, Nextel determined that it should suspend further merger discussions in order to focus its efforts on securing a decision by the FCC in the proceeding relating to the elimination of interference in the 800 MHz band that would incorporate the key terms of the plan proposed by Nextel and others providing for the reallocation of spectrum rights in the 800 MHz band and an exchange of certain of Nextel s spectrum holdings for new spectrum rights in the 1.9 GHz band, commonly known in the wireless industry as the consensus plan. On June 30, Mr. Forsee informed the Sprint board of directors of the suspension of the discussions with Nextel.

On July 8, the FCC approved an order addressing the 800 MHz interference issues that provided, among other things, for an exchange of spectrum rights under a framework that was consistent with the approach used in the consensus plan proposed by Nextel and others. Messrs. Forsee and Donahue resumed discussions in late July and early August concerning the terms of a potential business combination and diligence matters, and Mr. Forsee provided a further update regarding the discussions at a meeting of the Sprint board of directors on August 10.

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On August 11, Messrs. Dellinger and Betts met with Messrs. Saleh and Montagner and Gary D. Begeman, Nextel s Vice President and Deputy General Counsel, to further discuss a potential business combination. Also present at the meeting were representatives of each of Lehman Brothers and Citigroup, financial advisors to Sprint, and Goldman Sachs and Lazard, financial advisors to Nextel. JPMorgan, financial advisor to Nextel, was not in attendance at the meeting. At the meeting, the parties exchanged additional information regarding key transaction topics, including, among other things, the spectrum reallocation, the potential dividend policy of the resulting company, the possible spin-off of the resulting company s local telecommunications business and related issues of valuation and capital structure, including the amount of any cash component of the merger consideration. Also on August 11, Mr. Lauer spoke with Mr. Kelly to further discuss operational aspects of the potential business combination. Representatives of Sprint and Nextel discussed tax matters relating to the potential transaction on August 15, and all of the financial advisors of each of Sprint and Nextel met in New York on August 16 to discuss certain financial issues relating to the companies and a potential business combination.

On August 26, Messrs. Forsee and Donahue met to discuss the potential business combination and concluded that further discussion ought to be suspended in light of the failure to make progress in the recent discussions on various terms of a potential business combination, including the economic terms of the transaction, the structure of the transaction, the composition of senior management of the resulting company and the location of its headquarters. The discussions leading up to the August 2004 decision to suspend the negotiations remained at a high conceptual level. At the time of that decision, there was a substantial gap in the parties respective positions with respect to valuation, with Sprint s representatives expressing the general view that Sprint should be valued substantially higher than Nextel, in part because of the companies relative sizes when Sprint s local telecommunications business was included, and with respect to the roles and responsibilities of Sprint and Nextel senior executives in the resulting company.

After Messrs. Forsee and Donahue decided to defer further discussions following their August 26 meeting, neither party had meaningful discussions regarding an alternative transaction with a third party. Both parties shared the belief that a merger of the two companies would be attractive if mutually acceptable terms could be negotiated. Mr. Forsee discussed the potential business combination with Sprint s board of directors on September 9 and again on October 9. Nextel s senior management reviewed the status of discussions with the Nextel board of directors on September 15.

On October 9, 2004, Sprint s senior management and board of directors also reviewed and discussed the pending and expected consolidation in the telecommunications industry and the potential benefits of scale and synergy benefits that could be generated in a significant merger of telecommunications companies.

On November 9, Mr. Forsee and Irvine O. Hockaday, Jr., Sprint s Lead Independent Director, had dinner with Mr. Donahue and William E. Conway, Jr., Chairman of the Nextel board of directors, and discussed the potential business combination and determined to resume discussions. Nextel senior management discussed the matter with the Nextel board on November 11. From November 17 through late November, Messrs. Forsee and Donahue had a number of discussions concerning the financial terms of the potential business combination and key governance issues. In these discussions and in other discussions between representatives of the parties in late November 2004, it was agreed that ongoing discussions would proceed on a set of basic principles for the economic framework and other terms of the merger. Chief among them was that the basic exchange ratio would be 1.3 Sprint shares for each Nextel share, but that an equalizing cash payment would be required to assure that Sprint stockholders received 50.1% of the resulting company s capital stock so that the resulting company s local telecommunications business could be spun off tax-free and that, while the parties expected the spin-off to be completed, it would not be completed until after the merger largely due to the expected timing of receipt of required regulatory approvals for the spin-off. Therefore, the contemplated spin-off was not made a condition to the merger. In addition, the parties agreed that the resulting company s senior management would be selected, to the extent reasonably practicable, equally from both companies, that the resulting company s board of directors would have equal representation, and co-lead directors, from each company s board and the resulting company s

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executive headquarters would be in Reston, Virginia, where Nextel is headquartered, with its operational headquarters in Overland Park, Kansas, where Sprint is headquartered. In particular, the parties agreed in concept that Mr. Donahue would serve as Chairman of the resulting company, Mr. Forsee would be its CEO, Mr. Lauer would be its chief operating officer and Mr. Saleh would be its chief financial officer. In addition, Nextel indicated its agreement that the CDMA EV-DO network would be the technology of choice for the resulting company. There was no single meeting at which these and other issues were definitively resolved; rather, these issues and other merger-related issues (such as the resulting company s name, how the merger would be structured and where the resulting company would be incorporated) were resolved in a series of substantially continuous discussions and negotiations in November and early December.

Mr. Forsee updated the Sprint board of directors on the status of the discussions on November 14 and again on November 23, and the Sprint board authorized management to continue to pursue the discussions. Mr. Donahue and Nextel s senior management reviewed the status of discussions with the Nextel board on November 22. On November 24, representatives of each of Sprint and Nextel and the respective financial advisors to Sprint and Nextel held an organizational meeting to discuss the process for due diligence and negotiation of a definitive agreement. The Nextel board received an update on the status of discussions on November 26.

On November 28, Nextel s legal advisors, Jones Day and Paul, Weiss, Rifkind, Wharton & Garrison LLP, provided Sprint s outside legal advisors, Cravath, Swaine & Moore LLP and King & Spalding LLP, with a draft merger agreement. Beginning on November 29 and continuing through December 2, representatives of Sprint and Nextel and their respective legal and financial advisors attended management presentations and conducted due diligence relating to Sprint s and Nextel s respective businesses and reviewed possible synergies of the possible transaction in Washington, D.C. On December 3, Mr. Betts, Steve Nielsen, Sprint s Senior Vice President-Finance, Charles R. Wunsch, Sprint s Vice President Law-Corporate Transactions and representatives of Sprint s financial advisors met with Messrs. Saleh, Montagner and Begeman and representatives of Nextel s financial advisors in New York to negotiate certain of the key transaction points, including whether the equalizing cash payment to Nextel stockholders designed to permit tax-free treatment of the contemplated spin-off would be fixed or would float with stock market prices and the general parameters for the resulting company s contemplated spin-off of its local telecommunications business, and to review a number of key due diligence matters. Also on that day, Nextel s management reviewed the possible transaction and status of discussions with the Nextel board of directors.

On December 5, the Sprint board of directors reviewed the possible business combination. Senior members of Sprint management and Sprint s financial and outside legal advisors made presentations to the Sprint board regarding Nextel s business, the current state and expected development of the wireless telecommunications industry, the strategic rationale for the possible merger, other strategic alternatives and the possible structure, terms and conditions of the merger. Outside legal advisors also reviewed certain legal matters, including a detailed review of the terms of the merger agreement and the structure of the potential spin-off of the resulting company s local telecommunications business. Following these presentations and discussions, the Sprint board authorized management to continue to pursue the possible merger.

During the week of December 6 through December 12, representatives of Sprint and Nextel and their respective outside legal advisors held meetings in New York to discuss the draft merger agreement and various other legal, regulatory and tax-related issues, including the potential spin-off of the local telecommunications business. In addition, representatives of Sprint and Nextel and their financial advisors held further due diligence meetings to discuss and review Sprint s and Nextel s businesses and to review updated synergy analyses. In these discussions, representatives of the parties ultimately agreed on the broad parameters relating to the financial characteristics of the resulting company s local telecommunications business if it were to be spun off (discussed in Contemplated Spin-Off of Local Telecommunications Business on page 97 of this joint proxy statement/prospectus), as well as the specific terms of the merger agreement, such as the covenants relating to pursuit of an alternative transaction, the termination rights and the $1.0 billion break-up fee, which were generally determined by what the parties believed to be customary practice for transactions of this type.

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On December 12, the Nextel board of directors reviewed the possible merger. At the meeting, the Nextel board received an extensive presentation from Nextel s senior management regarding the terms of the possible transaction, Sprint s and Nextel s respective standalone prospects, the strategic rationale and potential benefits of a merger and potential synergies that could be realized in a merger and the results of Nextel s and its independent registered public accounting firm s due diligence reviews relating to Sprint. A representative of Jones Day reviewed the directors fiduciary obligations in considering a transaction of this type and the status of discussions relating to the merger agreement. A representative of Paul, Weiss, Rifkind, Wharton & Garrison LLP also reviewed various issues, including tax issues and approvals required in a possible merger. Representatives of Goldman Sachs, JPMorgan and Lazard reviewed in detail such firms financial analyses of the possible merger. Finally, Nextel s legal advisors reviewed the various aspects of the possible transaction in which Nextel officers or directors might be said to have interests that were separate from or in addition to the interests of Nextel stockholders generally, which matters are described under Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65.

On December 13 and continuing on December 14, the Sprint board of directors reviewed the terms and conditions of the possible merger. At the meeting, the Sprint board received detailed presentations from members of management with respect to, among other things, the strategic rationale for the possible merger, valuation analyses, the potential spin-off of the local telecommunications business and an analysis of possible synergies. The Sprint Audit Committee also received a comprehensive due diligence report from Sprint s accounting advisors. Representatives of Lehman Brothers and Citigroup reviewed their financial analyses of the proposed merger. Sprint s outside legal advisors then reviewed certain legal matters, including a further detailed review of the terms of the merger agreement and a discussion of the Sprint board s fiduciary duties and other aspects of applicable law.

On December 14, the Sprint and Nextel management teams, together with their advisors, met to negotiate and finalize the terms and conditions of the merger. The most significant unresolved issue at that time was the potential size of the equalizing cash payment to Nextel stockholders and how it would be determined. Nextel initially proposed that there should be no limit on the aggregate size of the cash payment, but ultimately agreed to a maximum of $2.8 billion in response to Sprint s concerns that, while the resulting company was expected to have very substantial financial resources, the failure to cap the potential payment might be viewed negatively by the resulting company s creditors and investors. Nextel s agreement to be subject to the $2.8 billion cap was based on the benefits of the overall transaction and on a review of the then outstanding common stock, options and derivative securities of the two companies and the likelihood that the cap would not be reached.

During this period, representatives of the parties also discussed possible changes in the employment contracts between Sprint and Mr. Forsee and Nextel and Mr. Donahue to reflect their anticipated roles with Sprint Nextel. On December 14, the parties concluded that substantial changes should be deferred so that they could be independently reviewed by the companies compensation committees. On December 15, Mr. Donahue did agree to waive for six months after the merger his right to terminate employment and receive change-of-control severance benefits by reason of the fact that he would not be CEO of the resulting company and Mr. Forsee agreed, among other things, that the merger would not constitute a change of control under his employment agreement and that the fact that he would not be Chairman of the Sprint Nextel board and would perform services at the Reston, Virginia location would not entitle him to terminate employment and receive severance benefits. See Interests of Sprint and Nextel Directors and Executive Officers in the Merger Interests of Nextel Directors and Executive Officers in the Merger on page 70 and Interests of Sprint and Nextel Directors and Executive Officers in the Merger Interests of Sprint Directors and Executive Officers in the Merger on page 67 for a discussion of these December 15 agreements.

In the evening of December 14, the Sprint board of directors reviewed the final terms and conditions of the merger and the merger agreement with Sprint management and its outside legal and financial advisors. At the meeting, the Sprint board received the oral opinion of each of Lehman Brothers and Citigroup (each subsequently confirmed in writing) that, as of December 15, 2004 and based upon and subject to the factors and assumptions

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set forth in their written opinions, the merger consideration to be paid by Sprint to the holders of Nextel class A and class B common stock in the merger was fair, from a financial point of view, to Sprint. See Opinions of Financial Advisors to the Sprint Board of Directors beginning on page 47. Following further discussion, the Sprint board unanimously determined that the merger was in the best interests of Sprint and its stockholders, approved the merger and the merger agreement, adopted the amended and restated articles of incorporation and resolved to declare their advisability and recommend that Sprint stockholders vote to adopt them and approve the issuance of Sprint stock in the merger.

During the evening of December 14, the Nextel board of directors also reviewed the final terms of the merger agreement. Representatives of each of Nextel s legal and financial advisors participated in the meeting. Representatives of Nextel s senior management reviewed the terms of the merger agreement with the Nextel board and recommended that the Nextel board approve the merger. The Nextel board received the oral opinions of each of Goldman Sachs, JPMorgan and Lazard (each subsequently confirmed in writing) that, as of December 15, 2004, the merger consideration to be paid to holders of Nextel class A common stock in the merger, as stated in the merger agreement without taking into account any adjustments to the stock and cash allocation or limitation on total cash, was fair, from a financial point of view, to such holders. See Opinions of Financial Advisors to the Nextel Board of Directors beginning on page 56. Following further discussion, the Nextel board, among other things, unanimously approved the merger agreement, declared the merger advisable and in the best interests of Nextel and its stockholders and resolved to recommend that Nextel stockholders vote to adopt the merger agreement.

The merger agreement was signed by the parties early in the morning of December 15, and, before the commencement of trading on the NYSE and Nasdaq, Sprint and Nextel issued a joint press release announcing the execution of the merger agreement.

While the parties discussions were predicated on a merger of equals as a guiding principle, the two companies share prices fluctuated during their negotiations. For example, the reporting closing sales price for Sprint common stock on November 9, the date representatives of Sprint and Nextel met and determined to resume discussions regarding a business combination, was $21.99 per share; the closing sales price for Nextel Class A Common Stock that day was $27.78. The implied exchange ratio based on these prices was 1.26:1. The reported closing sales price for Sprint common stock on December 8, the last trading day before news reports of the proposed merger, was $22.50 per share; the closing sales price for Nextel class A common stock that day way $27.97 per share. The implied exchange ratio based on these prices was 1.24:1. Finally, the reported closing sales price for Sprint common stock on December 14, the day before the merger agreement was signed, was $25.10 per share; the closing sales price for Nextel class A common stock that day was $29.99 per share. The implied exchange ratio based on these prices was 1.19:1. See Opinions of Financial Advisors to the Sprint Board of Directors Financial Analyses of Sprint s Financial Advisors Historical Stock Trading Analysis and Opinions of Financial Advisors to the Nextel Board of Directors Financial Analyses of Nextel s Financial Advisors Historical Stock Trading Analysis beginning on pages 53 and 60, respectively.

During the week of May 16, 2005, the boards of directors of each of Sprint and Nextel unanimously approved the First Amendment to the Agreement and Plan of Merger, which was signed on May 20, 2005. The First Amendment was entered into primarily in order to reflect recent changes to the terms of the outstanding Nextel preferred stock and a recent agreement with the holder of the outstanding shares of Nextel class B common stock, to refine the manner of adjusting the allocation of stock and cash consideration in the merger and to refine the manner of designating the board of directors of the local telecommunications business that is expected to be spun off from Sprint Nextel following the merger, including by increasing the size of the Sprint Nextel board from 12 to 14 directors and designating two individuals who are expected to serve on the board of directors of the spun-off entity to serve on the Sprint Nextel board until the time of the spin-off.

Strategic and Financial Rationale

In the course of their discussions, both Sprint and Nextel recognized that there were substantial potential strategic and financial benefits of the proposed merger. This section summarizes the principal potential strategies and financial benefits that the parties expect to realize in the merger. For a discussion of various factors that

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could prohibit or limit the parties from realizing some or all of these benefits, see Risk Factors beginning on page 26, Sprint Board of Directors Recommendation beginning on page 43 and Nextel Board of Directors Recommendation beginning on page 44.

Each of Sprint and Nextel believes that the merger will provide its stockholders an opportunity to realize superior long-term returns by creating one of the premier telecommunications companies in the United States. Sprint Nextel will be the third largest wireless telecommunications carrier in the United States based on the number of wireless units in service. Sprint Nextel will also continue to own Sprint s global Internet Protocol, or IP, voice and data networks that use advanced fiber optic technology to provide enterprise subscribers with services such as voice over Internet Protocol, or VoIP, IP virtual private network, or VPN, Sprint multiprotocol label switching virtual private network, or MPLS VPN, Internet access and global IP. This combination of network assets will enable Sprint Nextel to offer consumer, business and government subscribers a wide array of broadband wireless and integrated communications services. Sprint and Nextel each believes that the merger will enhance stockholder value through, among other things, enabling Sprint Nextel to capitalize on the following strategic advantages:

Complementary Strengths. The merger will combine Nextel s strength in business and government wireless services with Sprint s position in consumer wireless and advanced wireless and other data services, including services supported by Sprint s global IP voice and data networks. The companies believe that a merger of Sprint and Nextel will combine complementary assets, skills and strengths that will result in a balanced subscriber mix.

Technology Opportunities. Sprint Nextel will have an extensive network and spectrum assets that the companies believe will provide competitive advantages unavailable to either company on a standalone basis. Sprint and Nextel intend to develop and deploy new technologies and equipment that will allow the resulting company to combine Nextel s differentiated services, including its push-to-talk service, with the advanced data and other services expected to be available on Sprint s CDMA EV-DO network, giving Sprint Nextel s subscribers access to the broad array of wireless services offered by each company today. Economies of scale from Sprint Nextel s combined spectrum holdings will accelerate Sprint Nextel s research and development of a new wireless interactive multimedia network and related services. The companies expect that these combined capabilities will make Sprint Nextel a key partner for content providers, systems integrators and mobile virtual network operators and will enable the resulting company to offer unique and differentiated consumer services and customized enterprise applications and integrated solutions for businesses.

Increased Size and Scale. Based on year-end subscriber figures, Sprint Nextel will have a combined subscriber base of more than 34 million direct wireless subscribers on its networks, as well as an additional 8.5 million subscribers served through Sprint PCS Affiliates and Nextel Partners. Sprint Nextel would also have over 20,000 points of distribution. As a result, Sprint Nextel will have size and scale comparable to that of its two largest wireless telecommunications competitors.

Strategic Positioning. The companies believe that Sprint Nextel will be strategically well positioned in the fastest growing areas of the telecommunications industry, such as mobile data services, where Sprint is a leading innovator in technology, and push-to-talk, where Nextel is the industry leader. Using its extensive wireless network assets and its global IP voice and wireline networks, the resulting company will also be positioned to provide differentiated communications solutions and services, including through integrated applications for business and government subscribers and new broadband wireless services for consumers. Finally, upon completion of the contemplated spin-off of Sprint Nextel s local telecommunications business after the merger, Sprint Nextel will be the largest wireless telecommunications company in the United States that is not affiliated with a local telecommunications business. As a result, the companies believe that Sprint Nextel will have greater opportunity for growth than any of the other major U.S. telecommunications companies whose businesses include a substantial portion of local wireline based services.

Increased Financial Flexibility. The companies believe that, because of increased size and economies of scale, Sprint Nextel will have greater financial flexibility to fill product gaps, expand the coverage

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and capacity of its networks, respond to competitive pressures and implement future transactions necessary to remain competitive. The resulting company s increased size, economies of scale and total capabilities are also expected to enable it to improve the cost structure for its products and services, enhancing its ability to compete profitably.

The companies believe that Sprint Nextel can be run more efficiently than either company could operate on its own and will benefit substantially from capital investment, cost and revenue and subscriber synergies. The companies estimate the net after tax present value of these synergies at approximately $12 billion, net of integration costs estimated at $800 million, derived from four principal areas:

$4.8 billion of reduced capital expenditures, primarily arising out of:

elimination of the need to construct Nextel s planned broadband data network, by expanding and enhancing the CDMA EV-DO network deployment Sprint already has initiated;

increased efficiency in introduction of Nextel s high-performance push-to-talk features on the CDMA network and development of push-to-talk interoperability between CDMA and iDEN networks;

reduced construction costs through collocation of CDMA cell sites in Nextel cell sites;

expected volume discounts and benefits of increased purchasing capacity available to Sprint Nextel expected to result from its increased size and scale;

reduction in network capital expense expected to result from building a wireless interactive multimedia network;

reduction in office space, real estate and facilities; and

consolidation of back-office functions.

$3.0 billion of reduced network operating expenses, primarily arising out of:

efficiently enhancing network coverage and capacity by sharing cell sites;

reducing employee and related costs associated with maintaining duplicative network technology, engineering, deployment and maintenance functions; and

migrating Nextel backhaul and other telecommunications traffic to Sprint s long-haul infrastructure.

$4.4 billion in reduced selling, general and administrative expenses, primarily arising out of:

consolidating and optimizing subscriber care, billing, information technology and financial system platforms and rationalizing non-network real estate requirements for Sprint Nextel;

using Sprint Nextel s increased scale to reduce costs and obtain improved terms for its outsourcing arrangements;

obtaining larger volume discounts for equipment, warehousing facilities and procedures, and product distribution; and

reducing combined sales and marketing costs and general and administrative costs.

$700 million in revenue and subscriber synergies, primarily arising out of:

the opportunity to market Sprint s long-distance wireline product portfolio to Nextel s subscriber base; and

the accelerated deployment of new features and services through additional CDMA coverage, capacity and quality enhancements.

The foregoing estimates were developed by the senior managements of the two companies during their due diligence reviews. The expected terms for realizing potential sources of synergies and cost savings vary because of the variety of sources within each category, such that some are estimated to affect results of operations in the short term and others over the long term. In making these estimates, the companies used a 39% all-in income tax rate and applied an 11% discount rate.

The actual synergistic benefits from the merger and costs of integration could be different from the foregoing estimates and these differences could be material. Accordingly, there can be no assurance that any of

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the potential benefits described above or included in the factors considered by the Sprint board of directors described under Sprint Board of Directors Recommendation beginning on page 43 or the Nextel board of directors described under Nextel Board of Directors Recommendation beginning on page 44 will be realized. See Risk Factors Risks Factors Relating to the Merger and Cautionary Statement Regarding Forward-looking Statements beginning on pages 26 and 33, respectively.

Sprint Board of Directors Recommendation

At a meeting on December 14, 2004, the Sprint board of directors unanimously (1) determined that the merger and the merger agreement are advisable and in the best interests of Sprint and its stockholders, (2) approved the merger and the merger agreement and approved and declared the advisability of the amendments to the Sprint articles of incorporation and the Sprint Nextel amended and restated articles of incorporation and (3) determined to recommend that the holders of Sprint common stock and Sprint preferred stock vote *for* the increase in the authorized number of shares of Sprint series 1 common stock, *for* the adoption of the Sprint Nextel amended and restated articles of incorporation and *for* the issuance of shares of Sprint capital stock in the merger.

In connection with the foregoing actions, the Sprint board of directors consulted with Sprint s management team, as well as Sprint s financial advisors and outside legal counsel, and considered the following material factors in addition to the specific reasons described above under Strategic and Financial Rationale beginning on page 40:

- current industry, economic and market conditions and trends, including the likelihood of continuing consolidation and increased competition in the telecommunications industry and the expected corresponding decrease in the number of suitable strategic merger partners for Sprint;
- the ability of the resulting company to compete more effectively than Sprint on a standalone basis against other major telecommunications companies because of the increased size and financial strength of the resulting company;
- Nextel s favorable financial profile, including its positive earnings and cash flow and industry-leading average revenue per user, together with the strength of the resulting company s anticipated asset mix, wireless subscriber base and position in high-growth areas and the significant synergies expected from reductions in capital expenditures and network operating costs, improved subscriber retention and reduced overhead and administrative costs;
- the absence of a superior alternative to the merger; after considering the various strategic options available to Sprint, including acquiring or combining with other companies, engaging in new joint ventures or strategic alliances or continuing to pursue a standalone strategy, and the conclusion by the Sprint board of directors that a transaction with Nextel would likely yield the greatest strategic benefits among the available alternatives;
- the financial analyses and presentations of Lehman Brothers and Citigroup, and their written opinions that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth in those opinions, the merger consideration to be paid by Sprint to the holders of Nextel class A and class B common stock in the merger was fair, from a financial point of view, to Sprint;
- the judgment, advice and analyses of Sprint s senior management, including their favorable recommendation of the merger based, in part, on their consideration of current conditions and trends in the telecommunications industry and their evaluation of the alternative strategic options available to Sprint;

the strong management team of the resulting company that will be drawn from the best managers from both Sprint and Nextel and the cultural fit and organizational structure of both companies;

the potential for Sprint Nextel to spin off Sprint s local telecommunications business following the merger, on a tax-free basis for U.S. federal income tax purposes, which will allow Sprint Nextel to focus on its higher growth wireless business, particularly in light of the resulting company s anticipated expanded wireless base;

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the ability to complete the merger as a reorganization for U.S. federal income tax purposes;

the presentations by representatives of Willkie Farr & Gallagher LLP and Cravath, Swaine & Moore LLP to the Sprint board of directors and the discussions the representatives had with Sprint s senior management regarding the likelihood that the regulatory approvals required to consummate the merger would be obtained without the imposition of conditions that would materially impair the benefits expected from the merger;

the presentations by and discussions with Sprint s senior management and representatives of Cravath, Swaine & Moore LLP and King & Spalding LLP indicating that the terms and conditions contained in the merger agreement are customary for transactions similar to the merger;

the Sprint board of directors being able, subject to the terms and conditions of the merger agreement, to consider potentially superior third party acquisition proposals;

the termination fee being, as a percentage of the value of the merger, of a typical magnitude as those in similar transactions, which the Sprint board of directors believes will not prohibit bona fide alternative superior proposals;

six members of the current Sprint board of directors remaining as directors of Sprint Nextel, as described under Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65;

Sprint Nextel s operational headquarters being located in Overland Park, Kansas, while its executive headquarters will be in Reston, Virginia;

the possibility that the merger may not be completed due to the risks associated with obtaining necessary approvals and the satisfaction of other conditions, even if the Sprint and Nextel stockholders approve the merger;

the risk that the synergies and benefits sought in the merger may not be fully achieved;

the reduction in dividends following completion of the merger and before completion of the contemplated spin-off and the anticipated cessation of dividends by Sprint Nextel following completion of the spin-off; and

the interests that executive officers and directors of Sprint may have with respect to the merger in addition to their interests as stockholders of Sprint generally. See Interests of the Sprint and Nextel Directors and Executive Officers in the Merger Interests of Sprint Directors and Executive Officers in the Merger beginning on page 67.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Sprint board of directors did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to these factors.

In addition, the Sprint board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather the Sprint board of directors conducted an overall analysis of the factors described above, including discussions with Sprint s management team and outside legal, financial and accounting advisors. In considering the factors described above, individual members of the Sprint board of directors may have given different weight to different factors.

Nextel Board of Directors Recommendation

Nextel s board of directors unanimously determined that the merger is advisable and in the best interests of Nextel and its stockholders and approved the merger agreement and the merger. The Nextel board recommends that Nextel stockholders vote *for* adoption of the merger agreement.

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The Nextel board of directors decision to approve the merger agreement and the merger rather than continue to pursue a standalone strategy was based on five fundamental premises, in addition to the specific reasons described above under Strategic and Financial Rationale beginning on page 40;

- additional substantial consolidation in the wireless business is highly likely;
- Nextel s ability to compete successfully in the market for wireless telecommunications services, and specifically to compete with the largest wireless carriers, would be substantially enhanced over the long term by materially increasing the company s scale and financial resources;
- Sprint is the most attractive merger candidate for Nextel in terms of spectrum position, technological compatibility and financial and other factors, including relative size, the complementary nature of the two companies subscriber bases, prospects for growth (which would be further enhanced by the completion of the spin-off of Sprint s local telecommunications business) and management compatibility;
- a merger with Sprint would have the potential to produce very substantial cost synergy gains primarily resulting from anticipated reduced network operating expenses, lower selling, general and administrative costs, reduced capital expenditures, improved subscriber retention and increased cross selling opportunities; and
- the financial terms of the merger were fair and the other terms were reasonable.

As discussed more specifically below, the considerations favoring pursuit of a business combination rather than a standalone strategy were analyzed in the context of potentially adverse consequences of the Sprint merger, particularly the difficulty involved in integrating two large organizations and the risk that expected synergies would not be realized.

In addition to these factors, the Nextel board of directors consulted with management and the financial and legal advisors of Nextel, and considered the following specific factors as generally supporting its decision to approve the merger agreement and the merger:

- historical and prospective information concerning Nextel s and Sprint s respective businesses, results of operations, financial condition and prospects, which the Nextel board determined, based in part on input and advice from Nextel senior management and its financial advisors, supported the overall merger-of-equals approach taken and the specific financial terms ultimately negotiated;
- the board s belief that Sprint Nextel will have a strong senior management team, because it was expected to be drawn primarily from the best managers in each company based on the merger-of-equals approach;
- the expected financial strength of Sprint Nextel after giving effect to cash payments and other payments required or contemplated in the transaction, such as the equalizing cash payment to Nextel stockholders, the contemplated spin-off of the local exchange business, debt repurchases and realignments that may be required in connection with the merger or spin-off, the potential obligation to purchase the remaining shares of Nextel Partners (as discussed in Summary The Merger Material Events Following Completion of the Merger on page 12 and the costs of the transactions;

the board s understanding of economic and industry conditions relating to the telecommunications industry, including Nextel s prospects on a standalone basis, which the Nextel board believed were generally favorable but involved a greater risk of unfavorable developments in a standalone scenario than would be presented if it pursued the merger;

the termination, no-shop and break-up fee provisions of the merger agreement, which the Nextel board determined, based in part on advice from Nextel s legal advisors, were generally typical for a transaction of the magnitude of the merger and would not unduly inhibit alternative acquisition proposals (although they may have an effect on them as discussed in Summary The Merger Termination of the Merger on page 13);

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the financial analyses and presentations of Goldman Sachs, JPMorgan and Lazard, Nextel s financial advisors, and their opinions that the merger consideration to be paid to Nextel class A common stockholders, as stated in the merger agreement without taking into account any adjustments to the stock and cash allocation or limitation on total cash, is fair from a financial point of view to such holders;

the ability to complete the merger as a reorganization for U.S. federal income tax purposes, which supported the merger in that the transaction would not be taxable to the companies and the stock consideration to be received would not be taxable to Nextel s stockholders; and

the likelihood that the merger will be completed on a timely basis and without burdensome conditions, which was an assumption on which the financial and synergy analyses were based and was believed by the Nextel board to be reasonable based in part on advice from Nextel s senior management and legal advisors.

The Nextel board of directors also considered the following potential adverse consequences to Nextel, its stockholders and the resulting company:

the challenges of integrating the network assets, operations, senior management and workforces of two large companies and risks of diverting the attention of management from other strategic initiatives while focusing on completion of the merger and post-closing integration;

the risk that anticipated synergies and cost savings will not be achieved;

the possibility that the two companies businesses would be adversely affected during the period from signing the merger agreement until integration is substantially implemented by workforce anxiety, competitive pressures and the disruption inherent in combining two large businesses;

the timing of receipt of federal and state regulatory approvals for both the merger and the contemplated spin-off of Sprint s local telecommunications business, and the possibility that delays in obtaining regulatory approvals for the merger could delay the closing;

the provisions of the merger agreement designed to adjust the relative amounts of equity and cash consideration to be received by the Nextel common stockholders in order to enable the contemplated spin-off to qualify as tax-free (by adjusting the relative amounts of equity and cash consideration to be received by the Nextel stockholders);

the risk that the $2.8 billion cash limit on the merger consideration could result in Nextel common stockholders receiving value in the merger that is less than the value of 1.3 Sprint Nextel shares per Nextel common share. See The Merger Agreement Consideration to be Received in the Merger beginning on page 81; and

the interests of Nextel executive officers and directors with respect to the merger that are different from, or in addition to, their interests as Nextel stockholders as discussed under Interests of Sprint and Nextel Directors and Executive Officers in the Merger Interests of Nextel Directors and Executive Officers in the Merger beginning on page 70.

The Nextel board of directors determined that the potential negative factors were substantially outweighed by the potential benefits of the merger.

This discussion of the information and factors considered by the Nextel board of directors is not intended to be exhaustive but includes the material factors considered by the Nextel board. In reaching its decision to approve the merger and approve and recommend adoption of the merger agreement, the Nextel board did not attribute any relative or specific weight to the various factors that it considered in reaching its determination that the terms of the merger are in the best interests of Nextel and its stockholders. Rather, the Nextel board viewed its recommendation as being based on the totality of the information presented to, and factors considered by, it. Individual members of the Nextel board may have given different weight to different information and factors in making their decisions.

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Opinions of Financial Advisors to the Sprint Board of Directors

Descriptions of the fairness opinions of Sprint s financial advisors in connection with the merger, Lehman Brothers and Citigroup, are set forth below. These descriptions are qualified in their entirety by reference to the full text of the opinions included as Annexes B and C, respectively, to this joint proxy statement/prospectus. You may read the opinions for a discussion of the assumptions made, procedures followed, matters considered and limitations on the reviews undertaken by Lehman Brothers and Citigroup in rendering their respective opinions.

Opinion of Lehman Brothers

Lehman Brothers rendered its opinion to Sprint s board of directors that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth in the opinion, from a financial point of view the merger consideration of (1) 1.28 shares of Sprint Nextel series 1 common stock and an amount in cash equal to 0.02 times the average closing price of Sprint series 1 common stock on the NYSE during the 20 trading days ending on the date of completion of the merger to be paid by Sprint in the merger to holders of Nextel class A common stock for each share they own and (2) 1.28 shares of Sprint Nextel non-voting common stock and an amount in cash equal to 0.02 times the average closing price of Sprint series 1 common stock on the NYSE during the 20 trading days ending on the date of completion of the merger to be paid by Sprint in the merger to holders of Nextel class B common stock for each share they own, in each case as adjusted as provided in the merger agreement, is fair to Sprint.

The full text of the written opinion of Lehman Brothers, dated December 15, 2004, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Lehman Brothers provided its opinion for the use and benefit of the board of directors of Sprint in connection with its consideration of the merger. Lehman Brothers opinion is not intended to be and does not constitute a recommendation to any stockholder as to how that stockholder should vote or act with respect to the proposed merger or any other matter described in this joint proxy statement/prospectus. Lehman Brothers was not requested to opine as to, and its opinion does not in any manner address, Sprint s underlying business decision to proceed with or effect the merger. This summary of Lehman Brothers opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In connection with its opinion, Lehman Brothers reviewed and analyzed:

- the specific terms of the merger and the merger agreement;
- publicly available information concerning Sprint and the Sprint PCS Affiliates that Lehman Brothers believed to be relevant to its analysis, including the annual reports on Form 10-K for the fiscal year ended December 31, 2003 and the quarterly reports on Form 10-Q for the quarterly period ended September 30, 2004 for Sprint and certain of the Sprint PCS Affiliates;
- publicly available information concerning Nextel and Nextel Partners that Lehman Brothers believed to be relevant to its analysis, including the annual reports on Form 10-K for the fiscal year ended December 31, 2003 and the quarterly reports on Form 10-Q for the quarterly period ended September 30, 2004 for Nextel and Nextel Partners;
- financial and operating information with respect to the business, operations and prospects of Sprint, Nextel and their respective affiliates furnished to Lehman Brothers by Sprint and Nextel, respectively, including projections of the future financial performance

of Sprint and Nextel;

the trading histories of Sprint series 1 common stock and Nextel class A common stock from April 23, 2004 to December 14, 2004 (the last trading day before Lehman Brothers delivered its written opinion) and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of Sprint and Nextel with each other and with those of other companies that Lehman Brothers deemed relevant;

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a comparison of the financial terms of the merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant;

the potential pro forma impact of the merger on Sprint Nextel, including cost savings and operating synergies (which we refer to below as the estimated synergies) that the respective managements of Sprint and Nextel expect to result from a combination of the businesses of Sprint and Nextel;

the relative contributions of Sprint and Nextel to the current and future financial performance of the resulting company on a pro forma basis;

third party research analysts quarterly and annual earnings estimates and recommendations for Sprint and Nextel; and

the terms of certain existing agreements between Sprint and the Sprint PCS Affiliates, and Nextel and Nextel Partners, and the potential impact on the future financial performance of Sprint Nextel of the potential transactions with the Sprint PCS Affiliates and Nextel Partners contemplated by such agreements.

In addition, Lehman Brothers had discussions with the managements of Sprint and Nextel and their representatives and advisors concerning their and their respective affiliates businesses, operations, assets, financial conditions and prospects. Lehman Brothers also undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of that information. Lehman Brothers further relied upon the assurances of the managements of Sprint and Nextel that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the projections of Sprint and Nextel, upon the advice of Sprint, Lehman Brothers assumed that the projections had been reasonably prepared on a basis reflecting the best current estimates and judgments of Sprint and Nextel as to the future financial performance of Sprint and Nextel, respectively, and, at Sprint s direction, Lehman Brothers relied upon the projections in performing its analysis. Upon the advice of Sprint, Lehman Brothers also assumed that the amounts and timing of the estimated synergies were reasonable and the estimated synergies will be realized substantially in accordance with such estimates. In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Sprint or Nextel and did not make or obtain any evaluations or appraisals of the assets or liabilities of Sprint or Nextel. Lehman Brothers assumed, with Sprint s consent, that the merger will be treated as a tax-free reorganization for federal income tax purposes. Lehman Brothers opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the opinion.

Lehman Brothers was not requested to opine as to, and its opinion does not in any manner address, the contemplated spin-off, including the underlying business decision to proceed with or effect the contemplated spin-off.

Lehman Brothers acted as financial advisor to Sprint in connection with the merger. Lehman Brothers received a fee of $4 million in connection with the delivery of its opinion and will receive an additional fee of $25 million upon the completion of the merger. In addition, Sprint has agreed, subject to certain limitations, to reimburse Lehman Brothers for its reasonable expenses, including attorneys fees and disbursements. Sprint has also agreed to indemnify Lehman Brothers and related persons for certain liabilities that may arise out of the rendering of its opinion, including certain liabilities under the federal securities laws. Lehman Brothers in the past has provided, and is currently providing, services to Sprint, certain of the Sprint PCS Affiliates and Nextel unrelated to the merger, for which services Lehman Brothers has received and expects to receive compensation, including, without limitation, having acted as:

exclusive financial advisor to Sprint s board of directors and capital stock committee on the recombination of its FON and PCS tracking stocks in April 2004;

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lender with respect to the bank financing (aggregate principal amount $1.0 billion) of Sprint in June 2004;

lender with respect to the bank financing (aggregate principal amount $1.0 billion) of Sprint in June 2003;

execution agent for Sprint on the $200 million interest rate swap in August 2003;

broker/dealer with respect to Sprint Capital s open market repurchases of outstanding bonds in 2003;

lender under credit facilities, manager with respect to bond and equity offerings and dealer manager with respect to a tender of certain bonds of Sprint affiliates; and

co-manager with respect to the offerings by Nextel of $1 billion of its 7.375% Senior Serial Redeemable Notes due 2015 in July 2003 and $500 million of its 6.875% Senior Serial Redeemable Notes due 2013 in October 2003.

Lehman Brothers received an aggregate of approximately $16 million from Sprint and $600,000 from Nextel in the past two years in relation to these services. In the ordinary course of its business, Lehman Brothers actively trades in the debt and equity securities of Sprint, Nextel, Nextel Partners and certain of the Sprint PCS Affiliates for Lehman Brothers own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Sprint selected Lehman Brothers as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description. The financial analyses described below were conducted by Lehman Brothers in connection with its opinion. Lehman Brothers believes that the analyses and factors described below must be considered as a whole and that selecting portions of such analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of its analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion. In arriving at its fairness determination, Lehman Brothers considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Lehman Brothers made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

No limitations were imposed by Sprint on the scope of Lehman Brothers investigation or the procedures to be followed by Lehman Brothers in rendering its opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Sprint and Nextel. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Sprint, Nextel, Lehman Brothers, their respective affiliates or any other person assumes responsibility if future results are materially different from those forecasted.

As described above, Lehman Brothers opinion to Sprint s board of directors was one of many factors taken into consideration by Sprint s board of directors in making its determination to approve the merger, the merger agreement, the amendments to the Sprint articles of incorporation, the Sprint Nextel amended and restated articles of incorporation and the issuance of shares of Sprint capital stock in the merger.

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Set forth below under Financial Analyses of Sprint s Financial Advisors is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to the board of directors of Sprint. Such summary does not purport to be a complete description of the analyses performed by Lehman Brothers in connection with its opinion and is qualified in its entirety by reference to the written opinion of Lehman Brothers attached as Annex B.

Opinion of Citigroup

Citigroup rendered its opinion to Sprint s board of directors that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration of (1) 1.28 shares of Sprint Nextel series 1 common stock and an amount in cash equal to 0.02 times the average closing price of Sprint series 1 common stock on the NYSE during the 20 trading days ending on the date of completion of the merger to be paid by Sprint in the merger to holders of Nextel class A common stock for each share they own and (2) 1.28 shares of Sprint Nextel non-voting common stock and an amount in cash equal to 0.02 times the average closing price of Sprint series 1 common stock on the NYSE during the 20 trading days ending on the date of completion of the merger to be paid by Sprint in the merger to holders of Nextel class B common stock for each share they own, in each case as adjusted as provided in the merger agreement, is fair, from a financial point of view, to Sprint.

The full text of the written opinion of Citigroup, dated December 15, 2004, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. Citigroup provided its advisory services and opinion for the information of the board of directors of Sprint in its evaluation of the merger. Citigroup s opinion is not intended to be and does not constitute a recommendation to any stockholder as to how that stockholder should vote or act with respect to the proposed merger or any other matter described in this joint proxy statement/prospectus. Citigroup was not requested to consider, and its opinion does not address, the relative merits of the merger compared to any alternative business strategies that might exist for Sprint or the effect of any other transaction in which Sprint might engage. This summary of Citigroup s opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Citigroup:

- reviewed the merger agreement;
- held discussions with certain senior officers, directors and other representatives and advisors of Sprint and certain senior officers and other representatives and advisors of Nextel concerning the businesses, operations and prospects of Sprint, the Sprint PCS Affiliates, Nextel and Nextel Partners;
- examined certain publicly available business and financial information relating to Sprint, the Sprint PCS Affiliates, Nextel and Nextel Partners as well as certain financial forecasts and other information and data relating to Sprint and Nextel which were provided to or otherwise reviewed by or discussed with Citigroup by the respective managements of Sprint and Nextel, including information relating to the potential strategic implications and operational benefits anticipated by the managements of Sprint and Nextel to result from the merger;
- reviewed the terms of certain existing agreements between Sprint and the Sprint PCS Affiliates and Nextel and Nextel Partners;

reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things, current and historical market prices and trading volumes of Sprint series 1 common stock and Nextel class A common stock, the historical and projected earnings and other operating data of Sprint and Nextel and the capitalization and financial condition of Sprint and Nextel;

considered, to the extent publicly available, the financial terms of certain other transactions effected which Citigroup considered relevant in evaluating the merger and analyzed certain financial, stock

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market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Sprint, the Sprint PCS Affiliates, Nextel and Nextel Partners;

evaluated certain pro forma financial effects of the merger on Sprint; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it. With respect to financial forecasts and other information and data relating to Sprint and Nextel provided to or otherwise reviewed by or discussed with Citigroup, Citigroup was advised by the respective managements of Sprint and Nextel that those forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Sprint and Nextel as to the future financial performance of Sprint and Nextel, the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated to result from the merger and the other matters covered thereby.

Citigroup was not requested to opine as to, and its opinion does not in any manner address, the contemplated spin-off, including the underlying business decision to proceed with or effect the contemplated spin-off.

Citigroup assumed, with Sprint s consent, that the merger will be completed in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Sprint or the contemplated benefits of the merger. Citigroup also assumed, with Sprint s consent, that the merger will be treated as a tax-free reorganization for federal income tax purposes. Citigroup did not express any opinion as to what the value of Sprint Nextel series 1 common stock or Sprint Nextel non-voting common stock actually will be when issued pursuant to the merger or the price at which Sprint Nextel series 1 common stock or Sprint Nextel non-voting common stock will trade at any time. Citigroup neither made nor was it provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Sprint, the Sprint PCS Affiliates, Nextel or Nextel Partners. In addition, Citigroup did not make any physical inspection of the properties or assets of Sprint, the Sprint PCS Affiliates, Nextel or Nextel Partners.

Citigroup was not requested to, and it did not, solicit third party indications of interest in the possible acquisition of all or a part of Sprint, nor was it requested to consider, and its opinion does not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Sprint or the effect of any other transaction in which Sprint might engage. Citigroup s opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of the opinion.

Citigroup acted as financial advisor to Sprint in connection with the merger. Citigroup received a fee of $2 million for its services and will receive an additional fee of $15 million upon the completion of the merger. In addition, Sprint has agreed, subject to certain limitations, to reimburse Citigroup for its reasonable expenses, including attorneys fees and disbursements. Sprint has also agreed to indemnify Citigroup and related persons for certain liabilities that may arise out of the rendering of its opinion, including certain liabilities under the federal securities laws.

Citigroup and its affiliates in the past have provided, and are currently providing, services to Sprint, certain of the Sprint PCS Affiliates, Nextel and Nextel Partners unrelated to the merger, for which services Citigroup and such affiliates have received and expect to receive compensation,

including, without limitation, having acted as:

financial advisor to Sprint on the sale of its publishing business to R.H. Donnelley Corporation in January 2003;

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lender and joint lead arranger with respect to the bank financing (aggregate principal amount $1.0 billion) of Sprint in June 2004;

lead arranger in two current securitization facilities totaling $1.2 billion for Sprint;

co-advisor to Sprint in connection with Sprint s February 2005 agreement, which was entered into subsequent to the rendering of Citigroup s opinion, to lease certain of its wireless communications towers to Global Signal Inc. for approximately $1.2 billion in cash at the time of closing, with Sprint s commitment to sublease space on a substantial portion of those towers for a minimum of ten years;

lender under credit facilities of certain of the Sprint PCS Affiliates and lead manager on bond offerings for certain of the Sprint PCS Affiliates;

co-manager with respect to the offerings by Nextel of $500 million of its 6.875% senior serial redeemable notes due 2013 in October 2003 and $500 million of its 5.95% senior serial redeemable notes due 2014 in March 2004; and

lender and joint lead arranger with respect to the bank financing (aggregate principal amount $6.2 billion) of Nextel in July 2004.

Citigroup and its affiliates received for these services an aggregate of approximately $18 million in 2003 and 2004 from Sprint and its affiliates and an aggregate of approximately $2 million in 2003 and 2004 from Nextel and its affiliates.

In the ordinary course of its business, Citigroup and its affiliates may actively trade or hold the securities of Sprint and AirGate PCS, Inc., Alamosa Holdings, Inc., UbiquiTel Inc., US Unwired Inc., Horizon PCS, Inc. and iPCS Wireless, Inc. (which are the publicly traded Sprint PCS Affiliates) and Nextel and Nextel Partners for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citigroup and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Sprint, the Sprint PCS Affiliates, Nextel and Nextel Partners.

Citigroup is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Sprint selected Citigroup as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description. The financial analyses described below were conducted by Citigroup in connection with its opinion. Citigroup believes that the analyses and factors described below must be considered as a whole and that selecting portions of such analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of its analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion. In arriving at its fairness determination, Citigroup considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Citigroup made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

No limitations were imposed by Sprint on the scope of Citigroup s investigation or the procedures to be followed by Citigroup in rendering its opinion. In its analyses, Citigroup made numerous assumptions with respect to industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Sprint and Nextel. Analyses based upon forecasts of

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future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Sprint, Nextel, Citigroup, their respective affiliates or any other person assumes responsibility if future results are materially different from those forecast.

As described above, Citigroup s opinion to Sprint s board of directors was one of many factors taken into consideration by Sprint s board of directors in making its determination to approve the merger, the merger agreement, the amendments to the Sprint articles of incorporation, the Sprint Nextel amended and restated articles of incorporation and the issuance of Sprint capital stock in the merger.

Set forth below under Financial Analyses of Sprint s Financial Advisors is a summary of the material financial analyses used by Citigroup in connection with providing its opinion to the board of directors of Sprint. Such summary does not purport to be a complete description of the analyses performed by Citigroup in connection with its opinion and is qualified in its entirety by reference to the written opinion of Citigroup attached as Annex C.

Financial Analyses of Sprint s Financial Advisors

A description of the material financial analyses of Lehman Brothers and Citigroup performed in connection with the preparation of their respective fairness opinions is set forth below. The following summary does not, however, purport to be a complete description of all the financial analyses performed by Lehman Brothers and Citigroup in connection with their respective fairness opinions. For purposes of determining ranges of illustrative implied exchange ratios of Nextel common stock to Sprint common stock, Lehman Brothers and Citigroup primarily used the historical stock trading, discounted cash flow and equity research analyses described below. In arriving at their respective opinions, Lehman Brothers and Citigroup also reviewed certain financial information for Sprint and Nextel and compared it to corresponding financial information, ratios and multiples for the other and certain other publicly traded companies and reviewed certain information relating to certain selected transactions involving a merger of equals. As described below, Lehman Brothers and Citigroup did not use the selected companies analysis and merger of equals historical comparison for purposes of determining ranges of illustrative implied exchange ratios of Nextel common stock to Sprint common stock.

The order of the analyses described does not represent relative importance or weight given to those analyses by Lehman Brothers and Citigroup. Some of the summaries of the financial analyses include information presented in tabular format. In order to more fully understand the financial analyses used by Lehman Brothers and Citigroup, the tables must be read together with the full text of each summary. The tables alone are not a complete description of Lehman Brothers and Citigroup s financial analyses. To the extent the following quantitative information reflects market data, except as otherwise indicated, Lehman Brothers and Citigroup based this information on market data existing on or before December 8, 2004, the last trading day before detailed news reports of the proposed merger. Accordingly, this information does not necessarily reflect current or future market conditions.

Historical Stock Trading Analysis. Lehman Brothers and Citigroup compared the historical trading prices for Sprint series 1 common stock and Nextel class A common stock during the period from April 23, 2004 (the date of the recombination of Sprint s PCS common stock and FON common stock) to December 10, 2004 in order to calculate the historical illustrative implied exchange ratios based on such trading prices and the illustrative implied percentage ownership of Sprint stockholders in the resulting company based on such illustrative implied exchange ratios. The implied exchange ratio provides a measure of the relative value of shares of Sprint common stock to shares of Nextel common stock by showing the number of shares of Sprint common stock having a value equal to one share of Nextel common stock. In the case of this historical stock trading analysis, the implied exchange ratio is based on the relative market valuations of the Sprint and Nextel

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shares as of a particular date or for a particular period. The historical implied exchange ratios based on the trading prices of Sprint and Nextel common stock are calculated by dividing the trading price for one share of Nextel common stock by the trading price for one share of Sprint common stock for the dates or for the periods indicated. The implied percentage ownership of Sprint stockholders in the resulting company for any given implied exchange ratio is the percentage of the resulting company that Sprint stockholders would hold if all of the shares of Nextel common stock were exchanged into shares of the resulting company at that implied exchange ratio. The implied ownership percentage of Sprint stockholders was calculated based on the fully diluted shares outstanding of each of Nextel and Sprint on December 8, 2004, except the implied ownership percentage on December 10, 2004 which was calculated using the fully diluted shares outstanding on December 10, 2004. The following table summarizes the results of this analysis:

	Illustrative Implied Exchange Ratio	Illustrative Implied Ownership Percentage of Sprint Stockholders
December 10, 2004	1.23	51%
December 8, 2004	1.24	51
10 trading day average	1.26	51
30 trading day average	1.25	51
60 trading day average	1.23	51
90 trading day average	1.22	52
120 trading day average	1.26	51
Average since April 23, 2004	1.29	50
High since April 23, 2004	1.55	45
Low since April 23, 2004	1.13	53

The purpose of this historical stock trading analysis is to provide illustrative exchange ratios, or a measure of the relative market values of Nextel common stock to Sprint common stock, and illustrative ownership percentages of Sprint stockholders in the resulting company based on the relative trading prices of, and the market s assessment of the relative values of, Sprint and Nextel shares on the recent dates and for the recent periods specified.

Discounted Cash Flow Analysis. Lehman Brothers and Citigroup performed a discounted cash flow analysis of Sprint based on Sprint s management s projections for the years 2004 through 2014. Based on this analysis, Lehman Brothers and Citigroup derived a range of illustrative implied values per share of Sprint common stock of approximately $21.00 to $27.00.

Lehman Brothers and Citigroup also performed a discounted cash flow analysis of Nextel based on Nextel s management s projections for the years 2004 through 2007 and based on Sprint s management s projections for the years 2008 through 2014. Based on this analysis, Lehman Brothers and Citigroup derived a range of illustrative implied values per share of Nextel common stock of approximately $28.00 to $36.00.

In order to determine illustrative implied exchange ratios based on such illustrative implied values per share, Lehman Brothers and Citigroup compared the low ends of the range of illustrative implied values per share for Sprint and Nextel to each other and the high ends of the range of illustrative implied values per share for Sprint and Nextel to each other, in both instances deriving an illustrative implied exchange ratio of 1.33 shares of Sprint common stock to one share of Nextel common stock. This illustrative implied exchange ratio represents a measure of the relative value of a share of Nextel common stock to a share of Sprint common stock based on the present values of Sprint and Nextel shares, which present values are derived from the discounted cash flow analyses of each of Sprint and Nextel based on the respective projections of each companies management.

Equity Research Analysis. Lehman Brothers and Citigroup reviewed the price targets for Sprint series 1 common stock and Nextel class A common stock as published by Wall Street equity research analysts on various dates between October 17, 2004 and November 30, 2004. For each of the Wall Street equity research analysts,

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Lehman Brothers and Citigroup calculated the implied exchange ratio of Nextel common stock to Sprint common stock based on the price targets published by such analyst. This analysis indicated the following:

Research Analyst	Sprint Price Target	Nextel Price Target	Illustrative Implied Exchange Ratio
Bear Stearns & Co. Inc.	$ 26.00	$ 30.00	1.15
Banc of America Securities LLC	25.00	25.00	1.00
Citigroup Global Markets Inc.	22.00	28.00	1.27
Credit Suisse First Boston LLC	22.00	26.00	1.18
Deutsche Bank Securities Inc.	22.00	25.00	1.14
Lehman Brothers Inc.	22.00	35.00	1.59
Morgan Stanley & Co. Incorporated	17.00	21.00	1.24
UBS Securities LLC	27.00	36.00	1.33
Mean			1.24

The purpose of this equity research analysis is to provide illustrative exchange ratios, or a measure of the relative values of Nextel common stock to Sprint common stock, based on Wall Street equity research analysts published views of the values of a share of Sprint or Nextel common stock, or their published price targets, prior to announcement of the merger.

Mergers of Equals Historical Comparison. Lehman Brothers and Citigroup reviewed certain information relating to certain selected transactions that involved a merger of equals in which the combined market capitalization of the parties exceeded $10 billion and that were announced after January 1, 1998. For each of the selected transactions, Lehman Brothers and Citigroup calculated the percentage premium per share received by the target s stockholders to the closing price per share of the target s common stock on the day before the announcement of the transaction. The purpose of this analysis was to confirm that a historical precedent existed for the payment of a small premium to the market price of the shares of one of the parties in a merger of equals between parties with a large combined market capitalization. Lehman Brothers and Citigroup did not consider any of the transactions in the mergers of equals historical comparison to be comparable to the merger because such transactions were either in an industry that was too different from the industry of Sprint and Nextel or occurred on a date too far in the past such that a meaningful comparison to the merger could not be made. As a result, Lehman Brothers and Citigroup limited their use of this analysis to confirming the existence of precedents for the payment of a small premium with respect to the shares of one of the parties in a merger of equals and did not use this comparison for purposes of determining illustrative implied exchange ratios of Nextel common stock to Sprint common stock.

Selected Companies Analysis. Lehman Brothers and Citigroup reviewed certain financial information for Sprint (both including and excluding its incumbent local exchange carrier business) and Nextel and compared it to corresponding financial information, ratios and multiples for the other and certain other publicly traded companies. Lehman Brothers and Citigroup considered the selected publicly traded companies to be relevant on the basis that they are the most closely comparable wireless companies to Sprint and Nextel based on the nature of their businesses and the industries in which they compete. Based on information provided by Sprint s and Nextel s management and information obtained from SEC filings and research estimates, Lehman Brothers and Citigroup calculated for Sprint, Nextel and the other publicly traded companies enterprise value (which is equal to the market value of common equity on a fully diluted basis plus the book value of debt plus minority interests less cash and unconsolidated investments) as a multiple of estimated calendar year 2005 earnings before interest, taxes and depreciation and amortization (commonly referred to as EBITDA), estimated calendar years 2004 through 2007 EBITDA compound annual growth rate and estimated calendar year 2005 price to earnings ratio. Although Lehman Brothers and Citigroup performed these analyses with respect to the selected companies, they concluded that, based on inherent differences in the size and scope of the businesses, the operations and the prospects of the publicly traded companies compared to Sprint, none of the publicly traded companies included in the selected companies analysis were sufficiently comparable to Sprint to make this analysis meaningful, and therefore Lehman Brothers and Citigroup did not use this analysis for purposes of determining illustrative implied exchange ratios of Nextel common stock to Sprint common stock.

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Pro Forma Analysis. Lehman Brothers and Citigroup prepared pro forma analyses of the financial impact of the merger (1) using estimates of earnings for Sprint and Nextel prepared by their respective managements and (2) assuming the inclusion or exclusion of certain cost savings and operating synergies with respect to operating expenses, marketing, sales and fulfillment expenses and capital expenditures, and the inclusion or exclusion of certain non-cash purchase accounting adjustments for the amortization of estimated fair value of Nextel customer relationships. For each of the calendar years 2006, 2007 and 2008, Lehman Brothers and Citigroup compared the projected earnings per share of Sprint common stock, on a standalone basis, to the projected earnings per share of the common stock of Sprint Nextel. Based on these analyses, the proposed transaction would be dilutive to Sprint s stockholders on an earnings per share basis in the calendar years 2006 and 2007 in each of the scenarios considered. The proposed transaction would be dilutive to Sprint s stockholders on an earnings per share basis in calendar year 2008 if the non-cash purchase accounting adjustments are included. The proposed transaction would be accretive to Sprint s stockholders on an earnings per share basis in calendar year 2008 if the non-cash purchase accounting adjustments are excluded (i.e., a cash earnings per share basis) and the cost savings and operating synergies are included. The following table summarizes the results of this analysis:

Projected Earnings per Share Accretion/(Dilution) per Share of Sprint Common Stock	2006	2007	2008
Including cost savings and operating synergies and excluding non-cash purchase accounting adjustments:	(1.0%)	(0.9%)	5.3%
Excluding cost savings and operating synergies and including non-cash purchase accounting adjustments:	(66.9%)	(44.7%)	(22.3%)

The purpose of this pro forma analysis is to illustrate the financial impact of the merger by calculating the percentage change in the projected earnings per share for each share of Sprint common stock that may result from the merger under various assumptions as to cost savings, operating synergies and non-cash purchase accounting adjustments.

Opinions of Financial Advisors to the Nextel Board of Directors

Opinions of Nextel s Financial Advisors Goldman Sachs, JPMorgan and Lazard

Each of Goldman Sachs, JPMorgan and Lazard rendered its opinion to Nextel s board of directors that, as of December 15, 2004 and based upon and subject to the factors and assumptions set forth therein, the merger consideration of (1) 1.28 shares of Sprint series 1 common stock, together with the associated preferred share purchase rights attached thereto, and (2) an amount in cash equal to 0.02 multiplied by the average of the per share closing sales price of shares of Sprint series 1 common stock on The New York Stock Exchange Composite Transactions Reporting System during the 20 trading day period ending on (and including) the date of the completion of the proposed merger to be paid to the holders of Nextel class A common stock in the proposed merger is fair from a financial point of view to such holders. For purposes of these opinions and this section, merger consideration does not take into account adjustments to the stock and cash allocation or the limitation on total cash. The respective opinions of Goldman Sachs, JPMorgan and Lazard were necessarily based on economic, market, tax, legal and other conditions as in effect on, and the information made available to them as of, December 15, 2004. Goldman Sachs, JPMorgan and Lazard each assumed, for purposes of giving their respective opinions, that all the facts, circumstances and conditions in any way relating to the determination of the merger consideration, including any adjustments thereto, in existence as of December 15, 2004 will be the same facts, circumstances and conditions in existence at the effective time of the proposed merger. Subsequent developments may affect the opinions and none of Goldman Sachs, JPMorgan or Lazard has any obligation to update, revise or reaffirm its opinion.

The full text of the written opinions of Goldman Sachs, JPMorgan and Lazard, dated December 15, 2004, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions, are attached as Annexes D, E and F, respectively. Each of Goldman Sachs, JPMorgan and Lazard provided its advisory services and opinion for the

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information and assistance of the board of directors of Nextel in connection with its consideration of the proposed merger. The opinions of Goldman Sachs, JPMorgan and Lazard do not constitute a recommendation as to how any stockholder should vote with respect to the proposed merger.

In connection with rendering the opinions described above and performing the related financial analysis, each of Goldman Sachs, JPMorgan and Lazard reviewed, among other things:

- the merger agreement;
- certain publicly available business and financial information concerning Nextel and Sprint and the industries in which they operate; and
- certain internal financial analyses and forecasts for Nextel and Sprint prepared by their respective managements, including the estimated amount and timing of certain cost savings and operating synergies anticipated by the managements of Nextel and Sprint to result from the proposed merger, which we refer to as the synergies.

Goldman Sachs, JPMorgan and Lazard also held discussions with members of the senior managements of Nextel and Sprint regarding their assessment of the strategic rationale for, and the potential benefits of, the proposed merger and the past and current business operations, financial condition and future prospects of their respective companies. In addition, each of Goldman Sachs, JPMorgan and Lazard reviewed the reported price and trading activity for the Nextel class A common stock and the Sprint series 1 common stock, compared certain financial and stock market information for Nextel and Sprint with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations that Goldman Sachs, JPMorgan and Lazard deemed relevant and performed such other studies and analyses, and considered such other factors, as they considered appropriate.

In giving their opinions Goldman Sachs, JPMorgan and Lazard each relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by or for it. In addition, none of Goldman Sachs, JPMorgan or Lazard made any valuation or appraisal of any assets or liabilities, including any contingent, derivative or off-balance-sheet assets and liabilities, of Nextel, Sprint or any of their respective subsidiaries or affiliates. No valuation or appraisal of the assets or liabilities of Nextel, Sprint or any of their respective subsidiaries or affiliates was furnished to Goldman Sachs, JPMorgan or Lazard. In relying on financial analyses and forecasts provided to them, including the synergies, Goldman Sachs, JPMorgan and Lazard assumed that they had been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the managements of Nextel and Sprint as to the expected future results of operations and financial condition of Nextel, Sprint and Sprint Nextel to which such analyses or forecasts relate. The board of directors of Nextel advised each of Goldman Sachs, JPMorgan and Lazard, and they assumed, that the proposed merger will qualify as a tax-free reorganization and that the transactions contemplated by the merger agreement will be completed in compliance with all applicable laws. Goldman Sachs, JPMorgan and Lazard relied as to all legal matters relevant to rendering their respective opinions upon advice of counsel for Nextel. Goldman Sachs, JPMorgan and Lazard also assumed that the proposed merger and the other transactions contemplated by the merger agreement will be completed without waiver of any material terms or conditions set forth in the merger agreement. Goldman Sachs, JPMorgan and Lazard each further assumed that all material governmental, regulatory or other consents and approvals necessary for the completion of the proposed merger and the other transactions contemplated by the merger agreement will be obtained without any adverse effect on Nextel, Sprint or the resulting company or on the contemplated benefits of the proposed merger in any way meaningful to their analysis. Nextel also advised Goldman Sachs, JPMorgan and Lazard, and they assumed, that any third party contractual rights arising as a result of the proposed merger and the other transactions contemplated by the merger agreement will not have any adverse effect on the resulting company or on the contemplated benefits of the proposed merger.

The opinions described above are directed only to the fairness from a financial point of view to the holders of shares of the Nextel class A common stock of the merger consideration to be paid to such holders in the

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proposed merger, without taking into account the possible effects of the separation of Sprint s local telecommunications business from the other businesses of Sprint Nextel pursuant to a spin-off of the entity or entities engaged in the local telecommunications business in a tax-free distribution to stockholders of the resulting company or any other future transaction of Sprint Nextel and do not address the underlying decision by Nextel to engage in the proposed merger or any of the transactions relating thereto. None of Goldman Sachs, JPMorgan or Lazard expressed any opinion as to the contemplated spin-off, to the consideration to be received by the holders of class B common stock of Nextel or to the prices at which the shares of Nextel class A common stock or Sprint series 1 common stock will trade at any future time. The opinions of Goldman Sachs, JPMorgan and Lazard do not constitute recommendations as to how any stockholder should vote with respect to the proposed merger. Goldman Sachs, JPMorgan and Lazard note that they were not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of Nextel or any other alternative transaction.

Financial Analyses of Nextel s Financial Advisors

The following is a summary of the material financial analyses jointly performed by Goldman Sachs, JPMorgan and Lazard in connection with rendering their opinions described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, JPMorgan and Lazard. The order of analyses described does not represent the relative importance or weight given to those analyses by Goldman Sachs, JPMorgan and Lazard. Goldman Sachs, JPMorgan and Lazard all worked on developing these analyses, and these analyses represent the joint work product of Goldman Sachs, JPMorgan and Lazard. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of the financial analyses performed by the financial advisors. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 12, 2004 and is not necessarily indicative of current market conditions.

Discounted Cash Flow Analysis. Goldman Sachs, JPMorgan and Lazard performed a discounted cash flow analysis on the forecasts provided by the managements of each of Nextel and Sprint with respect to the estimated future performance of their respective companies and calculated the net present value of the expected cost savings and synergies forecasted by the managements of Sprint and Nextel. The discounted cash flow analysis assumes a valuation date of December 31, 2004.

A discounted cash flow analysis is a traditional method of evaluating an asset by estimating the future cash flows of the asset and taking into consideration the time value of money with respect to those future cash flows by calculating the present value of the estimated future cash flows of the asset. Present value refers to the current value of one or more future cash payments (cash flows) from the asset and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Other financial terms utilized below are terminal value which refers to the value of all future cash flows from an asset at a particular point in time and unlevered projected free cash flows which refers to a calculation of the future cash flows of an asset without including in such calculation any debt servicing costs.

With respect to Nextel, Goldman Sachs, JPMorgan and Lazard calculated the illustrative present values of the terminal values calculated by analyzing Nextel s management forecasts, based on multiples ranging from 6.0x OIBDA, or operating income before depreciation and amortization, to 7.0x OIBDA and using discount rates ranging from 9.0% to 11.0%. Goldman Sachs, JPMorgan and Lazard calculated an enterprise value for Nextel by adding the present values calculated for each of the unlevered projected free cash flows, the terminal values and the benefit of any usage of forecasted net operating losses, in each case using the discount rates described in the preceding sentence. The various ranges for the discount rates used in this analysis were chosen to reflect the theoretical analyses of the weighted average cost of capital, which represents the expected return on a company s securities based on an assumed weighing of the securities according to its prominence in the company s capital structure. The enterprise value of Nextel was adjusted for the estimated net debt to derive the equity value of Nextel. This analysis

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resulted in values per share for Nextel class A common stock ranging from $30.75 to $38.25. In addition, Nextel management also provided to Goldman Sachs, JPMorgan and Lazard a preliminary financial forecast of an illustrative broadband data business plan, which we refer to as Nextel broadband. Since Nextel broadband is a new initiative with only preliminary financial forecasts, at the direction of Nextel management, Goldman Sachs, JPMorgan and Lazard did not include Nextel broadband in their discounted cash flow analysis of Nextel s core business. At the direction of Nextel s management, Goldman Sachs, JPMorgan and Lazard performed a separate discounted cash flow analysis on Nextel broadband by calculating the illustrative present values of the terminal values calculated by analyzing Nextel s management forecasts for Nextel broadband, based on multiples ranging from 7.0x OIBDA to 8.0x OIBDA and using discount rates ranging from 11.0% to 13.0%. Goldman Sachs, JPMorgan and Lazard calculated an enterprise value for Nextel broadband by adding the present values calculated for each of the forecasted free cash flows and the terminal values, in each case using the discount rates described in the preceding sentence. The various ranges for the discount rates used in this analysis were chosen to reflect the theoretical analyses of the weighted average cost of capital. This analysis resulted in Nextel broadband values per share for Nextel class A common stock ranging from $3.49 to $4.90. The Nextel broadband forecasts are not necessarily additive to Nextel s base case business, as the implementation of the broadband plan, if adopted by Nextel s management, would have impacted the Nextel base case assumptions and forecasts.

With respect to Sprint, Goldman Sachs, JPMorgan and Lazard calculated illustrative present values of the terminal values calculated by analyzing Sprint management s forecasts based on multiples ranging from 5.0x OIBDA to 6.0x OIBDA and using discount rates ranging from 8.0% to 10.0%. Goldman Sachs, JPMorgan and Lazard calculated an enterprise value for Sprint by adding the present values calculated for each of the unlevered forecasted free cash flows, the terminal values and the benefit of any usage of forecasted net operating losses, in each case using the discount rates described in the preceding sentence. The various ranges for the discount rates used in this analysis were chosen to reflect theoretical analyses of the weighted average cost of capital. The enterprise value of Sprint was adjusted for the estimated net debt to derive the equity value of Sprint. This analysis resulted in values per share of Sprint series 1 common stock ranging from $23.95 to $31.00. Having received the preliminary Nextel broadband data plan, Goldman Sachs, JPMorgan, Lazard and Nextel s management requested a separate broadband data forecast for Sprint, which Sprint s management provided. Utilizing the Sprint wireless data forecasts, Goldman Sachs, JPMorgan and Lazard performed a separate discounted cash flow analysis on the Sprint wireless data by calculating the illustrative present values of the terminal values calculated by analyzing Sprint s management forecasts for Sprint wireless data, based on multiples ranging from 7.0x OIBDA to 8.0x OIBDA and using discount rates ranging from 11.0% to 13.0%. Goldman Sachs, JPMorgan and Lazard calculated an enterprise value for Sprint wireless data by adding the indicative present values calculated for each of the forecasted free cash flows and the terminal value indications, in each case using the discount rates described in the preceding sentence. The various ranges for the discount rates used in this analysis were chosen to reflect the theoretical analyses of the weighted average cost of capital. This analysis resulted in Sprint wireless data values per share for Sprint series 1 common stock ranging from $5.28 to $6.62. The Sprint wireless data forecasts are not necessarily additive to Sprint s base case business plan.

Sum-of-the-Parts Analysis. Goldman Sachs, JPMorgan and Lazard performed a financial analysis on each of Sprint s constituent businesses in order to analyze the financial picture of the entire company on a segment-by- segment basis by using certain financial forecasts provided by Sprint management as of December 2004 and Wall Street equity research, and by applying the methodologies described below.

With respect to Sprint s wireless business, Goldman Sachs, JPMorgan and Lazard calculated the implied Sprint valuation for this business utilizing a forecasted OIBDA amount for the year 2005 based on Sprint management s forecasts. This analysis resulted in an implied Sprint valuation for this business ranging from $30.4 billion to $35.4 billion.

With respect to Sprint s local telecommunications business, Goldman Sachs, JPMorgan and Lazard calculated the implied Sprint valuation for this business utilizing a forecasted OIBDA amount for the year 2005 based on Sprint management s forecasts. This resulted in an implied Sprint valuation for this business ranging from $14.0 billion to $16.8 billion.

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With respect to Sprint s global markets business, Goldman Sachs, JPMorgan and Lazard calculated the implied Sprint valuation for this business utilizing a forecasted OIBDA amount for the year 2005 based on Sprint management s forecasts. This resulted in an implied Sprint valuation for this business ranging from $1.8 billion to $3.5 billion.

Based upon the implied valuations for each of these businesses, Goldman Sachs, JPMorgan and Lazard calculated the implied equity values of Sprint and such values were subsequently utilized to calculate the implied price per share values of Sprint series 1 common stock. The implied values resulting from this analysis ranged from $22.10 to $28.55 per share of Sprint series 1 common stock.

The high and low price per share values of Sprint resulting from this analysis were compared to Sprint s stock price of $22.50 as of December 8, 2004, the last date before any press reports of a possible transaction between Nextel and Sprint. The various premiums/discounts for Sprint s stock price as of December 8, 2004 relative to the high and low values from the range of stock prices calculated from the sum-of-the-parts analysis are set forth below:

	% Premium
High	26.9%
Low	-1.9%
Mean	13.5%

Historical Stock Trading Analysis. Goldman Sachs, JPMorgan and Lazard reviewed the historical trading prices of Nextel class A common stock from April 23, 2004 to December 8, 2004 and the historical prices of Sprint series 1 common stock from April 23, 2004 to December 8, 2004. Goldman Sachs, JPMorgan and Lazard chose April 23, 2004 as a starting date to track the historical trading prices of Nextel class A common stock and Sprint series 1 common stock because that is the date on which Sprint recombined its two tracking stocks (FON common stock and PCS common stock).

Period	Exchange Ratio	Nextel Ownership % of Resulting Company
As of 12/8/04	1.243x	48.9%
As of 12/10/04	1.233x	48.6%
5-day Average	1.249x	49.0%
10-day Average	1.255x	49.1%
30-day Average	1.252x	49.1%
60-day Average	1.230x	48.6%
Average from 4/23/04 until 12/10/04	1.288x	49.8%

The purpose of this historical stock trading analysis is to provide illustrative exchange ratios, or a measure of the relative market values of Nextel common stock to Sprint common stock, and illustrative ownership percentages of Nextel class A common stockholders in the resulting company based on the relative trading prices of, and the market s assessment of the relative values of, Sprint and Nextel shares on the recent dates and for the periods specified.

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Exchange Ratio Analysis. Goldman Sachs, JPMorgan and Lazard analyzed the consideration to be received by the holders of Nextel class A common stock pursuant to the merger agreement by calculating the range of the implied exchange ratio of Nextel class A common stock for Sprint series 1 common stock based on (1) the historical high and low trading price for each of Nextel and Sprint since April 23, 2004, (2) the high and low analyst price target for each of Nextel and Sprint, and (3) the high and low price per share values based upon the discounted cash flow analysis for each of Nextel and Sprint. The results of this analysis are as follows:

	Range of Implied Exchange Ratio	
Historical trading range since April 23, 2004	1.260x	1.264x
Analyst price target	1.235x	1.333x
Discounted cash flow	1.234x	1.284x
Exchange ratio based on December 8, 2004 stock prices	1.243x	
Merger agreement exchange ratio	1.300x	

Selected Companies Analysis (including Nextel broadband). Goldman Sachs, JPMorgan and Lazard reviewed and compared certain financial information for Nextel (including Nextel broadband), Sprint and the resulting company to the corresponding financial information for the five largest United States wireless service providers and for large-cap communications companies with significant wireless operations. The five largest United States wireless service providers are:

Cingular Wireless;

Nextel;

Sprint;

T-Mobile USA; and

Verizon Wireless.

The large-cap communications companies with significant wireless operations are:

BellSouth Corporation;

NTT DoCoMo Inc.;

SBC Communications Inc.;

Verizon Communications Inc.; and

Vodafone Group PLC.

Although none of the selected large-cap communications companies with significant wireless operations is directly comparable to Nextel or Sprint, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Nextel and Sprint.

With respect to the five largest United States wireless service providers, Goldman Sachs, JPMorgan and Lazard calculated and compared the various future revenues forecasted for each of the companies for the years 2005 and 2006, along with the forecasted OIBDA and the OIBDA growth rates for the years 2005 and 2006. These calculations for the selected companies were based on Nextel and Sprint management s forecasts as of December 2004 and Wall Street equity research.

For the years 2005 and 2006, relative to the five largest wireless service providers, the resulting company is forecasted to have the third largest number of subscribers, the highest revenue (not including the local telecommunications business), the second highest OIBDA (not including the local telecommunications business), and the fourth fastest OIBDA growth for 2005 and the fifth fastest OIBDA growth for 2006 (not including the

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local telecommunications business). In addition, for the years 2005 and 2006, relative to the five largest wireless service providers, the resulting company including synergies is forecasted to have the highest revenue (not including the local telecommunications business), the second highest OIBDA (not including the local telecommunications business), and the fourth fastest OIBDA growth for 2005 and the third fastest OIBDA growth for 2006 (not including the local telecommunications business).

With respect to large-cap communications companies with significant wireless operations, Goldman Sachs, JPMorgan and Lazard calculated and compared the various enterprise values for each of the companies based on market values as of December 8, 2004 and forecasts of 2005 2006 OIBDA growth rates. The enterprise values for each of the selected companies and the OIBDA growth rates were based on Wall Street equity research and management forecasts from each of Nextel and Sprint. Relative to the selected five large-cap communications companies with significant wireless operations, the resulting company would have the fourth highest enterprise value based on market values as of December 8, 2004 and the second fastest OIBDA growth for the years 2005 and 2006.

Selected Transactions Analysis. Goldman Sachs, JPMorgan and Lazard reviewed publicly available information relating to the following selected large merger-of-equals transactions:

J.P. Morgan Chase & Co. / Bank One Corporation;

Travelers Property Casualty Corp. / The St. Paul Companies, Inc.;

Anthem, Inc. / WellPoint Health Networks Inc.;

IDEC Pharmaceuticals Corporation / Biogen, Inc.;

Phillips Petroleum Company / Conoco Inc.;

First Union Corporation / Wachovia Corporation;

Glaxo Wellcome plc / SmithKline Beecham plc;

Monsanto Company / Pharmacia & Upjohn Inc.;

American Home Products Corporation / Warner-Lambert Company;

PECO Energy Company / Unicom Corporation;

Fleet Financial Group, Inc. / BankBoston Corporation;

Bell Atlantic Corporation / GTE Corporation;

Norwest Corporation / Wells Fargo & Company;

NationsBank Corporation / BankAmerica Corporation;

Banc One Corporation / First Chicago NBD Corporation;

Travelers Group Inc. / Citicorp; and

Dean Witter, Discover & Co. / Morgan Stanley Group Inc.

Specifically, Goldman Sachs, JPMorgan and Lazard calculated the premiums one day and one week before the official announcement of the transaction. For the selected transactions, the average one-day premium was 4.1% and the average one-week premium was 7.1%. With respect to the proposed merger, Goldman Sachs, JPMorgan and Lazard calculated the transaction premiums as of December 8, 2004 (one week prior to the announcement of the proposed merger) and as of December 12, 2004 to be 12.2% and 5.4%, respectively. Goldman Sachs, JPMorgan and Lazard took into consideration the information obtained from their selected transaction analysis in their evaluation of the fairness of the consideration to be received by the holders of Nextel class A common stock.

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Pro Forma Merger Analysis. Goldman Sachs, JPMorgan and Lazard prepared pro forma analyses of the forecasted financial impact of the proposed merger using revenue estimates and earnings estimates for Nextel and Sprint prepared by their respective managements. For the year 2005, Goldman Sachs, JPMorgan and Lazard compared the total revenue and the earnings estimates of Nextel, on a standalone basis, and Sprint, on a standalone basis, to the total revenue and earnings estimates of the resulting company. Goldman Sachs, JPMorgan and Lazard performed this analysis based on an assumed December 31, 2005 date of completion for the proposed merger and included in their analysis Nextel broadband and the anticipated synergies and integration costs with respect to operating expenses; marketing, sales and fulfillment expenses; revenue and subscribers capital expenditures; and the impact of assumed accounting and other pro forma financial adjustments related to the transaction. Based on these analyses, the proposed merger would be 10.2% dilutive to Nextel on an earnings per share basis in the above scenarios in the year 2006, and the proposed transaction would be 16.9% accretive to Nextel on an earnings per share basis in the year 2007.

The purpose of this pro forma analysis is to illustrate the financial impact of the merger by calculating the percentage change in the projected earnings per share for each share of Nextel common stock that may result from the merger under various assumptions including, but not limited to, cost savings and operating synergies, while not adjusting for accounting reconciliation.

Goldman Sachs, JPMorgan and Lazard also prepared pro forma analyses of the forecasted net debt implications of the proposed merger using earnings estimates for the resulting company for the years 2005 through 2007 and estimates of the available free cash flows of the resulting company for the years 2006 and 2007, each prepared by the managements of Nextel and Sprint. Goldman Sachs, JPMorgan and Lazard performed this analysis based on an assumed December 31, 2005 date of completion for the proposed merger and included in their analysis Nextel broadband and the anticipated synergies and integration costs.

Contribution Analysis. Goldman Sachs, JPMorgan and Lazard compared the contribution, based on management forecasts provided by the managements of Nextel and Sprint, respectively, of each of Nextel and Sprint to the resulting company. Goldman Sachs, JPMorgan and Lazard analyzed specific estimated future operating and financial information, including revenues, OIBDA, and net income for Nextel, Sprint and the resulting company based on the financial forecasts provided by the managements of Nextel and Sprint. Goldman Sachs, JPMorgan and Lazard included in their analysis Nextel broadband and Sprint s local telecommunications business. The following table presents the results of this analysis:

Nextel Forecasted Contribution to Resulting Company

Year	Revenue Contribution	OIBDA Contribution	Net Income Contribution
2005	33%	40%	49%
2006	35%	42%	48%
2007	36%	42%	45%

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs s, JPMorgan s and Lazard s opinions. In arriving at its fairness determinations, each of Goldman Sachs, JPMorgan and Lazard considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, each of Goldman Sachs, JPMorgan and Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Nextel, Sprint or the contemplated transaction.

Goldman Sachs, JPMorgan and Lazard prepared these analyses for purposes of providing their respective opinions to Nextel s board of directors as to the fairness from a financial point of view of the merger consideration to be paid to the holders of Nextel class A common stock in the

proposed merger. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be

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sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Nextel, Sprint, Goldman Sachs, JPMorgan, Lazard or any other person assumes responsibility if future results are materially different from those forecasted.

As described above, Goldman Sachs , JPMorgan s and Lazard s opinions to Nextel s board of directors were one of many factors taken into consideration by the Nextel board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by each of Goldman Sachs, JPMorgan and Lazard in connection with the fairness opinions and is qualified in its entirety by reference to the written opinions of Goldman Sachs, JPMorgan and Lazard attached as Annexes D, E and F, respectively.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, and other transactions, as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to Nextel in connection with, and has participated in certain of the negotiations leading to, the proposed merger contemplated by the merger agreement. In addition, Goldman Sachs commercial bank affiliate is a lender under credit facilities of Nextel, and Goldman Sachs and its affiliates have provided certain investment banking services to Nextel from time to time, including having acted as:

- lead manager of a public offering for Nextel s 9.5% senior serial redeemable notes due 2011 (aggregate principal amount $1,250,000,000) in January 2001;
- co-lead manager of a public offering for Nextel s 7.375% senior serial redeemable notes due 2015 (aggregate principal amount $1,000,000,000) in July 2003;
- lead manager of a public offering for Nextel s 6.875% senior serial redeemable notes due 2013 (aggregate principal amount $500,000,000) in October 2003; and
- sole manager of a public offering for NII Holdings 3,000,000 shares of common stock (aggregate principal amount $212,000,000) in November 2003.

Goldman Sachs and its affiliates also have provided certain investment banking services to Sprint from time to time. Goldman Sachs also acted as co-manager of a public offering of 4,800,000 shares of common stock of Alamosa Holdings Inc., a Sprint PCS Affiliate (aggregate principal amount $71,000,000), in November 2001. Goldman Sachs may provide investment banking services to Nextel and Sprint in the future. During the past two years, Goldman Sachs has received from Nextel approximately $6,300,000 in connection with its investment banking activities, exclusive of any fees related to this transaction.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to Nextel and Sprint and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of Nextel and Sprint for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

JPMorgan has acted as financial advisor to Nextel with respect to the proposed merger. JPMorgan and its affiliates have performed in the past, and may perform in the future, a variety of investment banking and commercial banking services for each of Nextel and Sprint for which they may receive customary fees. During the past two years, JPMorgan has received from Nextel approximately $4,400,000 in connection with its investment banking activities, exclusive of any fees related to this transaction. JPMorgan s commercial bank affiliate is an agent bank and lender under the credit facilities for each of Nextel and Sprint.

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JPMorgan and its affiliates comprise a full service securities firm and a commercial bank engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In the ordinary course of their businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of Nextel and Sprint for their own account or for the accounts of customers and, accordingly, may at any time hold long or short positions in such securities.

Lazard has acted as investment banker to Nextel in connection with the proposed merger. Lazard has in the past provided to Nextel, and may in the future provide to Nextel or Sprint, investment banking services for which they may receive customary fees. For services rendered during the past two years, Lazard expects to receive from Nextel approximately $1,000,000 in connection with its investment banking activities, exclusive of any fees related to this transaction.

Lazard provides a full range of financial advisory and other services and, in the course of its business, may from time to time effect transactions and hold securities, including derivative securities, of Nextel or Sprint for its own account and for the accounts of clients and customers and, accordingly, may hold a long or short position in such securities and may provide advisory and other services in the future.

The Nextel board of directors selected Goldman Sachs, JPMorgan and Lazard as its financial advisors because each is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed merger. Pursuant to separate letter agreements, Nextel engaged each of Goldman Sachs, JPMorgan and Lazard to act as its financial advisor in connection with the proposed merger. Pursuant to the terms of these engagement letters, Nextel has agreed to pay each of Goldman Sachs, JPMorgan and Lazard a transaction fee of $13,333,333 in connection with the merger. The payment schedule of the transaction fees payable to Goldman Sachs, JPMorgan and Lazard is as follows: (1) 10% of the transaction fee was paid upon execution of the merger agreement, (2) 15% of the transaction fee will be paid upon adoption of the merger agreement by Nextel s stockholders, and (3) 75% of the transaction fee will be paid upon completion of the merger. In addition, Nextel has agreed to reimburse each of Goldman Sachs, JPMorgan and Lazard for its reasonable and documented expenses, including reasonable attorneys fees and disbursements, and to indemnify each of Goldman Sachs, JPMorgan and Lazard and related persons against various liabilities, including certain liabilities under the federal securities laws.

Interests of Sprint and Nextel Directors and Executive Officers in the Merger

Governance Structure and Management Positions

Pursuant to the terms of the merger agreement, upon completion of the merger:

The board of directors of Sprint Nextel will initially be composed of 14 individuals, including Timothy M. Donahue, Nextel s President and CEO, and Gary D. Forsee, Sprint s Chairman and CEO. Of the remaining 12, six have been designated by Nextel and six have been designated by Sprint, including a co-lead outside director from each company. Two of the designated directors of Sprint Nextel, Gerald L. Storch from Sprint and Stephanie M. Shern from Nextel, are expected to serve on the board of directors of the local telecommunications company that is anticipated to be spun-off from Sprint Nextel and to terminate their service on the Sprint Nextel board of directors at that time.

The following six directors were designated by Sprint to continue on the board of directors of Sprint Nextel following the merger: Ms. Lorimer and Messrs. Bethune, Hance, Hockaday, Swanson and Storch. The following six directors were designated by Nextel as

nominees to the board of directors of Sprint Nextel pursuant to the merger agreement: Mrs. Hill and Messrs. Bane, Conway, Drendel, Kennard and Ms. Shern. The individuals designated by Nextel will be elected to the Sprint Nextel board of directors by the Sprint board of directors effective upon completion of the merger.

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Each committee of the board of directors of Sprint Nextel will initially be composed of two directors designated by Nextel and two directors designated by Sprint, except for (1) the finance committee and the nominating and governance committee, each of which will initially be composed of Mr. Conway, the current non-executive Chairman of Nextel (who will chair the finance committee), and Mr. Hockaday, the current Sprint Lead Independent Director (who will chair the nominating and governance committee), and two independent directors, one from each of Sprint and Nextel, and (2) the executive committee, which will initially be composed of the Sprint Nextel Chairman, the Sprint Nextel CEO and President and two independent directors, one from each of Nextel and Sprint.

The persons designated by Nextel will be elected to these board positions by the Sprint board to become effective upon completion of the merger.

The merger agreement also provides that, subject to the completion of the merger:

Timothy M. Donahue, CEO and President of Nextel:

will serve as an officer of Sprint Nextel with the title of Chairman for a period of two years following completion of the merger and will be a member of its board of directors;

will retire as an officer of Sprint Nextel after the completion of that two-year period, but will continue in his role as Chairman of the Sprint Nextel board of directors for one additional year;

will step down as Chairman of the Sprint Nextel board of directors after the completion of that one-year period, and either the CEO and President of Sprint Nextel will assume the Chairman role or the board of directors of Sprint Nextel will designate a new non-executive Chairman; however, the board of directors and the CEO and President of Sprint Nextel may jointly decide to ask Mr. Donahue to continue his association with Sprint Nextel in some capacity;

may be removed from his position only by a greater than two-thirds vote of the Sprint Nextel board of directors for a three-year period following the completion of the merger.

Gary D. Forsee, Chairman and CEO of Sprint:

will serve as CEO and President of Sprint Nextel and will be a member of its board of directors and, after three years or the earlier vacancy of the Chairman s office, will assume the role of Chairman unless the Sprint Nextel board designates a non-executive Chairman; and

may be removed from his position only by a greater than two-thirds vote of the Sprint Nextel board of directors for a four-year period following the completion of the merger.

Mr. Forsee and Mr. Donahue will each receive the same base salary and short-term incentive compensation during the first two years following the completion of the merger, and each will be a member of the Office of the Chairman.

Len J. Lauer, President and Chief Operating Officer of Sprint, will serve as Sprint Nextel s Chief Operating Officer and be a member of the Office of the Chairman reporting to the CEO and President of Sprint Nextel.

Thomas N. Kelly, Executive Vice President and Chief Operating Officer of Nextel, will serve as Sprint Nextel s Chief Strategy Officer and be a member of the Office of the Chairman reporting to the Chairman of Sprint Nextel.

Paul N. Saleh, Executive Vice President and Chief Financial Officer of Nextel, will serve as Sprint Nextel s Chief Financial Officer and be a member of the Office of the Chairman reporting to the CEO and President of Sprint Nextel.

Barry J. West, Executive Vice President and Chief Technology Officer of Nextel, will serve as Sprint Nextel s Chief Technology Officer and, in that capacity, will report to both the Chairman and the CEO and President of Sprint Nextel.

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Additionally, it has been determined by Sprint and Nextel that, subject to the completion of the merger:

Leonard J. Kennedy, Senior Vice President and General Counsel of Nextel, will serve as Sprint Nextel s General Counsel and, in that capacity, will report to the Chairman of Sprint Nextel.

Michael B. Fuller, President Local Telecommunications Division of Sprint, will serve as the Chief Operating Officer of the subsidiary of Sprint Nextel to be spun off and, in that capacity, will report to the CEO and President of Sprint Nextel.

James G. Kissinger, Senior Vice President Human Resources of Sprint, will lead Human Resources of Sprint Nextel and, in that capacity, will report to the CEO and President of Sprint Nextel.

Kathryn A. Walker, Executive Vice President Network Services of Sprint, will lead Network Operations of Sprint Nextel and, in that capacity, will report to the Chief Operating Officer of Sprint Nextel.

William G. Arendt, Senior Vice President and Controller of Nextel, will serve as the Controller of Sprint Nextel and, in that capacity, will report to the Chief Financial Officer of Sprint Nextel.

Richard S. Lindahl, Vice President and Treasurer of Nextel, will serve as Treasurer of Sprint Nextel and, in that capacity, will report to the Chief Financial Officer of Sprint Nextel.

The persons above designated by Sprint and Nextel will be elected to these executive officer positions by the Sprint board to become effective upon completion of the merger. Determination of other members of senior management of Sprint Nextel will be made using a best in class approach. Sprint and Nextel agreed to work towards a 50/50 balance for the top 30 officers of Sprint Nextel. For additional information concerning these officers, see Sprint Annual Meeting and Nextel Annual Meeting beginning on pages 104 and 146, respectively.

Interests of Sprint Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors of Sprint to vote in favor of the increase in the authorized number of shares of Sprint series 1 common stock, in favor of the adoption of the Sprint Nextel amended and restated articles of incorporation and in favor of the approval of the issuance of shares of Sprint capital stock in the merger, stockholders of Sprint should be aware that members of the Sprint board of directors and certain of Sprint s executive officers have agreements or arrangements that provide them with interests in the merger that are in addition to the interests of Sprint stockholders. During its deliberations in determining to recommend to the stockholders of Sprint that they vote in favor of the matters described above, the Sprint board of directors was aware of these agreements and arrangements, other than the Sprint retention program described below and the acceleration provisions for directors under a recent amendment to the Directors Deferred Fee Plan, as discussed under Sprint Annual Meeting Compensation of Directors Annual Retainer and Meeting Fees beginning on page 117. In addition, although the Sprint board was aware that amended employment arrangements for Messrs. Forsee and Donahue were contemplated, the specific terms of the second amendment to Mr. Forsee s existing employment agreement described below were approved by Sprint s Compensation Committee after the merger agreement was signed. Except (1) as provided under the Sprint retention program, (2) as the result of terminations, or (3) pursuant to the terms of the directors equity-based awards (for outside directors who do not continue on the Sprint Nextel board of directors after the merger), neither the merger nor the contemplated transactions will trigger any change of control or other severance payment under any employment agreement or other compensation arrangement between Sprint and any of its outside directors or employees and no Sprint equity awards will accelerate as a result of the merger or other contemplated transactions. For a discussion of the ownership of Sprint capital stock and options by its directors and executive officers, see Sprint Annual Meeting Security Ownership of Directors and Executive Officers beginning on page 110.

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Employment Agreement

On December 15, 2004, Sprint, a wholly owned subsidiary of Sprint and Mr. Forsee entered into an amendment to Mr. Forsee s employment agreement, dated as of March 19, 2003. The amendment provides that, following the merger, Mr. Forsee will serve as the CEO and President of the resulting company, confirms that the merger will not constitute a change in control under his employment agreement, and clarifies that Mr. Forsee will not be serving as Chairman of the Board and that the performance of his services at Sprint Nextel s executive headquarters in Reston, Virginia will not be a Constructive Discharge under his employment agreement. The amendment will be effective upon the completion of the merger. On March 15, 2005, the Compensation Committee approved a second amendment to Mr. Forsee s employment agreement of March 19, 2003, which is effective and conditioned on the completion of the merger. The amendment provides for an increase in Mr. Forsee s annual base salary, an annual short-term incentive target opportunity and an annual long-term performance-based incentive opportunity. For a discussion of Sprint employment agreements, see Sprint Annual Meeting Employment Contracts beginning on page 136.

Sprint Retention Program

Under Sprint s retention program, ten of Sprint s executive officers are eligible to receive retention payments if the merger is completed and one executive officer is eligible to receive retention payments if the contemplated spin-off is completed. Messrs. Forsee and Lauer are not eligible to receive retention payments under this program. Additionally, if a covered executive officer s employment is involuntarily terminated without cause before the first anniversary of the merger or, in the case of the one executive officer, before the first anniversary of the contemplated spin-off, that executive officer will be entitled to his or her retention payments as well as accelerated vesting of certain equity based awards held by that executive officer. No retention payments will be made under the Sprint retention program unless the merger (or an intervening business combination) is completed. For a more complete discussion of the Sprint retention program, see Sprint Annual Meeting Sprint Retention Program beginning on page 138.

Outside Director Equity-Based Awards

	Vesting of Equity-Based Awards (1)	
	DDFP	
	Share Units	RSUs
Name	(#)	(#)
Gordon M. Bethune	5,738	7,732
E. Lynn Draper, Jr.	7,960	8,041
James H. Hance, Jr.	6,234	3,720
Deborah A. Henretta	5,836	7,732
Irvine O. Hockaday, Jr.	0	13,805
Linda Koch Lorimer	0	13,805
Louis W. Smith	0	13,805
Gerald L. Storch	7,960	8,041
William H. Swanson	7,579	3,720
Total	41,307	80,401

(1) The vesting of these equity-based awards would accelerate if, at the convenience of the Sprint board of directors, all outside directors were not to continue to serve on the Sprint Nextel board of directors after the merger. The aggregate value of all DDFP Share Units was $919,494 and the aggregate value of all RSUs was $1,789,726, in each case for all outside directors as of April 29, 2005.

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Executive Officer Cash and Equity-Based Awards

	Grants Subject to Completion of the Merger			Vesting of Equity-Based Awards Upon Involuntary Termination of Employment(1)			
	Premium Priced Options			Options		Restricted Shares or	Retention
Name	Granted (#)	Exercise Price ($)	Performance Based RSUs (#)(2)	Granted (#)	Weighted Avg. Exercise Price ($)	RSUs (#)	Payments ($)(3)
Gene M. Betts				134,321	$ 18.5526	42,846	$ 523,619
William R. Blessing				82,688	18.6218	29,246	439,201
Robert J. Dellinger				517,056	18.5508	376,393	1,025,601
Gary D. Forsee(4)	165,000	$ 25.465	62,000				
Michael B. Fuller				606,492	17.9960	237,453	1,183,502
Thomas A. Gerke				259,078	18.5149	96,127	703,800
Howard E. Janzen				422,359	19.0306	172,337	1,030,301
Timothy E. Kelly				292,863	20.8115	133,318	909,003
James G. Kissinger				176,838	18.4283	84,378	554,601
Len J. Lauer(5)	55,000	$ 25.465	21,000				
John P. Meyer				189,949	19.9551	42,135	530,924
Michael W. Stout				281,487	19.0360	114,828	911,102
Kathryn A. Walker				253,106	19.4910	137,257	722,701
Total				3,216,237	18.9067	1,466,318	8,534,355

(1) Under Sprint s retention program, these equity-based awards would vest upon the involuntary termination of the executive officer s employment without cause (for more information, see Sprint Annual Meeting Sprint Retention Program beginning on page 138). The amounts in these columns assume that the merger is completed, and all executive officers are involuntarily terminated without cause, on September 30, 2005. The aggregate value of all restricted shares and RSUs was $32,640,239 for all executive officers as of April 29, 2005.

(2) The RSUs in this column are subject to performance-based conditions as well as completion of the merger. Subject to the discretion of the Compensation Committee of the Sprint board of directors, the number of RSUs in this column will be adjusted by multiplying that number by a payout percentage (from 0% 200%) based on achievement of financial objectives relating to enterprise economic value added, or EVA, during 2005.

(3) Sprint s executive officers may also be entitled to severance benefits under their employment contract, or Sprint s severance plan if they are not party to an employment agreement, in the event of involuntary termination without cause. These severance benefits are not enhanced or otherwise affected by the merger.

(4) On the date of grant, the value of the performance based RSUs granted to Mr. Forsee was $1.5 million and the value of the options granted to Mr. Forsee was estimated using the Black-Scholes option pricing model to be $1.5 million as further described under Sprint Annual Meeting Compensation Committee Report on Executive Compensation beginning on page 127.

(5) On the date of grant, the value of the performance based RSUs granted to Mr. Lauer was $0.5 million and the value of the options granted to Mr. Lauer was estimated using the Black-Scholes option pricing model to be $0.5 million as further described under Sprint Annual Meeting Compensation Committee Report on Executive Compensation beginning on page 127.

Indemnification and Insurance

Sprint directors and executive officers will also have the right to continued indemnification and insurance coverage by Sprint Nextel for acts or omissions occurring before the merger.

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Interests of Nextel Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors of Nextel to vote for the proposal to adopt the merger agreement, stockholders of Nextel should be aware that members of the Nextel board of directors and certain of Nextel s executive officers have agreements or arrangements that provide them with interests in the merger that are in addition to the interests of Nextel stockholders. Except as described in the next two sentences, the Nextel board of directors was aware of these interests during its deliberations with respect to the merger and in deciding to recommend that Nextel stockholders vote for the adoption of the merger agreement. Although the Nextel board was aware that amended employment arrangements for Messrs. Donahue and Forsee were contemplated, the specific terms of the amendment to Mr. Donahue s existing employment agreement described below were approved by the compensation committee of the Nextel board after the merger agreement was signed. In addition, the determination that Mr. Kennedy would serve as Sprint Nextel s General Counsel was made after the merger agreement was signed.

For a discussion of the ownership of Nextel capital stock and options by its directors and executive officers, see Nextel Annual Meeting Securities Ownership beginning on page 167.

Nextel Director and Employee Stock Options and Deferred Shares

Upon completion of the merger, each outstanding option to purchase shares of Nextel common stock (whether vested or unvested) will be converted into an option to purchase shares of Sprint Nextel series 1 common stock. The number of shares of Sprint Nextel series 1 common stock subject to the new Sprint Nextel option will equal the number of shares of Nextel common stock subject to the corresponding Nextel option multiplied by 1.3 (rounded down to the nearest whole share), and the per share exercise price of the new option will equal the per share exercise price of the corresponding Nextel option divided by 1.3 (rounded up to the nearest whole cent). Upon completion of the merger, each outstanding right to deferred delivery of Nextel class A common stock, which we refer to as a Nextel deferred share, will be converted into the right to deferred delivery of Sprint Nextel series 1 common stock, which we refer to as a Sprint Nextel series 1 deferred share. The number of shares of Sprint Nextel series 1 common stock subject to the new Sprint Nextel series 1 deferred shares will equal the number of shares of Nextel class A common stock subject to the corresponding Nextel deferred shares multiplied by 1.3. The new Sprint Nextel series 1 options and Sprint Nextel series 1 deferred shares will otherwise have the same terms and conditions as the corresponding Nextel options and Nextel deferred shares.

Under the terms of the Amended and Restated Incentive Equity Plan pursuant to which the director and employee options and deferred shares are granted, upon completion of the merger, all unvested awards to outside directors will immediately vest and become exercisable, in the case of directors who become Sprint Nextel directors, for their respective terms as directors plus an additional 30 days, and otherwise for 30 days after the merger, or in each case, the term of the option, if shorter. In addition, if an employee is terminated without cause (as defined in this plan) within a year following the completion of the merger, or in the case of certain senior executives, including the executives named above under Governance Structure and Management Positions, if the employee terminates his or her employment for good reason (as defined in this plan) within that period, then that employee s awards under this plan will immediately vest.

Employment Agreements

Timothy M. Donahue. Mr. Donahue s existing employment agreement entitles him to the payment of severance if his employment is terminated in specified circumstances, including if he voluntarily terminates his employment for good reason. The changes to Mr. Donahue s title and duties described under Governance Structure and Management Positions above constitute good reason under the terms of his employment agreement

entitling him to the payment of severance should he voluntarily terminate his employment. However, pursuant to a letter of understanding between Mr. Donahue and the board of directors of Nextel dated December 15, 2004, effective on completion of the merger, Mr. Donahue has agreed to waive his right to terminate his employment for good reason during the period ending six months after the completion of the merger due to those

changes in his title and duties. As of March 15, 2005, Nextel and Mr. Donahue entered into an amendment to both Mr. Donahue s employment agreement and the letter of understanding of December 15, 2004. The amendment, which will become effective only upon completion of the merger, modified the letter of understanding by providing that Mr. Donahue may only resign from his position with Sprint Nextel for good reason based upon the changes to his title and duties described under Governance Structure and Management Positions above during the 12-month period commencing on the first anniversary of the completion of the merger. The amendment also provides for an increase in Mr. Donahue s annual base salary and target bonus opportunity and provides for his participation in a long-term incentive opportunity. Mr. Donahue s employment agreement will be assumed by Sprint Nextel.

For a complete discussion of Mr. Donahue s employment agreement and the amendment thereto, and his compensation and benefits thereunder (including the terms of his severance package), see Nextel Annual Meeting Employment Agreements beginning on page 164.

Messrs. Kelly, Saleh, West, Kennedy and Arendt. Under the terms of their employment agreements, upon completion of the merger, Messrs. Kelly, Saleh, West, Kennedy and William G. Arendt, the Senior Vice President and Controller of Nextel, will be entitled to the immediate award and vesting of any unawarded deferred shares specified under those agreements as well as the immediate vesting of any unvested deferred shares previously awarded under those agreements. Assuming the merger is completed on September 30, 2005, the aggregate number of unawarded deferred shares that are expected to be awarded and become fully vested to these executives will be 220,000, and the aggregate number of unvested awarded deferred shares that are expected to become fully vested will be 326,667. In addition, under the terms of their employment agreements, Messrs. Kelly, Saleh, West and Kennedy are entitled to severance payments in the event of their termination in certain specified circumstances.

For a complete discussion of the employment agreements of Messrs. Kelly, Saleh, West and Kennedy and their compensation and benefits thereunder (including the terms of their severance packages), see Nextel Annual Meeting Employment Agreements beginning on page 164.

Morgan E. O Brien. Mr. O Brien resigned from his employment with Nextel in 2003 and currently holds the position of Vice Chairman of the board of directors of Nextel. Under the terms of Mr. O Brien s resignation agreement, upon completion of the merger, Mr. O Brien may elect to receive the cash payments due to him under the agreement in a lump sum, the immediate vesting of any unvested stock options that would have vested under the agreement by Nextel s May 2006 annual meeting, as well as a payment for any additional taxes due should any amount under the agreement be considered an excess parachute payment under federal tax laws. Assuming the merger is completed on September 30, 2005, Mr. O Brien will be entitled, at his election, to receive $588,000 in cash, and stock options representing 64,445 shares of Nextel common stock will become vested and exercisable as a result of the completion of the merger.

Existing Plans

Change of Control Retention and Severance Pay Plan. Under the terms of this plan, as a result of the completion of the merger, executive officers will be entitled to certain retention bonuses and, upon a termination of employment under certain specified circumstances, may also be entitled to enhanced severance payments. If any amount paid to executives under this or any other arrangement are considered an excess parachute payment under the federal tax laws, executives will also be entitled to an additional gross-up payment for any additional taxes due as a result thereof. We anticipate that the completion of the merger will result in the payment of retention bonuses to Messrs. Donahue, Kelly, Saleh, West, Kennedy and Arendt, as well as Richard S. Lindahl, the Vice President and Treasurer of Nextel, in the aggregate sum of approximately $11,799,750.

For a complete discussion of the benefits payable under the Change of Control Retention and Severance Pay Plan, see Nextel Annual Meeting Change of Control Retention Bonus and Severance Pay Plan beginning on page 166.

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2004/2005 Long-Term Performance Plan. Under the terms of Nextel s 2004/2005 Long-Term Performance Plan, which we refer to as Nextel s long-term performance plan, as a result of the completion of the merger, participants will receive an immediate cash payment, pro rated based on the number of months completed (including the month in which the merger is completed) by the participant in the performance period in which the completion of the merger occurs and Nextel s performance as compared to the goals for the portion of the performance period completed as of the date of the completion of the merger. The aggregate of the target awards of Messrs. Donahue, Kelly, Saleh, West, Kennedy, Arendt and Lindahl for the 2004-2005 period under this plan is $7,027,500, a portion of which is reflected on the table under Nextel Annual Meeting Executive Compensation Summary Compensation Table beginning on page 161, and was paid in February 2005.

For a complete discussion of the benefits payable under the 2004/2005 Long-Term Performance Plan, see Nextel Annual Meeting 2004 Option Exercises and Long-Term Performance Plan beginning on page 164.

Cash Compensation Deferral Plan. Nextel s Cash Compensation Deferral Plan permits eligible employees and directors to defer a percentage of their base salary and bonus. Though none have been made to date, Nextel may make contributions to the plan at its discretion. If a participant files a withdrawal request in anticipation of or after the completion of the merger for contributions made before 2005, the participant may receive 90% of his or her vested account balance; however, if Nextel notifies the participant that it has established a trust that is funded in an amount equal to 110% of the amount of the participant s vested account balance within ten days of the participant s request, the participant is required to resubmit such request in order to receive the 90% portion of his account and the participant will forfeit the remaining 10%. If, however, the participant is not notified that the trust has been established for contributions made before 2005, the participant may request payment of up to 100% of his vested account balance. With respect to deferrals made after 2004, upon completion of the merger, a participant will receive a distribution of his or her account balance, in a lump sum, only if the requirements of Section 409A of the Code and the regulations issued thereunder (including any requirement or limitations on the establishment of a rabbi trust) are satisfied and if the participant affirmatively elects to receive such distributions in connection with a change of control.

*Cash and Equity-Based Awards**

	Accelerated Vesting of Options (1)						
Name	Shares Available on Exercise (#)	Weighted Average Exercise Price ($)	Accelerated Vesting of Deferred Shares ($) (2)	Accelerated Vesting of Long-Term Performance Bonus ($) (3)	Potential Severance Payments ($) (4)	Retention Payments ($) (5)
Keith J. Bane						
William E. Conway, Jr.	11,556	$ 13.85				
Timothy M. Donahue	705,867	$ 17.88		$ 1,687,500	$ 6,000,000	$ 4,500,000
Frank M. Drendel	2,167	$ 13.85				
V. Janet Hill	1,806	$ 13.85				
William E. Kennard	2,529	$ 13.85				
Morgan E. O Brien	64,445	$ 10.15			$ 588,000	
Stephanie M. Shern						
Thomas N. Kelly, Jr.	417,892	$ 21.07	$ 4,944,909	$ 812,500	$ 2,800,000	$ 2,100,000
Paul N. Saleh.	311,848	$ 22.98	$ 4,944,909	$ 687,500	$ 2,400,000	$ 1,800,000
Barry J. West	229,659	$ 22.88	$ 2,239,200	$ 506,250	$ 1,280,000	$ 960,000
Leonard J. Kennedy	173,094	$ 23.34	$ 1,492,791	$ 421,895	$ 1,575,000	$ 1,181,250
William G. Arendt	79,834	$ 23.40	$ 1,679,400	$ 150,000	$ 1,170,000	$ 702,000
Richard S. Lindahl	54,670	$ 22.88		$ 126,563	$ 742,000	$ 556,500
Total	2,055,367		$ 15,301,209	$ 4,392,188	$ 16,555,000	$ 11,799,750

* Amounts are based on an assumed merger completion date of September 30, 2005 and do not take into account future regular quarterly equity awards to directors and executive officers.

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(1) All outstanding options granted to outside directors will immediately become fully exercisable upon the completion of the merger, in the case of directors who become Sprint Nextel directors, for their respective terms as directors plus an additional 30 days, and otherwise for 30 days after the merger, or in each case, the term of the option, if shorter, and all outstanding options granted to executive officers will immediately become fully exercisable upon the termination of the executive officer s employment by Nextel without cause (as defined in the executive officer s employment agreement or the Amended and Restated Incentive Equity Plan), as applicable, or by the executive officer for good reason (also as defined in the executive officer s employment agreement or the Amended and Restated Incentive Equity Plan), as applicable, in each case, within one year of a change of control of Nextel. For purposes of computing the number of options that would vest on an accelerated basis upon termination of employment, a termination of employment date of September 30, 2005 was assumed. Each executive officer (other than Mr. Lindahl) is a party to an employment agreement with Nextel that also provides for accelerated vesting of outstanding options upon termination without cause or for good reason.

(2) Upon completion of the merger, under the terms of the executive officer s employment agreement, any awarded but unvested and any unawarded deferred shares granted under the executive officer s employment agreement shall immediately vest and become unforfeitable. The value of these deferred shares has been determined based upon a per share closing price of Nextel class A common stock of $27.99 on April 29, 2005.

(3) Upon completion of the merger, each executive officer will be entitled to receive under the long-term performance plan, a pro rata payment of such executive officer s 2004/2005 long-term performance target bonus based on the number of months completed (including the month in which the merger is completed) by the executive officer in the performance period in which the completion of the merger occurs and Nextel s performance as compared to the goals for the portion of the performance period completed as of the date of the completion of the merger. The long-term target performance bonus payments have been adjusted to reflect the reduction for the portion of the bonus that was paid in February 2005, which is reflected on the table under Nextel Annual Meeting Executive Compensation Summary Compensation Table beginning on page 161.

For further information regarding the benefits payable under the 2004/2005 Long-Term Performance Plan, see Nextel Annual Meeting 2004 Option Exercises and Long-Term Performance Plan beginning on page 164.

(4) Under the terms of the Change of Control Retention Bonus and Severance Pay Plan, upon termination of the executive s employment by Nextel without cause (as defined in the change of control plan) or by the executive for good reason (also as defined in the change of control plan) within one year of a change of control, the executive will be entitled to receive a payment equal to 200% of current base salary and target bonus. Under the terms of each executive officer s employment agreement, to the extent there is a change of control of Nextel, severance compensation and benefits payable under the employment agreement will be reduced dollar for dollar (but not below zero) by any severance compensation and benefits (but not retention bonus) payable under the change of control plan. Under the terms of Mr. Donahue s employment agreement, any reduction would include his retention bonus payment. Each executive officer (other than Mr. Lindahl) is a party to an employment agreement with Nextel. The potential severance amount excludes the value of any potential continuing employee benefits that the executive may be entitled to under these arrangements and any additional taxes due should any amounts under these arrangements be considered an excess parachute payment.

For further information regarding the benefits payable following a termination of employment without cause or for good reason, see Nextel Annual Meeting Employment Agreements beginning on page 164 and Nextel Annual Meeting Change of Control Retention Bonus and Severance Pay Plan beginning on page 166.

(5) Each executive officer will be entitled to the retention payment (equal to 150% of current base salary and target bonus) payable in two equal installments, upon completion of the merger and on the first anniversary of the merger, if the executive officer is still employed on the first anniversary, which, in each case, may be paid earlier if Nextel terminates the executive officer s employment without cause (as defined in the Change of Control Retention and Severance Pay Plan) prior to either payment date.

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Indemnification and Insurance

The merger agreement provides that, following completion of the merger, Sprint Nextel will indemnify and hold harmless, and provide advancement of claims-related expenses to, all past and present directors and officers of Nextel and its subsidiaries, or anyone who served at the request of Nextel or any of its subsidiaries as a director or officer of another entity, in their capacity as such, to the fullest extent permitted by law.

The merger agreement also provides that Sprint Nextel will cause to be maintained, for a period of six years after completion of the merger, the current policies of directors and officers liability insurance maintained by Nextel, or policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous, with respect to claims arising from facts or events that occurred on or before the completion of the merger, although Sprint Nextel will not be required to expend in any one year an amount in excess of 250% of the annual premiums currently paid by Nextel for directors and officers liability insurance.

Motorola Agreement

In contemplation of the signing of the merger agreement and in order to provide greater certainty to Sprint and Nextel regarding their ability to effectuate a spin-off of Sprint s local telecommunications business after the merger on a tax-free basis, on December 14, 2004, Nextel, Motorola, Inc. and one of Motorola s wholly-owned subsidiaries, Motorola SMR, Inc., entered into a letter agreement pursuant to which Motorola and Motorola SMR agreed not to enter into a transaction that would constitute a disposition of their shares of Nextel class B common stock or shares of Sprint Nextel non-voting common stock to be issued in the merger, which we refer to collectively as the Motorola shares. On May 16, 2005, an amendment to the letter agreement was signed wherein Motorola and Motorola SMR agreed to modify certain rights in connection with their shares of Nextel class B common stock, including the right to convert those shares to Nextel class A common stock, and agreed, as the holders of all of the shares of Nextel class B common stock, to vote their shares of Nextel class B common stock in favor of the adoption of the merger agreement and any other action required in furtherance of the merger, including the modification of the terms of the non-voting common stock in connection with the merger.

In exchange for the restrictions imposed on Motorola in the letter agreement, Nextel agreed to pay Motorola a fee of $50,000,000 on the third business day following the receipt of the necessary Sprint and Nextel stockholder approvals of the transactions contemplated by the merger agreement. In the event Motorola elects to enter into a permitted hedging or monetizing transaction before the receipt of the Sprint and Nextel stockholder approvals, Nextel has agreed to pay the fee immediately prior to Motorola entering into the permitted transaction. The consent fee may be refunded to Nextel upon the occurrence of certain events.

The restrictions imposed under the letter agreement terminate upon the earlier to occur of: (1) December 31, 2006, (2) the second business day following the spin-off, (3) the termination of the merger agreement, and (4) the second business day following the date of any event that eliminates the ability of Sprint Nextel to consummate the spin-off on a tax-free basis.

Regulatory Approvals Required for the Merger

Federal Communications Commission

Under the Communications Act of 1934, before the completion of the merger, the FCC must approve the transfer to Sprint of control of Nextel and those subsidiaries of Nextel that hold FCC licenses and authorizations. The FCC must determine whether Sprint is qualified to control these licenses and authorizations and whether the transfer is consistent with the public interest, convenience and necessity. Sprint and Nextel filed transfer of control applications with the FCC on February 8, 2005.

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United States Antitrust Laws

Under the Hart-Scott-Rodino Act and the rules promulgated under that act by the FTC, the merger may not be completed until notifications have been given and information furnished to the FTC and to the Antitrust Division and the specified waiting period has been terminated or has expired. Sprint and Nextel each filed notification and report forms under the Hart-Scott-Rodino Act with the FTC and the Antitrust Division on January 21, 2005. On February 22, 2005, Sprint and Nextel each received a request for additional information from the Antitrust Division. Sprint and Nextel have certified substantial compliance with this request for information to the Antitrust Division and, unless extended, the waiting period will expire at 11:59 p.m. Eastern Time on June 6, 2005. However, once the waiting period expires, the investigation may continue while the parties are waiting for FCC approval. At any time before or after completion of the merger, the FTC or the Antitrust Division could take any action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin completion of the merger or seeking divestiture of substantial assets of Sprint or Nextel. The merger agreement requires Sprint and Nextel to satisfy any conditions or divestiture requirements imposed upon them by regulatory authorities, unless the conditions or divestitures would reasonably be expected to have a material adverse effect on Sprint or Nextel. The merger also is subject to review under state antitrust laws and could be the subject of challenges by private parties under the antitrust laws.

Foreign Competition Filings

Sprint and Nextel are required to make filings with several foreign competition authorities, which filings have been made. The merger may be completed without receiving any action from these authorities on the filings, and the parties obligations to complete the merger are not conditioned on the filings being made or action being taken by these authorities.

Other Telecommunications Approvals

Sprint and Nextel also were required to make filings with or obtain approvals from state public utility commissions or equivalent foreign or domestic regulatory authorities in order to complete the merger. All requested state approvals have been received and all required foreign filings have been made. Each party s obligation to complete the merger is subject to receipt of any of these approvals that, if not obtained, would reasonably be expected to materially impair Sprint s and Nextel s ability to achieve the overall benefits expected to be realized from the merger or provide a reasonable basis for criminal liability.

Restrictions on Sales of Shares of Sprint Nextel Securities Received in the Merger

Sprint Nextel stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, as amended, except for Sprint Nextel stock issued to any Nextel stockholder who may be deemed to be an affiliate of Nextel or Sprint Nextel.

Under Rule 145, former Nextel stockholders who were affiliates of Nextel at the time of the Nextel annual meeting and who are not affiliates of Sprint Nextel after the completion of the merger may sell their Sprint Nextel stock at any time subject to the volume and sale limitations of Rule 144 under the Securities Act. In addition, so long as former Nextel affiliates are not affiliates of Sprint Nextel following the completion of the merger, and a period of at least one year has elapsed after the completion of the merger, the former Nextel affiliates may sell their Sprint Nextel stock without regard to the volume and sale limitations of Rule 144 under the Securities Act if there is adequate current public information available about Sprint Nextel in accordance with Rule 144. After a period of two years has elapsed following the completion of the merger, and

so long as former Nextel affiliates are not affiliates of Sprint Nextel and have not been for at least three months before any sale, they may freely sell their Sprint Nextel stock. Former Nextel stockholders who are or become affiliates of Sprint Nextel after completion of the merger will remain or be subject to the volume and sale limitations of Rule 144

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under the Securities Act until they are no longer affiliates of Sprint Nextel. This joint proxy statement/prospectus does not cover resales of Sprint Nextel stock received by any person upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

Listing of Sprint Nextel Common Stock

Before the completion of the merger, Sprint has agreed to use its reasonable best efforts to cause the shares of Sprint Nextel series 1 common stock to be issued in the merger to be authorized for listing on the NYSE, subject to official notice of issuance. Sprint Nextel series 1 common stock will trade on the NYSE under the symbol .

Appraisal Rights

Under Section 262 of the DGCL, record holders of shares of Nextel class A common stock, Nextel class B common stock and Nextel preferred stock are entitled to appraisal rights as a result of the merger. We refer to those series of common and preferred stock in this joint proxy statement/prospectus collectively as the Nextel capital stock. Sprint stockholders do not have appraisal rights in connection with the merger.

The following summary of the provisions of Section 262 of the DGCL is not a complete statement of the provisions of that section and is qualified in its entirety by reference to the full text of Section 262 of the DGCL, a copy of which is attached to this joint proxy statement/prospectus as Annex I and is incorporated into this summary by reference.

Under Section 262, Nextel is required to notify each Nextel stockholder entitled to appraisal rights that appraisal rights are available at least 20 days before the meeting of stockholders. **This joint proxy statement/prospectus constitutes notice to holders of Nextel capital stock of their right to exercise appraisal rights**. Failure to comply with the procedures set forth in Section 262 of the DGCL, in a timely and proper manner, will result in the loss of appraisal rights.

A vote against the adoption of the merger agreement or an abstention will not constitute a demand for appraisal. Holders of Nextel capital stock wishing to exercise the right to dissent from the merger and seek an appraisal of their shares must take the following actions:

- not vote in favor of the merger agreement, or vote against the merger agreement proposal or abstain if voting by proxy;
- file written notice with Nextel of an intention to exercise rights of appraisal of his, her or its shares before the Nextel annual meeting; and
- follow the procedures set forth in Section 262.

A stockholder who elects to exercise appraisal rights under Section 262 should mail or deliver a written demand to: Corporate Secretary, Nextel Communications, Inc., 2001 Edmund Halley Drive, Reston, Virginia 20191.

The fair value of Nextel capital stock will be determined by the Delaware Court of Chancery. The appraised value of the shares will not include any value arising from the merger. The shares of Nextel capital stock with respect to which holders have perfected their appraisal rights in accordance with Section 262 and have not effectively withdrawn or lost their appraisal rights are referred to in this joint proxy statement/prospectus as the dissenting shares.

Within ten days after the effective date of the merger, Sprint Nextel must mail a notice to all stockholders who filed a written notice of their intention to exercise appraisal rights in compliance with Section 262 notifying those stockholders of the effective date of the merger. Within 120 days after the effective date of the merger,

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holders of dissenting shares may file a petition in the Delaware Court of Chancery for the appraisal of their shares, although they may, within 60 days after the effective date, withdraw their demand for appraisal. Within 120 days after the effective date of the merger, the holders of dissenting shares may also, upon written request, receive from Sprint Nextel a statement setting forth the aggregate number of shares with respect to which demands for appraisal have been received.

Appraisal rights are available only to the record holders of shares. If you wish to exercise appraisal rights but have a beneficial interest in shares held of record by or in the name of another person, such as a broker, bank or nominee, you should act promptly to cause the record holder to follow the procedures set forth in Section 262 to perfect your appraisal rights.

Dissenting shares lose their status as dissenting shares if:

- the merger is abandoned;
- the stockholder fails to make a timely written demand for appraisal;
- neither Sprint Nextel nor the stockholder files a petition in the Delaware Court of Chancery demanding a determination of the value of the stock within 120 days after the effective date of merger; or
- the stockholder delivers to Sprint Nextel, within 60 days after the effective date of the merger, or thereafter with the approval of Sprint Nextel, a written withdrawal of the stockholder s demand for appraisal of the dissenting shares, although no appraisal proceeding in the Delaware Court of Chancery may be dismissed as to any stockholder without the approval of the court.

Failure to follow the procedures required by Section 262 of the DGCL for perfecting appraisal rights is likely to result in the loss of appraisal rights. If a holder of Nextel capital stock withdraws its demand for appraisal or has its appraisal rights terminated as described above, the holder of Nextel capital stock will only be entitled to receive the merger consideration for those shares pursuant to the terms of the merger agreement.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

In General

The following discussion describes the material U.S. federal income tax consequences of the merger that are applicable to U.S. Holders (as defined below) of shares of Nextel capital stock and, subject to the limitations described below, constitutes the opinion of Sprint s tax counsel, Cravath, Swaine & Moore LLP, and Nextel s tax counsel, Paul, Weiss, Rifkind, Wharton & Garrison LLP. However, this discussion does not address all aspects of taxation that may be relevant to particular U.S. Holders in light of their personal investment or tax circumstances or to persons that are subject to special tax rules. In addition, this discussion does not address the tax treatment of special classes of U.S. Holders, such as banks, insurance companies, tax-exempt entities, financial institutions, broker-dealers, persons holding shares of Nextel capital stock as part of a hedging or conversion transaction or as part of a straddle, U.S. expatriates, persons subject to the alternative minimum tax, persons who have a functional currency other than the U.S. dollar, investors in pass-through entities and Non-U.S. Holders (as defined below). This discussion does not address all issues that may be applicable to holders who acquired shares of Nextel capital stock pursuant to the exercise of options or warrants or otherwise as compensation. Furthermore, this discussion does not address any state, local or foreign tax considerations. **We urge you to consult your own tax advisor as to the specific tax consequences of the merger, including the applicable federal, state, local and foreign tax consequences to you of the merger.**

As used herein, a U.S. Holder means a holder of shares of Nextel capital stock who holds those shares as capital assets within the meaning of the Code (generally, for investment purposes) and is for U.S. federal income tax purposes (1) a citizen or resident of the United States, (2) a corporation or other entity taxable as a corporation organized under the laws of the United States or any political subdivision thereof (including the states and the District of Columbia), (3) a trust if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or the trust has made a valid election under the applicable U.S. Treasury regulations to be treated as a U.S. person, or (4) an estate that is subject to U.S. federal income tax regardless of its source. As used herein, a Non-U.S. Holder means any holder of Nextel capital stock who is not a U.S. Holder.

This discussion is based on the Code, applicable U.S. Treasury regulations, judicial authority and administrative rulings and practice, all as of the date of this joint proxy statement/prospectus, as well as representations as to factual matters made by, among others, Nextel and Sprint. Future legislative, judicial, or administrative changes or interpretations, which may or may not be retroactive, or the failure of any such factual representation to be true, correct and complete in all material respects, may adversely affect the accuracy of the statements and conclusions described in this joint proxy statement/prospectus.

The opinions set forth herein have been rendered on the basis of factual representations and covenants (including representations and covenants regarding the absence of changes in existing facts and that the merger will be completed in accordance with this joint proxy statement/prospectus and the merger agreement) and including the representations contained in representation letters of Sprint and Nextel. All of the representations must be true and accurate in all respects as of the effective date of the registration statement and must continue to be true and accurate in all respects as of the effective time of the merger. If any of those representations are inaccurate, incomplete or untrue or any of the covenants are breached, the conclusions contained in the opinions stated herein could be affected. No ruling has been or will be sought from the IRS as to the U.S. federal income tax consequences of the merger (except in relation to any effect of the contemplated spin-off of the local telecommunications business on the tax treatment of the merger), and the opinions of counsel will not be binding on the IRS or any court. Neither Nextel nor Sprint is currently aware of any facts or circumstances that would cause any representations made by it to Cravath, Swaine & Moore LLP or Paul, Weiss, Rifkind, Wharton & Garrison LLP to be untrue or incorrect in any material respect.

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The Merger

Subject to the qualifications and limitations set forth herein:

The merger will constitute a reorganization within the meaning of Section 368(a) of the Code and Nextel, Sprint and the Sprint subsidiary into which Nextel will merge pursuant to the terms of the merger agreement each will be a party to that reorganization within the meaning of Section 368(b) of the Code.

Nextel stockholders will not recognize gain or loss upon receipt of shares of Sprint Nextel capital stock in exchange for their shares of Nextel capital stock, except, in the case of holders of Nextel common stock, as discussed below under Tax Treatment of Per Share Cash Amounts and under Tax Treatment of Cash Received Instead of Fractional Shares.

The aggregate tax basis of the shares of Sprint Nextel capital stock that Nextel stockholders receive in exchange for their shares of Nextel capital stock in the merger, including fractional shares for which cash is ultimately received, will be the same as the aggregate tax basis of the shares of Nextel capital stock held by that holder, decreased, in the case of holders of Nextel common stock, by the cash amount received (other than cash received in lieu of fractional shares) and increased by the amount of gain recognized by that Nextel stockholder in the merger (other than with respect to cash received in lieu of fractional shares).

The holding period for shares of Sprint Nextel capital stock that Nextel stockholders receive in the merger will include the holding period of the shares of Nextel capital stock converted in the merger into the right to receive shares of Sprint Nextel capital stock.

Tax Treatment of Per Share Cash Amounts

A Nextel stockholder will recognize gain to the extent that it receives cash in exchange for its shares of Nextel common stock and the fair market value of all consideration received (including Sprint Nextel series 1 common stock or non-voting common stock) exceeds its tax basis. The amount of gain a Nextel stockholder will recognize is equal to the lesser of (1) the cash amount it receives (other than cash received in lieu of fractional shares) and (2) the sum of the cash amount (other than cash received in lieu of fractional shares) and the fair market values of the Sprint Nextel series 1 common stock or non-voting common stock it receives minus its adjusted tax basis in the shares of Nextel capital stock exchanged therefor. The gain recognized by a Nextel stockholder will be capital gain, unless the distribution of cash to such holder has the effect of the distribution of a dividend. In that case, the gain would be treated as ordinary dividend income to the extent of such holder s ratable share of the undistributed earnings and profits of Sprint Nextel as of the date of the merger and any excess would be treated as capital gain.

In general, the determination as to whether the gain recognized by a Nextel stockholder will be treated as capital gain or dividend income depends upon whether and to what extent the transactions related to the merger will be deemed to reduce its percentage ownership of Nextel following the merger. For purposes of that determination, a stockholder is treated as if it first exchanged all of its shares of Nextel class A common stock solely for Sprint Nextel series 1 common stock, or Nextel class B common stock solely for Sprint Nextel non-voting common stock, and then Sprint Nextel immediately redeemed (the deemed redemption) a portion of those shares of Sprint Nextel series 1 common stock or Sprint Nextel non-voting common stock, as applicable, in exchange for the per share cash amount the stockholder actually received.

The IRS has ruled that a minority stockholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs qualifies for capital gain treatment if that stockholder has a relatively minor reduction in its percentage of stock ownership as a result of the redemption. As a result, a holder of a minimal percentage interest in Nextel capital stock that does not also

own any Sprint capital stock before the merger should qualify for capital gain treatment. Each stockholder is urged to consult its tax advisor with respect to this determination.

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If a Nextel stockholder s receipt of cash has the effect of the distribution of a dividend under the foregoing rules, recognized gain will be treated as dividend income only to the extent of its ratable share of the undistributed earnings and profits of Sprint Nextel.

Tax Treatment of Cash Received Instead of Fractional Shares

If a Nextel stockholder receives cash instead of a fractional share of Sprint Nextel series 1 common stock or non-voting common stock, that stockholder will recognize gain or loss equal to the difference, if any, between its tax basis in the fractional share (as described above) and the amount of cash received. The gain or loss generally will constitute capital gain or loss if the holding period in the shares of Nextel capital stock surrendered in the merger is greater than 12 months as of the date of the merger.

Nextel stockholders who exercise appraisal rights with respect to their shares of Nextel capital stock and receive payment for those shares in cash generally will recognize gain or loss, measured by the difference between the amount of cash received and the stockholder s adjusted tax basis in such shares. Nextel stockholders who exercise appraisal rights with respect to the merger are urged to consult their own tax advisors.

Backup Withholding

Non-corporate holders of Nextel class A common stock may be subject to backup withholding on cash payments received. Backup withholding will not apply, however, to a stockholder who furnishes a correct taxpayer identification number and certifies, under penalties of perjury, that it is not subject to backup withholding on a Form W-9, and otherwise complies with applicable requirements of the backup withholding rules, or is a corporation or otherwise exempt from backup withholding and, when required, demonstrates this fact.

A stockholder who fails to provide the correct taxpayer identification number on Form W-9 may be subject to penalties imposed by the IRS. Sprint Nextel will provide a Form W-9 to each Nextel stockholder after the merger. Any amount withheld under these rules will be creditable against the stockholder s federal income tax liability.

Reporting Requirements

Each Nextel stockholder will be required to attach a statement to its tax return for the taxable year in which the merger is completed that contains the information set forth in Section 1.368-3(b) of the U.S. Treasury regulations. The statement must include the stockholder s tax basis in the Nextel capital stock surrendered and a description of the Sprint capital stock and cash received in the merger.

Opinions Regarding Tax Treatment to be Delivered at the Time of Completion of the Merger

Sprint and Nextel have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Sprint s and Nextel s respective obligations to complete the merger that, at the time of completion of the merger, it receive an opinion from

Cravath, Swaine & Moore LLP, counsel to Sprint, or Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel to Nextel, as applicable, that, based on the factual representations and covenants set forth or referred to therein, the merger will so qualify.

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THE MERGER AGREEMENT

The following discussion summarizes material provisions of the merger agreement, a composite copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety, as well as this joint proxy statement/prospectus, before making any decisions regarding the merger.

Form and Effective Time of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, at the effective time of the merger, Nextel will merge with and into S-N Merger Corp., a wholly owned Delaware subsidiary of Sprint. S-N Merger Corp. will survive the merger as a wholly owned subsidiary of Sprint, and Sprint will be renamed Sprint Nextel upon completion of the merger. At Sprint s election, any direct or indirect wholly owned entity may be substituted for S-N Merger Corp. as a constituent corporation in the merger.

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later time as may be agreed upon by Sprint and Nextel and as specified in the certificate of merger. The filing of the certificate of merger will occur as soon as practicable after the conditions to completion of the merger have been satisfied or waived.

Consideration to be Received in the Merger

Nextel Common Stock

Nextel Class A Common Stock. At the completion of the merger, each outstanding share of Nextel class A common stock will be converted into the right to receive (1) a number of shares of Sprint Nextel series 1 common stock equal to the stock exchange ratio, as described below (together with the associated preferred stock purchase rights under Sprint s rights agreement), and (2) the per share cash amount, which will be an amount in cash equal to the cash ratio, as described below, multiplied by the average of the per share closing sales price of shares of Sprint series 1 common stock on the NYSE during the 20 trading day period ending on (and including) the date of completion of the merger. The merger agreement provides that the stock exchange ratio will be 1.28 and the cash ratio will be 0.02, subject to adjustment. As of the date of completion of the merger, the stock exchange ratio and the cash ratio will be proportionally adjusted, which we refer to as the exchange ratio adjustment, so that (1) the holders of Nextel capital stock will receive in the merger, in the aggregate, capital stock of Sprint Nextel representing the maximum amount: (a) that does not exceed 49.9% of the total combined voting power of all classes of Sprint Nextel capital stock (which means one vote per share for the series 1 common stock, 10% of one vote per share for the series 2 common stock, zero votes per share for the Sprint Nextel non-voting common stock, and, in the case of each share of Sprint Nextel seventh series preferred stock, the aggregate voting power of the shares of series 1 common stock or series 2 common stock, as the case may be, into which that share of seventh series preferred stock is convertible immediately following the date of completion of the merger, and, in the case of each share of Sprint Nextel ninth series preferred stock, the aggregate voting power of the shares of series 1 common stock into which that share of Sprint Nextel ninth series preferred stock is convertible immediately following the completion of the merger) issued and outstanding (which excludes any Sprint Nextel capital stock held by Sprint Nextel in treasury or by any consolidated subsidiary of Sprint Nextel and any shares of Sprint Nextel capital stock issuable pursuant to any options, derivatives, convertible instruments (other than the Sprint Nextel ninth series preferred stock to the extent provided above) or other equity-linked securities) immediately following the completion of the

merger; and (b) that permits Sprint and Nextel (after consultation with outside counsel) each to confirm that, despite the issuance of Sprint Nextel capital stock in the merger, Section 355(e) of the Code (substituting 49.9% for 50% whenever applicable in that section) will not apply to the spin-off of Sprint s local telecommunications business,

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taking into account any applicable regulation, ruling, pronouncement or other administrative guidance from the IRS or the U.S. Treasury and the factors and adjustments listed below, and (2) subject to the cash limit described below, the sum of the stock exchange ratio and the cash ratio will be 1.3. See Contemplated Spin-off of Local Telecommunications Business Tax Matters Related to the Spin-off beginning on page 98.

Nextel Class B Common Stock. At the completion of the merger, each outstanding share of Nextel class B common stock will be converted into the right to receive (1) a number of shares of Sprint Nextel non-voting common stock equal to the stock exchange ratio (together with the associated preferred stock purchase rights under Sprint s rights agreement) and (2) the same per share cash amount as is payable with respect to the Nextel class A common stock. The stock exchange ratio and the per share cash amount will be determined at the completion of the merger as described above. The Sprint Nextel non-voting common stock will be created in connection with the merger.

Cash Limit. The aggregate amount of cash payable by Sprint to holders of Nextel common stock (other than for fractional shares) will not exceed $2.8 billion, which we refer to as the cash limit. If the aggregate of the per share cash amounts payable to holders of Nextel common stock after adjustment of the stock exchange ratio and the cash ratio as described above would exceed the cash limit, the per share cash amount will be reduced as necessary so that the aggregate amount of cash payable by Sprint does not exceed the cash limit. In that event, the stock exchange ratio will nevertheless be reduced as described above, and the sum of the stock exchange ratio and the cash ratio would be less than 1.3 and the aggregate value of the consideration received with respect to each share of Nextel common stock would be less than the value of 1.3 shares of Sprint Nextel common stock. If, however, the aggregate of the per share cash amount would exceed the cash limit as a result of a change in law or guidance from the IRS or the U.S. Treasury, no cash will be paid to holders of Nextel common stock, the stock exchange ratio will be 1.3, and Sprint and Nextel will not be obligated to, and anticipate that they would not, pursue the spin-off of the resulting company s local telecommunications business as described below under Contemplated Spin-off of Local Telecommunications Business beginning on page 97.

In connection with the exchange ratio adjustment, each of Sprint and Nextel will base the confirmation under Section 355(e) of the Code, as described above, on all the facts and circumstances existing on the date of completion of the merger (including facts and circumstances relating to periods after that date that may arise from facts and circumstances existing on that date, which we refer to as post-merger facts), including the following:

the number and voting rights of the shares of Sprint and Nextel capital stock actually outstanding, for U.S. federal income tax purposes, immediately prior to the completion of the merger (excluding shares of Sprint capital stock held by or on behalf of Sprint or any of Sprint s subsidiaries, including pursuant to a rabbi trust arrangement);

any restrictions on the transfer, conversion or voting of shares of capital stock of Sprint or Nextel in effect at the completion of the merger;

any change in law or official or unofficial administrative guidance from the IRS or the U.S. Treasury;

overlapping ownership of Sprint and Nextel as determined under Section 355(e)(3)(A)(iv) of the Code, but only to the extent actually established (based on satisfactory documentation) as of the date of completion of the merger or otherwise permitted to be taken into account under an applicable IRS letter ruling or as mutually determined by the parties; and

any change in a material relevant fact (including either party s knowledge of preexisting relevant facts), or a new relevant fact, occurring before completion of the merger.

Except with the consent of Nextel, the confirmation by Sprint may not take into account post-merger facts that are not determinable at the time of completion of the merger, to the extent that taking those post-merger facts into account would cause the aggregate per share cash amounts payable by Sprint Nextel to the holders of Nextel

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common stock to exceed the cash limit. For a description of Section 355(e) of the Code and tax matters related to the spin-off generally, see Contemplated Spin-off of Local Telecommunications Business Tax Matters Related to the Spin-off beginning on page 98.

Illustration of Adjustments to Merger Consideration

Based on outstanding share numbers and other facts as of April 29, 2005 and using the following assumptions, the stock exchange ratio would be 1.2769, the cash ratio would be .0231 and the aggregate cash merger consideration would be approximately $600 million:

- the average of closing sales prices of Sprint series 1 common stock for the 20 trading days ending on (and including) the date of completion of the merger is $22.74 (which was the closing sales price of Sprint series 1 common stock on May 19, 2005);
- Nextel s preferred stock is assumed to be fully converted into Nextel class A common stock;
- Nextel s class B common stock is deemed not converted into class A common stock based on the agreement reached with Motorola described above;
- none of Sprint s series 2 common stock is deemed converted into Sprint series 1 common stock; and
- overlapping ownership of no less than approximately .3% of the outstanding shares of each of the Sprint series 1 common stock and the Nextel class A common stock immediately prior to the merger will be established to the satisfaction of Sprint and Nextel.

Adjustments to the Stock Exchange Ratio and Cash Ratio

Because the adjustments to the stock exchange ratio and cash ratio are designed to ensure that former holders of Nextel capital stock will acquire no more than 49.9% of Sprint Nextel capital stock for accounting or tax purposes, issuance of Sprint and Nextel capital stock pursuant to the exercise of employee stock options and conversion of non-voting securities into voting common stock before the merger is completed, among other factors, would result in adjustments to the stock exchange ratio and cash ratio.

Generally, if relatively more shares of Nextel common stock than Sprint common stock are issued pursuant to the exercise of employee stock options, the stock exchange ratio would be adjusted lower and the cash ratio higher, subject to the $2.8 billion cash limit. Conversely, generally, if relatively more shares of Sprint common stock than Nextel common stock are issued pursuant to the exercise of employee stock options, the stock exchange ratio would be adjusted higher and the cash ratio lower, up to a maximum stock exchange ratio of 1.3 with no cash.

Assuming a $29.05 trading price of Nextel class A common stock (the closing price as of May 19, 2005) and normal course option grants before the date of completion of the merger, employee stock options exercisable for about 41.9 million shares of Nextel class A common stock would be expected to be in-the-money and exercisable before August 31, 2005, which we assume for this purpose will be the date that the merger is completed. In-the-money means that the exercise price under the option is below that trading price. No options exercisable for shares of Nextel class A common stock are scheduled to expire before August 31, 2005. However, employee stock options would expire by their terms

when an employee leaves the company.

Assuming a $22.74 trading price for Sprint series 1 common stock (the closing price as of May 19, 2005) and normal course option grants before the date of completion of the merger, employee stock options exercisable for about 54.1 million shares of Sprint series 1 common stock would be expected to be in-the-money and

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exercisable before August 31, 2005. No options exercisable for shares of Sprint series 1 common stock are scheduled to expire before August 31, 2005. However, employee stock options would expire by their terms when an employee leaves the company.

Conversion of low-voting or non-voting shares into voting shares could also affect the adjustment. Each share of Sprint s series 2 common stock has 1/10th of a vote but converts into series 1 common stock with full voting rights upon a sale by the holder to a non-cable holder and in certain other circumstances. Nextel s class B common stock is non-voting but converts to voting class A common stock if sold by its current holder, Motorola.

Nextel has entered into an agreement with Motorola in which Motorola agreed not to dispose of its class B common stock in a transaction or exercise other rights that would result in conversion of the Nextel class B common stock into class A common stock. See The Merger Motorola Agreement beginning on page 74.

The adjustments to the stock exchange ratio and cash ratio for issuance of shares pursuant to employee stock options and conversion of low-voting or non-voting securities and the other adjustments required pursuant to the merger agreement as described above will affect only the allocation of the merger consideration between cash and stock because the sum of the stock exchange ratio and the cash ratio will always be 1.3, subject to the $2.8 billion cash limit. If the adjustments to the ratio and increases in the trading prices of Sprint series 1 common stock caused the total cash merger consideration to exceed the $2.8 billion cash limit, unless the adjustments are a result of a change in law or guidance from the IRS or the U.S. Treasury, the cash ratio would be decreased without a corresponding increase in the stock exchange ratio and the total value of the consideration received with respect to each share of Nextel common stock would be less than the value of 1.3 Sprint Nextel common shares.

$2.8 Billion Cash Limit

We believe that it is unlikely that the cash limit will be implicated unless market prices for Sprint series 1 common stock increase substantially. Increases in market prices of Sprint series 1 common stock are relevant because the amount of cash consideration is determined by multiplying the cash ratio by the trading prices of Sprint series 1 common stock for the 20 trading days ending on (and including) the date of completion of the merger. The level at which these market price increases would implicate the cash limit depends on the extent to which other factors described in this section result in more or less total cash consideration. A key factor in determining whether the market price increases would implicate the cash limit is the extent to which exercises of Nextel employee stock options are disproportionate to exercises of Sprint employee stock options.

Disproportionate stock option exercises should not, in the absence of other factors, cause the cash limit to be implicated. To illustrate, if market prices remain at or below their current levels and assuming no other material adjustments are required other than those described in the first paragraph above under Illustration of Adjustments to Merger Consideration, we do not believe that the total cash consideration would exceed $2.8 billion even if 100% of the in-the-money Nextel employee stock options expected to be outstanding at August 31, 2005 were exercised and no in-the-money Sprint employee stock options were exercised.

Assuming that there were no disproportionate exercises of employee stock options of Sprint and Nextel that resulted in an adjustment to the stock exchange and cash ratios (and assuming for this purpose that no adjustments are required other than those described in the first paragraph above under Illustration of Adjustments to Merger Consideration and that the number of outstanding Nextel common shares has increased to approximately 1,160 million shares from 1,130 million shares), the total cash merger consideration would not exceed $2.8 billion unless and until Sprint series 1 common stock trades higher than $104 per share for the 20 trading days ending on (and including) the date of completion of the merger. In those circumstances, the value of the merger consideration per Nextel common share at $104 per share of Sprint series 1 common stock would be $135, consisting of $133 in Sprint Nextel shares and $2 in cash.

Adjustments to the stock exchange and cash ratios may also be required under the merger agreement if there are changes in law or guidance from the IRS or the U.S. Treasury that are relevant to the requirements that must be met in order to preserve the tax-free nature of the contemplated spin-off of Sprint Nextel s local

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telecommunications business. If, however, adjustments due to these changes would cause the cash limit to be exceeded, the stock exchange ratio would be 1.3 and the cash ratio would be zero, and the parties would not be obligated to, and it is anticipated that they would not, pursue the spin-off.

As described above, the merger agreement also provides that any change in a material relevant fact (including either party s knowledge of preexisting relevant facts), or a new relevant fact, occurring before the completion of the merger will be taken into account in Sprint s and Nextel s confirmations under Section 355(e) of the Code. As of the date of this joint proxy statement/prospectus, we are not aware of any fact that, taken together with known facts, would result in adjustments to the stock exchange and cash ratios that would cause the total cash merger consideration to be in excess of the cash limit.

Nextel Preferred Stock

At the completion of the merger, each share of Nextel preferred stock will be converted into one share of Sprint Nextel ninth series preferred stock having substantially the same terms as a share of Nextel preferred stock so converted. The Sprint Nextel ninth series preferred stock will be created in connection with the merger. All outstanding shares of Nextel preferred stock are redeemable and are expected to be redeemed or converted prior to completion of the merger. If the Nextel preferred stock is redeemed or converted prior to the completion of the merger, no shares of Sprint Nextel ninth series preferred stock will be issued in the merger.

Fractional Shares

Holders of Nextel common stock will receive cash for any fractional shares which they might otherwise receive in the merger based on the closing price of Sprint series 1 common stock on the NYSE on the date the merger is completed.

Procedures for Exchange of Certificates

The conversion of each share of Nextel capital stock into the applicable series or class of Sprint Nextel capital stock, as described above under Consideration to be Received in the Merger, will occur automatically at the completion of the merger. At or before completion of the merger, Sprint and Nextel will engage an exchange agent to handle the exchange of Nextel common stock certificates for Sprint Nextel stock certificates and the payment of cash in the merger. As soon as practicable after the merger, the exchange agent will send a transmittal letter to each former holder of Nextel common stock. The transmittal letter will contain instructions with respect to obtaining the merger consideration in exchange for shares of Nextel stock. Nextel stockholders should not send stock certificates with the enclosed proxy.

After completion of the merger, each certificate that previously represented shares of Nextel common stock will represent only the right to receive the applicable merger consideration as described above under Consideration to be Received in the Merger, including the per share cash amount and cash for any fractional shares of Sprint Nextel common stock, or the right to receive cash for the fair value of those shares for which appraisal rights have been perfected. After completion of the merger, each certificate that previously represented shares of Nextel preferred stock will not be exchanged and will represent the number of shares of Sprint Nextel ninth series preferred stock into which it converted as described above under Consideration to be Received in the Merger; however, Nextel preferred stockholders may exchange their Nextel preferred stock certificates for new certificates reflecting the Sprint Nextel name after completion of the merger.

Nextel stockholders have the right to dissent from the merger and seek appraisal of their shares. In order to assert dissenters rights, Nextel stockholders must comply with the requirements of Delaware law as described under The Merger Appraisal Rights beginning on page 76.

None of Nextel, Sprint, the exchange agent, or any other person will be liable to holders of shares of Nextel common stock for any amount delivered in good faith to a public official under applicable abandoned property, escheat or similar laws.

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After completion of the merger, Nextel will not register any transfers of the shares of Nextel capital stock. Sprint stockholders need not exchange their stock certificates; however, Sprint stockholders may exchange their Sprint stock certificates for new stock certificates reflecting the Sprint Nextel name after completion of the merger.

Representations and Warranties

The merger agreement contains customary representations and warranties made by Sprint and Nextel to each other. The representations and warranties of Sprint and Nextel are qualified in their entirety by the information filed by such party with the SEC between January 1, 2004 and December 8, 2004, excluding any risk factor disclosure in such filings (which filings are available without charge at the SEC s website, *www.sec.gov*). These representations and warranties relate to, among other things:

- corporate organization and similar corporate matters;
- subsidiaries;
- capitalization;
- authorization, execution, delivery, performance and enforceability of, and required consents, approvals, orders and authorizations of governmental entities relating to, the merger agreement and related matters;
- documents filed with the FCC and the SEC and the accuracy of information contained in those documents;
- financial statements and the absence of undisclosed liabilities;
- payment of fees of brokers, investment bankers, finders and financial advisors;
- absence of a material adverse effect since September 30, 2004;
- operation in the ordinary course of business between September 30, 2004 and the date of the merger agreement;
- legal proceedings;
- filing of tax returns, payment of taxes and other tax matters;
- matters relating to employees, the Employee Retirement Income Security Act of 1974 and employment agreements;

internal controls;

licenses, compliance with applicable laws and agreements with regulatory agencies;

certain material contracts;

environmental matters;

satisfaction of state takeover statutes requirements in Kansas and Delaware, as applicable, and, in the case of Sprint, its rights agreement;

receipt of fairness opinions from financial advisors;

the accuracy of information supplied in connection with this joint proxy statement/prospectus and the registration statement of which it is a part; and

affiliate transactions.

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Conduct of Business Pending the Merger

Under the merger agreement, each of Sprint and Nextel has agreed that, from the date of the merger agreement until the completion of the merger, except as expressly contemplated or permitted by the merger agreement, it will, and will cause each of its subsidiaries to, conduct its business in the ordinary course in all material respects, use reasonable best efforts to maintain and preserve intact its business organization and advantageous business relationships, retain the services of its officers and key employees and take no action that would prohibit or materially impair or delay the ability of either party to obtain any necessary approvals of any regulatory agency or other governmental entity required for the merger or the contemplated spin-off.

In addition, each of Sprint and Nextel has agreed that, from the date of the merger agreement until the completion of the merger, subject to certain exceptions, neither it nor any of its subsidiaries may without the consent of the other party:

- other than in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money (other than indebtedness incurred to refinance existing indebtedness or pursuant to its existing revolving credit facility (or, in the case of Sprint, its accounts receivable asset securitization facilities), or any renewal or refinancing thereof), or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity, or make any loan or advance;

- adjust, split, combine or reclassify any of its capital stock;

- make, declare or pay any dividend, or make any other distribution on, or redeem or acquire, any shares of its capital stock or any securities or obligations convertible into or exchangeable for any shares of its capital stock, except dividends paid on preferred stock outstanding on the date of the merger agreement, purchases in connection with certain options and stock-based awards or, in the case of Sprint, dividends paid on preferred stock issued under its rights agreement or regular quarterly dividends with respect to shares of Sprint common stock;

- grant any stock appreciation right or any right to acquire any shares of its capital stock, other than (1) in the case of Sprint, under its rights agreement, (2) regular stock option grants or grants in connection with other stock-based awards under its stock plans, grants to newly-hired employees or grants in connection with employee promotions, in each case consistent with past practice under its stock plans, or (3) pursuant to certain other benefit plans or employment agreements as in effect on the date of the merger agreement;

- issue any additional shares of capital stock or voting debt or any securities convertible into or exchangeable for, or any warrants or options to acquire, any such shares or voting debt, except (1) pursuant to the exercise of stock options or the satisfaction of any stock-based awards, in each case outstanding as of the date of the merger agreement or issued thereafter as permitted by the merger agreement, (2) in the case of Sprint, under its rights agreement, (3) pursuant to certain other plans as in effect on the date of the merger agreement, or (4) upon the conversion of convertible securities outstanding as of the date of the merger agreement;

- increase, decrease, change or exchange any preferred stock or, in the case of Sprint only, Sprint series 2 common stock, in each case for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in capitalization, except as required by the terms thereof as in effect on the date of the merger agreement;

other than in the ordinary course of business consistent with past practice, or as required to comply with applicable law or a benefit plan as in effect on the date of the merger agreement or a collective bargaining agreement or certain other agreements, (1) increase the wages, salaries, compensation, bonus, pension or other benefits or perquisites payable to any officer or employee, (2) grant or increase any severance, change in control, termination or similar compensation or benefits payable to any officer

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or employee, (3) pay any bonus, (4) adopt, enter into, terminate or amend in any material respect any benefit plan or any collective bargaining agreement, other than the entry into of employment agreements with newly hired or promoted non-executive employees and, in the case of Sprint, the renewal or replacement of collective bargaining or similar agreements with respect to employees of the local telecommunications business, (5) enter into certain related party transactions, or (6) accelerate the time of payment or vesting of, or the lapsing of restrictions with respect to, or fund or otherwise secure the payment of, any compensation or benefits under any benefit plan;

sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets, or cancel, release or assign any material indebtedness or any material claims held by it or any of its subsidiaries, other than in the ordinary course of business consistent with past practice;

enter into any material new line of business;

make any acquisition or investment or make any capital expenditures, other than acquisitions of assets used in its operations in the ordinary course of business, or acquisitions, investments and capital expenditures not in excess of certain specified amounts;

amend its organizational documents or, in the case of Sprint, amend its rights agreement, or otherwise take any action to exempt any person or any action taken by any person from any takeover statute or similarly restrictive provisions of its organizational documents or, in the case of Sprint, its rights agreement;

settle any material claim, action or proceeding, except in the ordinary course of business or to the extent covered by existing reserves;

take any action that is intended or would be reasonably likely to result in any of the conditions to the merger not being satisfied, except as required by applicable law;

implement or adopt any material change in its tax accounting or financial accounting policies, practices or methods, except as required by applicable law, U.S. generally accepted accounting principles or regulatory guidelines;

other than in the ordinary course of business and other than the renewal or refinancing of existing credit facilities or other indebtedness, amend in any material respect, waive any of its material rights under, or enter into, any material contract; or

agree or commit to take any of the actions described above.

Reasonable Best Efforts; Other Agreements

Each of Sprint and Nextel has agreed to use its reasonable best efforts to:

take all actions necessary, proper or advisable to comply promptly with all legal requirements with respect to the merger and to consummate the transactions contemplated by the merger agreement as soon as practicable;

obtain, and cooperate with the other party to obtain, any consent, authorization, order or approval of, or any exemption by, any governmental entity or third party that is required in connection with the merger;

promptly prepare and file all documentation to effect all applications, notices, petitions and filings to obtain as promptly as practicable all permits, consents, approvals and authorizations that are necessary or advisable to complete the merger and comply with the terms and conditions of all those permits, consents, approvals and authorizations;

contest and resist any administrative or judicial action or proceeding, including any proceeding by a private party, that is instituted, or threatened to be instituted, challenging any transaction contemplated by the merger agreement; and

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have vacated, lifted, reversed or overturned any judgment, injunction or other order that is in effect and that prohibits, prevents or restricts the completion of the merger and to have any statute, rule, regulation or injunction that is in effect and that would make the merger illegal or would otherwise prohibit or materially impair or delay the completion of the merger repealed, rescinded or made inapplicable.

The merger agreement provides that neither Sprint nor Nextel is required to agree to or effect any divestiture or take any other action if doing so would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Sprint or Nextel.

The merger agreement also provides that Sprint and Nextel will consult with each other with respect to obtaining all permits, consents, approvals and authorizations necessary or advisable to complete the merger and will keep each other apprised of the status of matters relating to completion of the merger and communications relating to the merger and the contemplated spin-off of the local telecommunications business.

Before the completion of the merger, Sprint has agreed to use its reasonable best efforts to cause the shares of Sprint Nextel series 1 common stock to be issued in the merger to be authorized for listing on the NYSE, subject to official notice of issuance.

Conditions to Completion of the Merger

Each party s obligation to effect the merger is subject to the satisfaction or waiver of various conditions at or prior to the time of completion of the merger, which include the following:

receipt of the approval of the holders of capital stock of Nextel and Sprint required for the completion of the merger, and filing of the amended and restated articles of incorporation in the form attached as Annex G with the Secretary of State of the State of Kansas;

expiration or termination of the waiting period applicable to the merger under the Hart-Scott-Rodino Act;

receipt of the authorization from the FCC required to complete the merger;

receipt of all approvals, if any, of state public service or public utility commissions, except where the failure to obtain those approvals would not, individually or in the aggregate, reasonably be expected to (1) materially impair Sprint s and Nextel s ability to achieve the overall benefits expected to be realized from the merger or (2) provide a reasonable basis to conclude that Sprint or Nextel or their respective directors or officers would be subject to the risk of criminal liability;

no order, injunction or decree preventing the completion of the merger being in effect, and no laws having been enacted or promulgated by any governmental entity having the effect of prohibiting the merger or making it illegal;

the authorization for listing on the NYSE, subject to official notice of issuance, of the shares of Sprint Nextel series 1 common stock to be issued to holders of Nextel class A common stock; and

the registration statement, of which this joint proxy statement/prospectus is a part, having been declared effective by the SEC under the Securities Act and not being the subject of any stop order or threatened or pending proceedings seeking a stop order.

In addition, each party s obligation to effect the merger is further subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party regarding the capital structure, authority, non-contravention of laws, absence of conflicts, breaches and defaults, state takeover laws and, in the case of Sprint, its rights agreement set forth in the merger agreement being true and correct in all material respects on the date of the merger agreement and on the date on which the merger is to be completed as if made as of that date or, if these representations and warranties expressly relate to an earlier date, then as of that earlier date;

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the other representations and warranties of the other party set forth in the merger agreement being true and correct on the date of the merger agreement and on the date on which the merger is to be completed as if made as of that date or, if these representations and warranties expressly relate to an earlier date, then as of that earlier date, except where the failure of these representations and warranties to be true and correct, without giving effect to any limitation as to materiality or material adverse effect, individually or in the aggregate, does not have, and would not be reasonably expected to have, a material adverse effect on the party making the representations and warranties;

the other party to the merger agreement having performed in all material respects all obligations required to be performed by it under the merger agreement at or before the date on which the merger is to be completed;

with respect to Sprint s obligation to effect the merger, Sprint having received from Cravath, Swaine & Moore LLP an opinion, dated as of the date on which the merger is to be completed, to the effect that (1) the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (2) Sprint, S-N Merger Corp. and Nextel each will be a party to that reorganization within the meaning of Section 368(b) of the Code; and

with respect to Nextel s obligation to effect the merger, Nextel having received from Paul, Weiss, Rifkind, Wharton & Garrison LLP an opinion, dated as of the date on which the merger is to be completed, to the effect that (1) the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (2) Sprint, S-N Merger Corp. and Nextel each will be a party to that reorganization within the meaning of Section 368(b) of the Code.

The merger agreement provides that a material adverse effect means, when used with respect to Sprint or Nextel, any change, effect, event, occurrence or state of facts that has had or would be reasonably expected to have a material adverse effect on (1) the ability of Sprint or Nextel, as the case may be, to complete the merger in the manner contemplated by the merger agreement or (2) the business, results of operations or financial condition of that company and its subsidiaries, taken as a whole, other than any effects resulting from:

changes after the date of the merger agreement in U.S. generally accepted accounting principles or the accounting rules and regulations of the SEC;

changes in or relating to the U.S. economy or U.S. financial, credit or securities markets in general and which do not affect Sprint or Nextel, as the case may be, to a materially disproportionate degree relative to other entities operating in those markets; or

changes in or relating to the industries in which Sprint or Nextel, as the case may be, operates or the markets for its products or services in general and which do not affect Sprint or Nextel, as the case may be, to a materially disproportionate degree relative to other entities operating in those industries or serving those markets.

The merger agreement provides that any or all of the conditions described above may be waived, in whole or in part, by Sprint or Nextel, to the extent legally allowed. Neither Sprint nor Nextel currently expects to waive any material condition to the completion of the merger. If either Sprint or Nextel determines to waive any condition to the merger that would result in a material and adverse change in the terms of the merger to Nextel or Sprint stockholders (including any change in the tax consequences of the transaction to Nextel stockholders) proxies would be resolicited from the Sprint or Nextel stockholders.

No Solicitation

In the merger agreement, each of Sprint and Nextel has agreed that it will not directly or indirectly:

solicit, initiate, encourage or facilitate (including by furnishing information), or take any other action designed to facilitate, any acquisition proposal, as described below; or

participate in any discussions or negotiations regarding, or furnish to any person any information in connection with, an acquisition proposal.

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There is an exception if, at any time before the date that the vote required to be obtained from its stockholders in connection with the merger has been obtained, Sprint s or Nextel s board of directors determines in good faith that an acquisition proposal that did not result from a breach of the no solicitation provision described above constitutes or is reasonably likely to lead to a superior proposal, as described below. Subject to providing prior or contemporaneous notice to the other party of its decision to take that action and entering into a confidentiality agreement containing confidentiality terms substantially similar to those of the confidentiality agreement between Sprint and Nextel, Sprint or Nextel may:

- furnish information to any person making any such acquisition proposal and
- enter into discussions with any such person.

The merger agreement provides that:

- the term acquisition proposal means any inquiry or proposal regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including by way of tender offer or exchange offer) or similar transaction that, if completed, would constitute an alternative transaction, which means (1) a transaction in which any third person (or group of persons), other than the other party to the merger agreement or its affiliates, acquires or would acquire more than 20% of the outstanding shares of common stock or the outstanding voting power of Nextel or Sprint, as applicable, whether from such party, by tender offer, exchange offer or otherwise, (2) a merger (other than the merger to which this joint proxy statement/prospectus relates), share exchange, consolidation, business combination, recapitalization or any other transaction involving Nextel or Sprint, as applicable, in which any third person (or group of persons), other than the other party to the merger agreement or its affiliates, that is a party to such transaction, or its stockholders, owns or would own more than 20% of the outstanding shares of common stock or the outstanding voting power of the applicable party or, if applicable, the parent entity resulting from any such transaction, or (3) a transaction in which any third person (or group of persons), other than the other party to the merger agreement or its affiliates, acquires or would acquire more than 20% of the fair market value of all the assets of that party and its subsidiaries, taken as a whole; and
- the term superior proposal means a bona fide written proposal or offer made by a third person or group of persons to consummate (1) a merger, share exchange, consolidation, business combination or similar transaction pursuant to which the stockholders of Sprint or Nextel, as the case may be, would hold less than 50% of the outstanding shares of common stock of, and less than 50% of the outstanding voting power of, Sprint or Nextel, as the case may be, or the parent entity resulting from that transaction immediately upon completion of the transaction, (2) the acquisition by any third person or group of persons of more than 50% of the outstanding shares of common stock of, and more than 50% of the outstanding voting power of, Sprint or Nextel, as the case may be, or (3) the acquisition by any third person or group of persons of more than 50% of the fair market value of all the assets of Sprint or Nextel, as the case may be, and its subsidiaries, taken as a whole, in each case that the relevant board of directors of Sprint or Nextel determines in good faith to be more favorable from a financial point of view to its stockholders than the merger.

The merger agreement also provides that, except as described below, the board of directors of Sprint or Nextel may not:

- withdraw or modify in a manner adverse to the other party its recommendation of, in the case of Nextel, the merger or the merger agreement or, in the case of Sprint, the adoption of the Sprint Nextel amended and restated articles of incorporation or the issuance of shares of Sprint capital stock in the merger;
- recommend the approval of any acquisition proposal; or

resolve, agree or propose publicly to take any of those actions (we refer to any of the foregoing actions as an adverse recommendation).

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In addition, except as described below, the board of directors of Sprint or Nextel may not approve, adopt or recommend, or cause or permit Sprint or Nextel, as the case may be, to enter into any letter of intent, agreement or obligation with respect to, any acquisition proposal.

Notwithstanding these provisions, however, at any time before the vote required to be obtained from its stockholders in connection with the merger has been obtained, if Sprint s or Nextel s board of directors, in the exercise of its fiduciary duties, determines in good faith that to do otherwise would be inconsistent with its fiduciary duties under applicable law, that board of directors may (1) make an adverse recommendation and (2) in response to a superior proposal that did not result from a breach of the no solicitation provisions described above, terminate the merger agreement in order to accept a superior proposal. Before terminating the merger agreement, that party must provide written notice to the other party advising the other party that it has received a superior proposal, specifying the material terms and conditions of the superior proposal and indicating that its board of directors intends to consider whether to terminate the merger agreement to accept the superior proposal. If, after the third business day after the other party s receipt of this written notice, the other party has not made an offer that the board of directors determines to be at least as favorable from a financial point of view to its stockholders as the superior proposal, that board of directors may terminate the merger agreement.

The merger agreement also provides that each party will promptly advise the other party of the receipt of any acquisition proposal or any request for non-public information or access to its properties, books or records by any person that informs its board of directors that it is considering making an acquisition proposal, the identity of the person making the acquisition proposal or request and the material terms of any acquisition proposal. Each party will keep the other informed, on a current basis, of any material changes in the status and any material changes or modifications in the terms of any acquisition proposal or request and will provide to the other party copies of all correspondence and other written material sent or provided to such party from any third person in connection with any acquisition proposal.

Termination Events; Termination Fee Required

The merger agreement provides that it may be terminated by the parties and, in the circumstances described below, may require one company to pay a $1.0 billion termination fee to the other. Specifically, the merger agreement may be terminated at any time before the completion of the merger, whether before or after the stockholder approvals have been obtained:

by the Sprint board of directors or the Nextel board of directors, if the Sprint stockholders fail to adopt the amended and restated articles of incorporation and approve the issuance of shares of Sprint Nextel capital stock pursuant to the merger agreement;

Termination Fee Payable by Sprint: Sprint must pay Nextel a $1.0 billion termination fee if Sprint or Nextel terminates the merger agreement for the reason described above, and an acquisition proposal with respect to Sprint has been made to Sprint or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004, and within 12 months after the termination of the merger agreement, Sprint or any of its subsidiaries enters into a definitive agreement providing for an alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Sprint or of the fair market value of all the assets of Sprint and its subsidiaries, taken as a whole, or any such acquisition is completed;

by the Sprint board of directors or the Nextel board of directors, if the Nextel stockholders fail to adopt the merger agreement;

Termination Fee Payable by Nextel: Nextel must pay Sprint a $1.0 billion termination fee if Sprint or Nextel terminates the merger agreement for the reason described above, and an acquisition proposal with respect to Nextel has been made to Nextel or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004, and within

12 months after the termination of the merger agreement, Nextel or any of its subsidiaries enters into a

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definitive agreement providing for an alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Nextel or of the fair market value of all the assets of Nextel and its subsidiaries, taken as a whole, or any such acquisition is completed;

by the Sprint board of directors or the Nextel board of directors, if the merger has not been completed by December 31, 2005. However, if the waiting period under the Hart-Scott-Rodino Act has not expired or been terminated or all approvals and authorizations of the FCC, state public service or public utility commissions and under foreign antitrust, competition or similar laws required for completion of the merger (described above under Conditions to Completion of the Merger beginning on page 89) have not been obtained, this date may be extended from time to time by either Sprint or Nextel one or more times to a date not beyond June 30, 2006 so long as all other conditions to the completion of the merger have been satisfied at the time of each extension. The right to terminate the merger agreement under this provision will not be available to any party whose breach of its obligations under the merger agreement proximately contributed to the failure of the merger to be completed by that date;

Termination Fee Payable by Sprint: Sprint must pay Nextel a $1.0 billion termination fee if Sprint or Nextel terminates the merger agreement for the reason described above, and an acquisition proposal with respect to Sprint has been made to Sprint or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004, and within 12 months after the termination of the merger agreement, Sprint or any of its subsidiaries enters into a definitive agreement providing for an alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Sprint or of the fair market value of all the assets of Sprint and its subsidiaries, taken as a whole, or any such acquisition is completed;

Termination Fee Payable by Nextel: Nextel must pay Sprint a $1.0 billion termination fee if Sprint or Nextel terminates the merger agreement for the reason described above, and an acquisition proposal with respect to Nextel has been made to Nextel or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004, and within 12 months after the termination of the merger agreement, Nextel or any of its subsidiaries enters into a definitive agreement providing for an alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Nextel or of the fair market value of all the assets of Nextel and its subsidiaries, taken as a whole, or any such acquisition is completed;

by the Sprint board of directors, at any time before the date that Sprint stockholders vote to adopt the amended and restated articles of incorporation and approve the issuance of Sprint capital stock in the merger, in order to accept a superior proposal, if Sprint has complied with the provisions of the merger agreement described under No Solicitation above (other than the last paragraph of that section) and has paid the termination fee;

Termination Fee Payable by Sprint: Sprint must pay Nextel a $1.0 billion termination fee if Sprint terminates the merger agreement for the reason described above;

by the Nextel board of directors, at any time before the date that Nextel stockholders vote to adopt the merger agreement, in order to accept a superior proposal, if Nextel has complied with the provisions of the merger agreement described above under No Solicitation (other than the last paragraph of that section) and has paid the termination fee;

Termination Fee Payable by Nextel: Nextel must pay Sprint a $1.0 billion termination fee if Nextel terminates the merger agreement for the reason described above;

by the Sprint board of directors, if the Nextel board of directors makes an adverse recommendation;

Termination Fee Payable by Nextel: Nextel must pay Sprint a $1.0 billion termination fee if Sprint terminates the merger agreement for the reason described above, and a proposal providing for an

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alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Nextel or of the fair market value of all the assets of Nextel and its subsidiaries, taken as a whole, has been made to Nextel or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004; and

by the Nextel board of directors, if the Sprint board of directors makes an adverse recommendation;

Termination Fee Payable by Sprint: Sprint must pay Nextel a $1.0 billion termination fee if Nextel terminates the merger agreement for the reason described above, and a proposal providing for an alternative transaction that would result in the acquisition of more than 50% of the outstanding shares of common stock or the outstanding voting power of Sprint or of the fair market value of all the assets of Sprint and its subsidiaries, taken as a whole, has been made to Sprint or its stockholders or has been publicly announced or otherwise become publicly known after December 15, 2004.

The merger agreement further provides that if Sprint or Nextel fails to pay any termination fee due, and if any action is taken by the other party to collect payment resulting in a judgment for the termination fee, the first party must pay the termination fee, together with interest on the amount of the termination fee.

Termination Events; No Termination Fee

In addition to the termination events described above under Termination Events; Termination Fee Required, the merger agreement may be terminated at any time before the completion of the merger, whether before or after the stockholder approvals have been obtained:

by mutual written consent of Sprint and Nextel;

by the Sprint board of directors or the Nextel board of directors, if any governmental entity of competent jurisdiction issues a final and non-appealable order permanently enjoining or otherwise prohibiting the transactions contemplated by the merger agreement. The right to terminate the merger agreement under this provision will not be available to any party whose breach of its obligations under the merger agreement proximately contributed to the occurrence of that order; and

by the Sprint board of directors or the Nextel board of directors, if the other party has breached any of its representations, warranties, covenants or agreements contained in the merger agreement, which breach, either individually or in the aggregate, would result in the failure of a condition to such first party s obligations described in the first, second or third bullet points under the second paragraph of Conditions to Completion of the Merger beginning on page 89, and the breach is not cured within 45 days following written notice from the other party of the breach or cannot be cured within that time period.

If the merger agreement is terminated by either company for any of the reasons described above, neither company will be required to pay a termination fee.

Expenses

Whether or not the merger is completed, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those fees or expenses, except that Sprint and Nextel will share equally the expenses incurred in connection with printing and mailing of this joint proxy statement/prospectus and all filing or other fees paid to the SEC or under the Hart-Scott-Rodino Act in connection with the merger.

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Treatment of Nextel Stock Options and Other Stock-based Awards

The merger agreement provides that Nextel will take those actions that are necessary to:

- provide that, upon completion of the merger, each outstanding option to purchase shares of Nextel common stock, whether vested or unvested, will be converted into an option to purchase the number of shares of Sprint Nextel series 1 common stock equal to the number of shares of Nextel common stock subject to the corresponding Nextel option multiplied by 1.3 (rounded down to the nearest whole share), with the per share exercise price of the new Sprint Nextel option being equal to the per share exercise price of the corresponding Nextel option divided by 1.3 (rounded up to the nearest whole cent);

- with respect to the Nextel Associate Stock Purchase Plan,

  - if requested by Sprint, modify the purchase period in effect under the plan to end on the day before the completion of the merger and cause all outstanding rights to be exercised on that day, ensure shares of Nextel class A common stock purchased in this manner are treated as other outstanding shares of Nextel class A common stock and terminate the plan; and, in this event, Sprint will take certain actions to cause Nextel employees to be eligible to participate in and contribute to the Sprint Employees Stock Purchase Plan immediately following completion of the merger, with the same rights and privileges as Sprint employees; or

  - if Sprint does not request Nextel to take the actions described in the preceding bullet point, until the Nextel employees who become Sprint employees following the completion of the merger are eligible to participate in the Sprint Employees Stock Purchase Plan on the same basis as other similarly situated Sprint employees, continue the Nextel Associate Stock Purchase Plan in effect on and after the completion of the merger on the same terms as before the completion of the merger, except that options granted before the completion of the merger will be converted upon completion of the merger into options to purchase shares of Sprint Nextel series 1 common stock, and options granted on or after the completion of the merger will be options to purchase shares of Sprint Nextel series 1 common stock; and

- ensure that all restrictions and limitations on vesting, transfer and exercise and all risks of forfeiture and rights of repurchase with respect to Nextel options and Nextel deferred shares, to the extent not already lapsed on the date of the merger agreement, will remain in full force and effect with respect to those options and shares after giving effect to the merger and their conversion under the terms of the merger agreement, except to the extent required by the terms of the options or deferred shares as in effect on the date of the merger agreement.

The merger agreement provides that, upon completion of the merger, outstanding Nextel deferred shares or deferred grants of options to purchase shares of Nextel class A common stock (as to which the applicable vesting or deferred period has not lapsed or terminated at or before the completion of the merger) will be converted into Sprint Nextel series 1 deferred shares or options to purchase a number of shares of Sprint Nextel series 1 common stock equal to the number of shares of Nextel class A common stock subject to the corresponding Nextel options or deferred shares multiplied by 1.3.

Employee Matters

The merger agreement provides that, following completion of the merger, the Sprint and Nextel employee benefit plans then in effect will remain in effect with respect to the employees and former employees covered by those plans at the time of completion of the merger, until the resulting company determines otherwise. Before completion of the merger, Sprint and Nextel will cooperate in reviewing, evaluating and analyzing their employee benefit plans with a view towards developing appropriate employee benefit and compensation plans, programs and arrangements for employees and former employees of the companies. Sprint and Nextel have agreed in the merger agreement that it is their intention for the resulting company to develop employee benefit plans as soon as reasonably practicable following completion of the merger that treat similarly situated employees on a substantially equivalent basis and do not discriminate between former Sprint employees and

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former Nextel employees. Sprint and Nextel have also agreed in the merger agreement that it is their intention that, for one year following completion of the merger, the resulting company will provide employee benefits that are substantially equivalent in the aggregate to those provided to employees at the completion of the merger.

The merger agreement also provides that, at the completion of the merger, Sprint Nextel will assume Mr. Donahue s employment agreement with Nextel, as it may be amended before the completion of the merger with the approval of the Compensation Committees of Sprint and Nextel. See The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger Interests of Nextel Directors and Executive Officers in the Merger beginning on page 70 and Nextel Annual Meeting Employment Agreements beginning on page 164.

Indemnification and Insurance

The merger agreement provides that, following the completion of the merger, Sprint Nextel will indemnify and hold harmless, and provide advancement of claims-related expenses to, all past and present directors and officers of Nextel and its subsidiaries, or anyone who served at the request of Nextel or any of its subsidiaries as a director or officer of another entity, to the fullest extent permitted by applicable law in connection with any claim relating to the fact that those individuals are or were directors or officers as described above or are named a director of Sprint Nextel or relating to the merger agreement or any transactions contemplated by it.

The merger agreement also provides that Sprint Nextel will cause to be maintained, for a period of six years after the completion of the merger, the current policies of directors and officers liability insurance maintained by Nextel, or policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous, with respect to claims arising from facts or events that occurred before the date of the completion of the merger. Sprint Nextel will not be required to expend in any one year an amount more than 250% of the annual premiums paid by Nextel as of the date of the merger agreement for directors and officers liability insurance, and if that insurance cannot be obtained at all or if the annual premiums of that insurance coverage exceed this amount, Sprint Nextel will be obligated to obtain a policy with the most advantageous policies available for a cost not exceeding that amount.

Amendment; Extension and Waiver

Subject to applicable law:

- the merger agreement may be amended by the parties in writing at any time. However, after any approval of the transactions by the stockholders of Sprint and Nextel, without further approval of the stockholders of Sprint and Nextel, there may not be any amendment that changes the amount or the form of the consideration to be delivered to holders of Nextel capital stock, or which by law requires further approval by Sprint stockholders or Nextel stockholders; and

- at any time before the completion of the merger, a party may extend the time for performance of any of the obligations or other acts of the other party to the merger agreement, waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or waive compliance by the other party with any agreement or condition in the merger agreement.

Governing Law

The merger agreement is governed by and will be construed in accordance with the laws of the State of Delaware.

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CONTEMPLATED SPIN-OFF OF LOCAL TELECOMMUNICATIONS BUSINESS

General

In the merger agreement, each of Sprint and Nextel has agreed to use its reasonable best efforts to take such actions as are necessary, proper or advisable in order to effect the contemplated spin-off of the resulting company s local telecommunications business in a tax-free transaction as expeditiously as possible after the completion of the merger (unless the aggregate of the per share cash amounts payable in the merger would exceed the cash limit as a result of a change in law or guidance from the IRS or the U.S. Treasury). The contemplated spin-off is not a condition to the merger, and there is no assurance that the spin-off will occur after the merger. See Risk Factors Risk Factors Relating to the Merger The completion of the contemplated spin-off of the resulting company s local telecommunications business after the merger cannot be assured, and the specific assets and liabilities of the spun-off company have not yet been determined beginning on page 29.

It is anticipated that to effect the contemplated spin-off:

- Sprint Nextel will form a new subsidiary into which the assets and liabilities related to the local telecommunications business will be contributed;

- Sprint Nextel will cause the new subsidiary to borrow funds from one or more third parties;

- In exchange for the contribution of assets, Sprint Nextel will receive (1) shares of capital stock of the subsidiary, (2) debt securities issued by the subsidiary, and (3) the cash proceeds of the subsidiary borrowings;

- Sprint Nextel will then make a pro rata distribution of shares of the subsidiary s common stock received in the exchange to the Sprint Nextel common stockholders as of the record date established for that distribution, and the debt securities issued by the subsidiary and the cash proceeds of the subsidiary borrowings will be transferred to Sprint Nextel s finance subsidiary in satisfaction of certain intercompany obligations of Sprint Nextel to the finance subsidiary; and

- Sprint Nextel s finance subsidiary will sell the debt securities of the spun-off company to third party investors within five years of the spin-off. It is intended that the finance subsidiary will use the cash proceeds of that sale and the cash proceeds of the subsidiary borrowings to satisfy debt obligations of the finance subsidiary, Sprint Nextel and its subsidiaries.

Before the contemplated spin-off but following the merger, the Sprint Nextel board will determine the amount of indebtedness and other capitalization of the new subsidiary and, consequently, the amount of proceeds to be received by Sprint Nextel has not yet been determined.

If the spin-off occurs, the local telecommunications subsidiary that is spun-off will have its own management team and board of directors. Half of the initial members of the board of directors of the spun-off entity will be designated by Sprint and half will be designated by Nextel. The merger agreement provides that Sprint and Nextel may utilize any method to make their designations, including delegating this authority to the Sprint Nextel board of directors. If either Sprint or Nextel has failed to make its designations before the completion of the merger, the nominating and governance committee of Sprint Nextel s board of directors, with input from its Chairman and its CEO and President, will make recommendations to the Sprint Nextel board of directors for approval.

The local telecommunications business, which had approximately 7.6 million local access lines in 18 states as of March 31, 2005, would be the fifth largest local telephone company in the United States. Sprint and Nextel anticipate that the spun-off subsidiary will have commercial operating relationships with Sprint Nextel for mobile and long-distance network services and will receive certain transitional services, including corporate support functions. Its corporate headquarters would be in the Kansas City metropolitan area. Completion of the spin-off would be subject to certain conditions, including regulatory approvals. In addition, the spin-off will not occur without receipt of a private letter ruling from the IRS addressing certain matters or opinions from Cravath,

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Swaine & Moore LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP to the effect that the contemplated spin-off will qualify as a tax-free distribution of the local telecommunications subsidiary s shares under Sections 355 and 361 of the Code and any other assurances as to tax matters relating to the spin-off that the board of directors of Sprint Nextel deems appropriate. However, at the present time, it is not expected that Sprint Nextel will complete the spin-off in reliance on opinions of counsel without also receiving certain satisfactory rulings from the IRS. There can be no assurance that Sprint Nextel will receive such rulings or opinions of counsel. Following the spin-off, the common stock of the spun-off company is expected to be listed on the NYSE.

Tax Matters Related to the Spin-off

Nextel and Sprint have jointly submitted a private letter ruling request to the IRS requesting confirmation that the distribution of local telecommunications subsidiary shares in the contemplated spin-off will qualify as a tax-free distribution of those shares under Sections 355 and 361 of the Code.

It is expected that the private letter ruling, if issued, will provide, among other things, that for U.S. federal income tax purposes no gain will be recognized by (and no amount will be included in the income of) a holder of Sprint Nextel shares as a result of the contemplated spin-off, and no gain will be recognized by Sprint Nextel on the distribution of local telecommunications subsidiary shares to the holders of Sprint Nextel shares. However, the private letter ruling will not address all the issues discussed below.

The IRS private letter ruling, if issued, will be based on the facts presented and representations made by the parties in the ruling request. Generally, an IRS private letter ruling will not be revoked or modified retroactively unless there has been an omission or misstatement of a material fact or a breach of a material representation. The parties intend to present all relevant material facts and representations and ensure that those facts and representations are correct and complete in all material respects. If, however, those facts or representations are found to be incorrect or incomplete in a material respect or if the facts at the time of the contemplated spin-off are materially different from the facts upon which the IRS private letter ruling was based, Sprint Nextel could not rely on the IRS private letter ruling and the contemplated spin-off might not qualify as a tax-free distribution under Sections 355 and 361 of the Code.

If the IRS private letter ruling were determined to be inapplicable and the contemplated spin-off were found to be a taxable distribution of the local telecommunications subsidiary shares, holders of Sprint Nextel common stock would be treated as receiving a taxable distribution in an amount equal to the fair market value of the local telecommunications subsidiary shares received. In addition, a corporate-level tax, which would be material in amount, would be payable by Sprint Nextel. This tax would be based on the excess of the fair market value of the shares distributed over Sprint Nextel s tax basis for those shares.

Even if the contemplated spin-off otherwise qualifies for tax-free treatment under Sections 355 and 361 of the Code, the contemplated spin-off may become taxable to Sprint Nextel pursuant to Section 355(e) of the Code if either (1) 50% or more of the total combined voting power of all classes of Sprint Nextel stock entitled to vote or 50% or more of the total value of shares of all classes of Sprint Nextel shares or (2) 50% or more of the total combined voting power of all classes of capital stock of the spun-off entity entitled to vote or 50% or more of the total value of shares of all classes of capital stock of the spun-off entity, are acquired, directly or indirectly, as part of a plan or series of related transactions that include the contemplated spin-off, which we refer to as a 50% Acquisition. For this purpose, the Sprint Nextel stock issued in the merger to the former holders of the Nextel capital stock (and the stock of the spun-off entity distributed with respect to such stock) will be treated as an acquisition of Sprint Nextel stock (and stock of the spun-off entity) pursuant to a plan that includes the contemplated spin-off. If a 50% Acquisition occurs, Sprint Nextel would have to pay a corporate-level tax, which would be material in amount, based on the excess of the fair market value of the shares distributed over Sprint Nextel s tax basis in those shares.

As discussed above under The Merger Agreement Consideration to be Received in the Merger beginning on page 81, the merger agreement provides for the determination of the stock exchange ratio and the

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per share cash amounts so that Sprint and Nextel each can confirm that Section 355(e) of the Code (substituting 49.9% for 50% whenever applicable in that section) will not apply to the contemplated spin-off of the local telecommunications business.

The IRS private letter ruling will not address all the issues that are relevant to determining whether the contemplated spin-off will qualify as a tax-free distribution under Sections 355 and 361 of the Code or whether Section 355(e) will be satisfied. Therefore, even if a favorable letter ruling is received, with respect to several material issues, Sprint Nextel will be relying on advice of its tax advisors. Sprint Nextel will not complete the contemplated spin-off without receiving a private letter ruling from the IRS addressing certain matters or opinions from Cravath, Swaine & Moore LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP that the spin-off will qualify as a tax-free distribution under Sections 355 and 361 of the Code, including Section 355(e). However, at the present time, it is not expected that Sprint Nextel will complete the spin-off in reliance on opinions of counsel without also receiving certain rulings from the IRS. Such opinions of counsel will be based on facts presented and representations made by Sprint Nextel and are not binding on the IRS. There can be no assurance that Sprint Nextel will receive such rulings or opinions of counsel.

The U.S. Treasury and the staff of the Joint Committee on Taxation have suggested certain changes to Section 355 of the Code. It is unclear whether any legislation will be introduced to implement these proposals, and, if so, whether any legislation will be enacted. After consultation with their respective tax advisors, Sprint and Nextel believe that even if legislation is enacted, it is unlikely that it would apply to the contemplated spin-off of the local telecommunications business. However, it is possible that any such legislation could prevent Sprint Nextel from completing the contemplated spin-off on a tax-free basis, in which case the contemplated spin-off would likely not occur.

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COMPARATIVE STOCK PRICES AND DIVIDENDS

For current stock price information, Sprint and Nextel stockholders are urged to consult publicly available sources. The table below presents the closing sales price of Sprint s series 1 FON stock, which trades on the NYSE under the symbol FON, the last reported sales price of Nextel class A common stock, which trades on Nasdaq under the symbol NXTL, and the market value of a share of Nextel class A common stock on an equivalent per share basis. These prices are presented on two dates:

December 14, 2004, the last trading day before the public announcement of the signing of the merger agreement; and

, 2005, the latest practicable date before the date of this joint proxy statement/prospectus.

	Series 1 FON Stock	Nextel Class A Common Stock	Equivalent Per Share Data(1)
December 14, 2004	$ 25.10	$ 29.99	$ 32.63
, 2005	$	$	$

(1) The equivalent per share data for Nextel class A common stock has been determined by multiplying the closing sales price of a share of series 1 FON stock on each of the dates by 1.30.

Market Prices

The following table sets forth the range of the reported high and low per share sales prices of shares of Sprint s series 1 FON stock and series 1 PCS common stock, as traded on the NYSE, and Nextel s class A common stock, as traded on Nasdaq, for the calendar quarters indicated.

	Series 1 FON Stock		Series 1 PCS Stock(1)		Nextel Class A Common Stock	
	High	Low	High	Low	High	Low
Fiscal year ended December 31, 2003:						
First Quarter	$ 16.76	$ 11.06	$ 5.28	$ 3.10	$ 14.66	$ 10.89
Second Quarter	15.10	10.22	6.48	3.40	19.09	11.75
Third Quarter	16.20	13.55	6.79	4.80	20.83	16.86
Fourth Quarter	16.72	14.72	6.31	3.80	28.17	18.80
Fiscal year ended December 31, 2004:						
First Quarter	$ 19.51	$ 15.74	$ 10.70	$ 5.51	$ 29.18	$ 24.26
Second Quarter	19.99	16.83	9.99(2)	9.16(2)	26.85	22.21
Third Quarter	20.54	17.10			26.40	21.42
Fourth Quarter	25.80	19.81			30.19	24.32

Fiscal year ending December 31, 2005:				
First Quarter	$ 25.16	$ 21.80	$ 30.42	$ 27.36
Second Quarter (through , 2005)				

(1) On February 28, 2004, Sprint s board of directors decided to recombine its PCS common stock and its FON common stock into a single common stock. As a result, each share of PCS common stock was converted into 0.50 shares of FON common stock on April 23, 2004, and the FON common stock now represents the only outstanding common stock of Sprint. Following the recombination, the series 1 PCS stock, which had been listed on the NYSE, was delisted from the NYSE and deregistered under the Exchange Act.

(2) Through April 22, 2004, the last day of trading before the recombination.

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As of , 2005, there were approximately holders of record of Sprint series 1 FON stock.

As of May 20, 2005, there were approximately 3,933 holders of record of Nextel class A common stock. Nextel has the authority to issue shares of Nextel class B common stock, which are convertible under certain circumstances on a share-for-share basis into shares of Nextel class A common stock. As of May 20, 2005, Motorola was the beneficial owner of the 29,660,000 outstanding shares of Nextel class B common stock.

Dividends and Other Distributions

Sprint paid a Sprint series 1 common stock dividend of $0.125 per share in each of the quarters of 2004 and 2003 and expects to continue paying dividends at current levels through completion of the merger. Sprint also paid a Sprint series 2 common stock dividend of $0.125 per share in each of the last three quarters of 2004. Dividends on the Sprint series 1 common stock are paid when declared by the Sprint board of directors. If the Sprint board declares a dividend on one series of common stock, it must declare the same dividend on all outstanding series of common stock. Dividends on common stock may be declared only out of Sprint s surplus or out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year. Surplus is equal to the excess of the fair market value of the net assets of Sprint over the aggregate par value of the outstanding capital stock of Sprint.

Before any dividends on common stock may be paid or declared and set apart for payment, Sprint must pay or declare and set apart for payment full cumulative dividends on all outstanding series of preferred stock. Upon the issuance of a new series of preferred stock, the Sprint board may provide for dividend restrictions on the common stock as to that series of preferred stock.

Nextel has not paid any dividends on its common stock and does not plan to pay dividends on its common stock for the foreseeable future. Nextel s indentures governing its public notes and its bank credit agreement and other financing documents prohibit Nextel from paying dividends, except in compliance with specified financial covenants, and limit Nextel s ability to dividend cash from the subsidiaries that operate its network to Nextel.

The Sprint Nextel board will determine the Sprint Nextel dividend policy and, after the spin-off, the spun-off company s board will determine its dividend policy. Following the completion of the merger and until completion of any spin-off of Sprint s local telecommunications business, it is currently contemplated that Sprint Nextel will pay a reduced quarterly dividend to stockholders in aggregate amounts consistent with the aggregate dividends that the spun-off local telecommunications business would be likely to pay. Following completion of the spin-off, it is anticipated that Sprint Nextel will not pay a dividend. However, Sprint Nextel will evaluate its cash distribution policy from time to time, as appropriate in the context of its growth prospects and funding requirements. See Contemplated Spin-off of Local Telecommunications Business beginning on page 97.

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INFORMATION ABOUT THE COMPANIES

Sprint Corporation

6200 Sprint Parkway

Overland, Kansas 66251

Telephone: (800) 829-0965

Sprint is a global communications company offering an extensive range of innovative communication products and solutions, including wireless, long distance voice and data transport, global IP, local and multiproduct bundles. A Fortune 100 company, Sprint is widely recognized for developing, engineering and deploying state-of-the-art network technologies, including the United States first nationwide all-digital, fiber-optic network, an award-winning tier one Internet backbone, and one of the largest all-digital, nationwide wireless networks in the United States.

Sprint operates a 100% digital personal communications service, or PCS, wireless network with licenses to provide service to the entire United States population, including Puerto Rico and the U.S. Virgin Islands, using a single frequency band and a single technology. Sprint, together with the Sprint PCS Affiliates, operates PCS wireless systems in over 350 metropolitan markets, including the 100 largest U.S. metropolitan areas, and reaches a quarter billion people. Sprint s wireless division, combined with its wholesale partners and Sprint PCS Affiliates, served a total of 26.0 million wireless subscribers at March 31, 2005. Sprint s local telecommunications business served approximately 7.6 million access lines in its franchise territories in 18 states at March 31, 2005. Sprint is selling into the cable telephony market through arrangements with cable companies that resell its long distance service and/or use its back office systems and network assets in support of their local telephone service provided over cable facilities. Sprint is one of the largest carriers of Internet traffic and provides connectivity to any point on the Internet either through Sprint s own network or via direct connections with other backbone providers. Sprint had approximately 59,400 employees at March 31, 2005. For the year ended December 31, 2004, Sprint had revenues of approximately $27.4 billion and a net loss of approximately $1 billion. The 2004 net loss includes net charges of $2.4 billion related primarily to a long distance network asset impairment and restructurings. For the three months ended March 31, 2005, Sprint had revenues of approximately $6.9 billion and net income of approximately $472 million.

Sprint Corporation, incorporated in 1938 under the laws of Kansas, is mainly a holding company, with its operations primarily conducted in its subsidiaries. For more information on Sprint, see Where You Can Find More Information beginning on page 226.

Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, Virginia 20191

Telephone: (703) 433-4000

Nextel is a leading provider of wireless communications services in the United States. Nextel provides a comprehensive suite of advanced wireless services, including digital wireless mobile telephone service, walkie-talkie features, including Nextel Nationwide Direct Connect[SM] and Nextel International Direct Connect[SM], and wireless data transmission services. As of March 31, 2005, Nextel provided service to about 17.0 million subscribers, which consisted of 15.5 million subscribers of Nextel-branded service and 1.5 million subscribers of Boost Mobile branded

pre-paid service.

Nextel s all-digital packet data network is based on iDEN, wireless technology developed with Motorola. Nextel, together with Nextel Partners, currently uses the iDEN technology to serve 297 of the 300 largest United States metropolitan areas where about 262 million people live or work. Nextel Partners provides digital wireless communications services under the Nextel brand name in mid-sized and tertiary U.S. metropolitan areas and has the right to operate in 98 of the top 300 metropolitan statistical areas in the United States ranked by population.

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As of March 31, 2005, Nextel owned about 32% of the outstanding common stock of Nextel Partners. In addition, as of March 31, 2005, Nextel also owned about 18% of the outstanding common stock of NII Holdings, which provides wireless communications services primarily in selected Latin American markets. Nextel has agreements with NII Holdings and TELUS Mobility that enable Nextel s subscribers to use Direct Connect® features in the Latin American markets that NII Holdings serves and the Canadian markets that TELUS Mobility services using the iDEN technology, as well as between the United States and those markets. Nextel had over 19,000 employees at March 31, 2005. For the year ended December 31, 2004, Nextel had revenues of approximately $13.4 billion and net income of $3 billion. For the three months ended March 31, 2005, Nextel had revenues of approximately $3.6 billion and net income of approximately $595 million.

For more information on Nextel, see Where You Can Find More Information beginning on page 226.

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SPRINT ANNUAL MEETING

Date, Time and Place

These proxy materials are delivered in connection with the solicitation by Sprint s board of directors of proxies to be voted at the Sprint annual meeting, which is to be held at at a.m. (Central Daylight Time) on , 2005. On , 2005, Sprint commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its stockholders entitled to vote at the meeting.

Purpose of the Sprint Annual Meeting

At the Sprint annual meeting, Sprint stockholders will be asked to:

- adopt the amendment to Sprint s articles of incorporation to increase the number of authorized shares of Sprint series 1 common stock in connection with the merger (Item 1 on the proxy card);
- adopt the Sprint Nextel amended and restated articles of incorporation to, among other things, create a class of non-voting common stock and create the ninth series preferred stock, change the name of the Sprint series 1 and Sprint series 2 FON stock to Sprint Nextel series 1 common stock and Sprint Nextel series 2 common stock, respectively, delete references to the PCS common stock and change Sprint s name to Sprint Nextel Corporation in connection with the merger and make other clarifying changes reflected in the Sprint Nextel amended and restated articles of incorporation that are attached as Annex G to this joint proxy statement/prospectus (Item 2 on the proxy card);
- approve the issuance of Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock in the merger (Item 3 on the proxy card);
- approve any motion to adjourn the Sprint annual meeting to another time or place to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the proposals related to the merger (Item 4 on the proxy card);
- elect eight directors to serve for a term of one year (Item 5 on the proxy card);
- ratify the appointment of KPMG LLP as Sprint s independent registered public accounting firm for 2005 (Item 6 on the proxy card);
- vote on one stockholder proposal if presented at the meeting (Item 7 on the proxy card); and
- conduct other business properly raised before the meeting and any adjournment or postponement of the meeting.

Each of the first three proposals listed above relating to the merger is conditioned upon the other two and the approval of each such proposal is required for completion of the merger. None of (1) the issuance of Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock, (2) the amendment to Sprint s articles of incorporation in connection with the merger, or (3) the adoption of the Sprint Nextel amended and restated articles of incorporation will take place unless all three proposals are approved by the Sprint stockholders and the merger is completed.

Sprint Record Date; Stock Entitled to Vote

The close of business on May 20, 2005, which we refer to as the Sprint record date, has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Sprint annual meeting or any adjournments or postponements of the Sprint annual meeting.

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As of the Sprint record date the following shares were outstanding and entitled to vote:

Designation	Outstanding	Class vote per share (Proposal 1)	Votes per share
Sprint series 1 common stock	1,396,204,219	1.0000	1.0000
Sprint series 2 common stock	83,841,987	1.0000	0.1000
Seventh series preferred stock, Sprint series 1 common stock underlying	185,040		32.5239
Seventh series preferred stock, Sprint series 2 common stock underlying	61,726		3.2524

The relative voting power of Sprint s different series and classes of voting stock is set forth in Sprint s articles of incorporation. We refer to the seventh series preferred stock, Sprint series 1 common stock underlying and the seventh series preferred stock, Sprint series 2 common stock underlying, together as the seventh series preferred stock; and we refer to the Sprint common stock and the seventh series preferred stock collectively as the Sprint capital stock.

A complete list of stockholders entitled to vote at the Sprint annual meeting will be available for examination by any Sprint stockholder at Sprint s headquarters, 6200 Sprint Parkway, Overland Park, Kansas for purposes pertaining to the Sprint annual meeting, during normal business hours for a period of ten days before the Sprint annual meeting, and at the time and place of the Sprint annual meeting.

Quorum

In order to carry on the business of the meeting, Sprint must have a quorum. A quorum requires the presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the meeting. Sprint counts abstentions and broker non-votes as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a stockholder fails to provide voting instructions to its broker for shares it holds in street name. Under those circumstances, a stockholder s broker may be authorized to vote for it on some routine items but is prohibited from voting on other items. Brokers are not authorized to vote on the proposals relating to the merger without instructions. Those items for which a stockholder s broker cannot vote result in broker non-votes.

Votes Required

Required Vote to Adopt the Amendment to Sprint s Articles of Incorporation to Increase the Number of Authorized Shares of Sprint Series 1 Common Stock (Proposal 1; Item 1 on the Proxy Card)

The affirmative vote of a majority of the total voting power of the outstanding shares of Sprint common stock entitled to vote at the Sprint annual meeting or any adjournment or postponement thereof (for purposes of this class vote, holders of Sprint series 2 common stock have one full vote for each share of that stock), voting together as a separate class, and the affirmative vote of a majority of the total voting power of the outstanding shares of Sprint common stock and seventh series preferred stock entitled to vote at the Sprint annual meeting or any adjournment or postponement thereof (for purposes of this vote, holders of Sprint series 2 common stock have 1/10 vote for each share of that stock), voting together as a single class, are required to adopt the amendment to Sprint s articles of incorporation to increase the number of authorized shares of Sprint series 1 common stock.

Required Vote to Adopt the Sprint Nextel Amended and Restated Articles of Incorporation (Proposal 2; Item 2 on the Proxy Card)

The affirmative vote of a majority of the total voting power of the outstanding shares of Sprint capital stock entitled to vote at the Sprint annual meeting or any adjournment or postponement thereof, voting together as a single class, is required to adopt the Sprint Nextel amended and restated articles of incorporation, which, among

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other things, create a class of non-voting common stock, create the ninth series preferred stock, change the name of the FON common stock, series 1 and series 2 to series 1 common stock and series 2 common stock, respectively, delete references to the PCS common stock, change Sprint s name to Sprint Nextel Corporation, and make other clarifying changes reflected in the Sprint Nextel amended and restated articles of incorporation, which are attached as Annex G to this joint proxy statement/prospectus.

Required Vote to Approve the Issuance of Sprint Nextel Series 1 Common Stock, Non-voting Common Stock and Ninth Series Preferred Stock in the Merger (Proposal 3; Item 3 on the Proxy Card)

The affirmative vote of a majority of the total votes cast by the holders of Sprint capital stock at the Sprint annual meeting, voting together as a single class, is required to approve the issuance of Sprint Nextel series 1 common stock, non-voting common stock and ninth series preferred stock in the merger to Nextel stockholders, assuming that there is a quorum represented at the Sprint annual meeting.

Required Vote to Approve an Adjournment of the Sprint Annual Meeting (Proposal 4; Item 4 on the Proxy Card)

If necessary, approval of a proposal to adjourn the Sprint annual meeting for the purpose of, among other things, soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Sprint capital stock present in person or represented by proxy and entitled to vote at the Sprint annual meeting, whether or not a quorum is represented.

Required Vote to Elect the Directors (Proposal 5; Item 5 on the Proxy Card)

The eight nominees for director receiving the greatest number of votes from holders of Sprint capital stock at the meeting will be elected as directors, assuming that there is a quorum represented at the Sprint annual meeting.

Required Vote to Ratify the Appointment of Sprint s Independent Registered Public Accounting Firm (Proposal 6; Item 6 on the Proxy Card)

The affirmative vote of a majority of votes cast in person or by proxy by holders of Sprint capital stock, and entitled to vote on the matter, is required to ratify the appointment of KPMG LLP as Sprint s independent registered public accounting firm for 2005.

Required Vote to Approve the Stockholder Proposal (Proposal 7; Item 7 on the Proxy Card)

The affirmative vote of a majority of votes cast in person or by proxy by holders of Sprint capital stock, and entitled to vote on the matter, is required to approve the stockholder proposal, if presented at the Sprint annual meeting.

Treatment of Abstentions, Not Voting and Incomplete Proxies

If a Sprint stockholder abstains from voting on any proposal, it will have the same effect as a vote against that proposal, except for Proposal 5 where it will have no effect. If a Sprint stockholder does not vote, it will have no effect with respect to Proposals 3 through 7 and will have the effect of a vote against Proposals 1 and 2. If a proxy is returned without indication as to how to vote, the Sprint stock represented by that proxy will be considered to be voted in favor of all matters for consideration at the Sprint annual meeting, except for Proposal 7, in which case it will be considered to be voted against the stockholder proposal.

Voting by Sprint Directors and Executive Officers

On the Sprint record date, directors and executive officers of Sprint and their affiliates owned and were entitled to vote 935,385 shares of Sprint capital stock, or approximately 0.063% and 0.066%, respectively, of the total voting power of the outstanding shares of Sprint common stock (with each share having one vote for purposes of this calculation) and Sprint capital stock outstanding on that date.

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Voting of Proxies

Giving a proxy means that a Sprint stockholder authorizes the persons named in the enclosed proxy card to vote its shares at the Sprint annual meeting in the manner it directs. A Sprint stockholder may vote by proxy or in person at the meeting. To vote by proxy, a Sprint stockholder may use one of the following methods if it is a registered holder (that is, it holds its stock in its own name):

Telephone voting, by dialing the toll-free number and following the instructions on the proxy card;

Via the Internet, by going to the web address *www.proxyvote.com* and following the instructions on the proxy card; or

Mail, by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Sprint requests that Sprint stockholders complete and sign the accompanying proxy and return it to Sprint as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Sprint stock represented by it will be voted at the Sprint annual meeting in accordance with the instructions contained on the proxy card.

If any proxy is returned without indication as to how to vote, the Sprint stock represented by the proxy will be considered a vote in favor of all matters for consideration at the Sprint annual meeting, except for Proposal 7, in which case it will be considered to be voted against the stockholder proposal. Unless a Sprint stockholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on other matters relating to the Sprint annual meeting.

If a Sprint stockholder s shares are held in street name by a broker or other nominee, the stockholder should check the voting form used by that firm to determine whether it may vote by telephone or the Internet.

Every Sprint stockholder s vote is important. Accordingly, each Sprint stockholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not it plans to attend the Sprint annual meeting in person.

Revocability of Proxies and Changes to a Sprint Stockholder s Vote

A Sprint stockholder has the power to revoke its proxy or change its vote at any time before its proxy is voted at the Sprint annual meeting. A Sprint stockholder can revoke its proxy or change its vote in one of four ways:

it can send a signed notice of revocation to the corporate secretary of Sprint to revoke its proxy;

it can send a completed proxy card bearing a later date than its original proxy to Sprint indicating the change in its vote;

it can log on to the Internet website specified on its proxy card in the same manner it would to submit its proxy electronically or call the telephone number specified for Sprint on its proxy card, and in each case follow the instructions on the proxy card; or

it can attend the Sprint annual meeting and vote in person, which will automatically cancel any proxy previously given, or it may revoke its proxy in person, but its attendance alone will not revoke any proxy that it has previously given.

If a Sprint stockholder chooses any of the first three methods, it must take the described action no later than the beginning of the Sprint annual meeting. Once voting on a particular matter is completed at the Sprint annual meeting, a Sprint stockholder will not be able to revoke its proxy or change its vote as to that matter. If a Sprint stockholder s shares are held in street name by a broker, bank or other financial institution, the stockholder must contact them to change its vote.

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Solicitation of Proxies

This solicitation is made on behalf of the Sprint board of directors. Sprint and Nextel will generally each pay one-half of the cost and expenses of printing and mailing this joint proxy statement/prospectus and all fees paid to the SEC. Sprint will pay the costs of soliciting and obtaining the proxies, including the cost of reimbursing brokers, banks and other financial institutions for forwarding proxy materials to their customers. Proxies may be solicited, without extra compensation, by Sprint s officers and employees by mail, telephone, fax, personal interviews or other methods of communication. Sprint has engaged the firm of D.F. King & Co. to assist Sprint in the distribution and solicitation of proxies and will pay D.F. King & Co. an estimated fee of $25,000 plus out-of-pocket expenses for its services. Nextel will pay the costs of soliciting and obtaining its proxies and all other expenses related to the Nextel annual meeting.

Voting by Employees Participating in Sprint s Retirement Savings Plans

If a Sprint stockholder is a participant in Sprint s Retirement Savings Plans, it is entitled to instruct the trustee, Fidelity Management Trust Company, which we refer to as Fidelity, how to vote the shares allocated to its account. Fidelity will vote those shares as the Sprint stockholder instructs on its proxy card. Each Sprint stockholder will receive one proxy card that covers any shares held for it in its Retirement Savings Plan account, as well as any other shares registered in its own name.

If a Sprint stockholder does not instruct Fidelity how to vote its shares, the Retirement Savings Plans provide for Fidelity to vote those shares in the same proportion as the shares for which it receives instructions from all other participants. To allow sufficient time for Fidelity to vote, a Sprint stockholder s voting instructions must be received by Fidelity by , 2005.

Delivery of Proxy Materials to Households Where Two or More Stockholders Reside

SEC rules allow Sprint to deliver a single copy of an annual report, proxy statement, prospectus or information statement to any household where two or more stockholders reside if Sprint believes the stockholders are members of the same family. This rule benefits Sprint stockholders by reducing the volume of duplicate information they receive at their households. It also benefits Sprint by reducing its printing and mailing costs.

Sprint mailed Sprint stockholders households a single set of proxy materials this year unless those stockholders provided instructions to the contrary in response to a notice previously mailed to them. However, Sprint mailed each stockholder in Sprint stockholders households a separate proxy card or voting instruction form. If a Sprint stockholder prefers to receive its own copy of the proxy materials for this year s annual meeting, it should request a duplicate set by writing to Sprint Shareholder Relations, 6200 Sprint Parkway, Mailstop: KSOPHF0302-3B206, Overland Park, KS 66251 or by calling 1-800-259-3755 (option 4).

If a Sprint stockholder prefers to receive its own copy of proxy materials in the future, and it is a registered holder, it should contact Sprint Shareholder Relations. If a broker or other nominee holds its shares, a Sprint stockholder may instruct its broker to send duplicate mailings by following the instructions on its voting instruction form or by contacting its broker.

If a Sprint stockholder shares a household address with another stockholder, and it received duplicate mailings of the proxy materials this year, it may request that its household receive a single set of proxy materials in the future. If a Sprint stockholder is a registered holder, it should contact Sprint Shareholder Relations. If a broker or other nominee holds its shares, a Sprint stockholder should follow the instructions on its voting instruction form or contact its broker.

If a Sprint stockholder holds some Sprint shares as a registered holder or through Sprint s Retirement Savings Plan, and other Sprint shares in the name of a broker or other nominee, Sprint must send the Sprint stockholder proxy materials for each account. To avoid receiving duplicate sets of proxy materials, a Sprint stockholder may consolidate accounts or consent to electronic delivery as described in the following section.

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Viewing the Proxy Materials On-line

Sprint is able to distribute the annual report and joint proxy statement/prospectus to Sprint stockholders in a fast and efficient manner via the Internet. This reduces the amount of paper delivered to a Sprint stockholder s address and eliminates the cost of sending these documents by mail. A Sprint stockholder may elect to view all future annual reports and proxy statements on the Internet instead of receiving them by mail. To make this election a Sprint stockholder should follow the instructions after the stockholder votes via the Internet.

Stockholders who have enrolled for electronic delivery receive an e-mail notice of stockholder meetings. The e-mail will provide links to Sprint s annual report and the joint proxy statement/prospectus. These documents are in PDF format so Sprint stockholders will need Adobe Acrobat® Reader to view them on-line. The e-mail will also provide a link to a voting web site and a control number to use to vote via the Internet.

Confidential Voting Policy

A Sprint stockholder s individual vote is kept confidential from Sprint s directors, officers and employees except for certain specific and limited exceptions. One exception occurs if a Sprint stockholder writes opinions or comments on its proxy card. In that case, a copy of its proxy card is sent to Sprint.

Attending the Meeting

The Sprint annual meeting may be attended by Sprint stockholders, their guests and persons holding proxies from stockholders. Seating, however, is limited and it will be available on a first-come, first-served basis. If a Sprint stockholder holds its shares in the name of a broker or other nominee, and it plans to attend the meeting, it should bring proof of ownership to the meeting. A brokerage account statement showing that it owned voting stock of Sprint on May 20, 2005 is acceptable proof. If a Sprint stockholder is a registered holder, no proof is required.

Security Ownership of Certain Beneficial Owners

The following table provides information about the only known beneficial owners of five percent or more of each class of Sprint s outstanding voting stock as of April 29, 2005:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Series	Percent of Class	Percent of Sprint Voting Power
Common Stock	Capital Research and Management Company (1)	114,250,250 shares (5)	Series 1	7.7%(5)	8.1%
	Capital Group International, Inc. (2)	73,777,650 shares (5)	Series 1	5.0%(5)	5.2%
	Liberty Media Corporation (3)	73,841,987 shares	Series 2	5.0%	0.5%

Preferred Stock	Liberty Media Corporation (3)	123,314 shares	Series 7	50%	0.3%
	Comcast Corporation (4)	61,726 shares	Series 7	25%	

(1) Capital Research and Management Company, a Delaware company located at 333 South Hope Street, Los Angeles, California 90071, acts as investment adviser to various investment companies with the power to vote and/or dispose of shares of Sprint series 1 common stock.

(2) Capital Group International, Inc., a California corporation located at 11100 Santa Monica Boulevard, Los Angeles, California 90025, is the parent holding company of the following wholly owned subsidiaries with the power to vote and/or dispose of shares of Sprint series 1 common stock: Capital Guardian Trust Company, a bank and an investment adviser; Capital International Research and Management, Inc., d.b.a. Capital International, Inc.; Capital International S.A and Capital International Limited. Shares of Sprint series 1 common stock reported by Capital Group International, Inc. include 58,780 shares resulting from the assumed conversion of $5,123,000 principal amount of the Liberty Media 144A 4.0% convertible debentures.

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(3) Liberty Media Corporation, a Delaware corporation located at 12300 Liberty Boulevard, Englewood, Colorado 80112, and certain of its consolidated subsidiaries collectively are the beneficial owners of shares of Sprint series 2 common stock and shares of seventh series preferred stock convertible into 4,010,654 shares of Sprint series 1 common stock, constituting 0.3% of the outstanding Sprint common stock, upon the election of Liberty Media Corporation.
(4) Comcast Corporation, a Pennsylvania corporation, is located at 1500 Market Street, Philadelphia, Pennsylvania 19102. The shares of seventh series preferred stock reported are convertible into 2,007,571 shares of Sprint series 2 common stock, constituting less than 0.1% of the outstanding Sprint common stock, upon the election of Comcast Corporation.
(5) Amount based solely on Schedules 13G received by Sprint as of the reporting date of the schedule.

Security Ownership of Directors and Executive Officers

The following table states the number of shares of Sprint s series 1 common stock beneficially owned, as of April 29, 2005, by each current director, by each executive officer named in the Summary Compensation Table beginning on page 133 and by all directors and executive officers as a group. No individual director or executive officer owned more than one percent of the outstanding shares of Sprint series 1 common stock. As a group the listed individuals owned less than 1% of the outstanding Sprint common stock. Except as otherwise indicated, each individual named has sole investment and voting power with respect to the securities shown.

Sprint Series 1 Common Stock

	Shares Owned	Shares Covered by Exercisable Options(1)	Shares Represented by Restricted Stock Units(2)
DuBose Ausley	22,623	52,599	13,805
Gordon M. Bethune	0	0	7,732
Robert J. Dellinger	27,948	367,875	389,966
E. Linn Draper, Jr.	5,492	0	8,039
Gary D. Forsee	18,044	821,100	1,959,474
Michael B. Fuller	130,041	1,431,878	206,364
James J. Hance, Jr. (3)	25,000	0	3,720
Deborah A. Henretta	3,218	0	7,732
Irvine O. Hockaday, Jr.	48,228	42,820	13,805
Howard E. Janzen	0	109,144	197,186
Len J. Lauer	133,358	1,242,272	649,651
Linda Koch Lorimer	49,434	52,820	13,805
Charles E. Rice	79,170	52,820	13,805
Louis W. Smith	12,581	30,320	13,805
Gerald L. Storch	3,788	0	8,041
William H. Swanson	1,027	0	3,720
All directors and executive officers as a group (24 persons)	957,809	7,083,504	4,140,258

(1) These are shares that may be acquired upon the exercise of stock options exercisable, or restricted stock units to be delivered, on or within 60 days after April 29, 2005, under Sprint s 1997 Long-term Stock Incentive Program.
(2) These are unvested restricted stock units for which Sprint will issue the underlying shares of Sprint common stock after the units vest. There are no voting rights with respect to these units. These amounts do not include any restricted stock units covered by footnote 1 or any 2005 restricted stock unit awards, including awards for Outside Directors (as defined below).
(3) Mr. Hance has been a director since February 8, 2005.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Sprint s directors and executive officers to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of Sprint common stock and other equity securities of Sprint. Directors and executive officers are required by SEC regulations to furnish Sprint with copies of all Section 16(a) reports they file, and Sprint makes these reports available at *www.sprint.com/sprint/ir/sec/*.

To Sprint s knowledge, based solely on a review of the copies of these reports furnished to Sprint and written representations that no other reports were required, during 2004 all Section 16(a) filing requirements applicable to its directors and executive officers were complied with, except for Sprint s failure to report timely on one Form 4 filed on behalf of Gene M. Betts, Senior Vice President and Treasurer, a disposition of PCS common stock representing shares withheld by Sprint to satisfy Sprint s tax withholding obligation in connection with the vesting of restricted stock units. This failure was inadvertent and, as soon as the oversight was discovered, the form was promptly filed.

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Proposal 1. Amendment to Sprint s Articles of Incorporation

to Increase the Number of Authorized Shares of Sprint Series 1

Common Stock

(Item 1 on Proxy Card)

Sprint is proposing to increase the number of authorized shares of Sprint series 1 common stock from 2,500,000,000 shares to 6,000,000,000 shares. To effect this change, Sprint must amend its articles of incorporation.

Sprint currently has 2,500,000,000 shares of Sprint series 1 common stock authorized for issuance. On the Sprint record date, Sprint had outstanding 1,396,204,219 shares of Sprint series 1 common stock and approximately 138,700,000 shares of Sprint series 1 common stock issuable based on options and stock-based awards. In addition, an aggregate of 91,867,784 shares of Sprint series 1 common stock are issuable in connection with the conversion of Sprint series 2 common stock and seventh series preferred stock. Based on the number of shares of Nextel class A common stock and options to acquire Nextel class A common stock outstanding as of the Sprint record date, as a result of the merger, Sprint Nextel can expect to issue up to additional shares of Sprint Nextel series 1 common stock. In addition, after the merger is completed, Sprint Nextel will reserve for issuance additional shares of Sprint Nextel series 1 common stock issuable upon conversion of non-voting common stock and ninth series preferred stock. Sprint is proposing to increase the number of authorized shares of Sprint series 1 common stock to give it sufficient authorized shares to complete the merger. The increased share authorization will also provide greater flexibility in the capital structure of the resulting company by allowing it to raise capital that may be necessary to further develop its business, to fund potential acquisitions, to have shares available for use in connection with stock plans and to pursue other corporate purposes that may be identified by the board of directors.

The Sprint Nextel board of directors will determine whether, when and on what terms the issuance of shares of Sprint Nextel series 1 common stock may be warranted in connection with any future actions. No further action or authorization by Sprint Nextel s stockholders will be necessary before issuance of the additional shares of Sprint Nextel series 1 common stock authorized under the Sprint Nextel amended and restated articles of incorporation, except as may be required for a particular transaction by the amended and restated articles of incorporation, by applicable law or regulatory agencies or by the rules of the NYSE or of any stock exchange on which the Sprint Nextel series 1 common stock may then be listed.

Although an increase in the authorized shares of Sprint series 1 common stock could, under certain circumstances, also be construed as having an anti-takeover effect (for example, by permitting easier dilution of the stock ownership of a person seeking to effect a change in the composition of the board of directors or contemplating a tender offer or other transaction resulting in the acquisition of Sprint Nextel by another company), the proposed increase in shares authorized is not in response to any effort by any person or group to accumulate Sprint series 1 common stock or to obtain control of Sprint by any means. In addition, the proposal is not part of any plan by the Sprint board of directors to recommend or implement a series of anti-takeover measures.

The increase in the number of authorized shares of Sprint series 1 common stock is necessary to effect the merger. The amendment to Sprint s articles of incorporation reflected in this Proposal 1 will become effective only in connection with and immediately before the time of completion of the merger. This Proposal 1 is conditioned on the approval of Proposals 2 and 3, and the approval of all three of these Proposals is required for completion of the merger.

The Sprint board of directors recommends a vote *for* this Proposal 1.

Proposal 2. Adoption of Sprint Nextel Amended and Restated Articles of Incorporation

(Item 2 on Proxy Card)

It is a condition to completion of the merger that, in addition to shares of Sprint Nextel series 1 common stock, Sprint issue shares of non-voting common stock and ninth series preferred stock to certain Nextel

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stockholders in the merger. To do so, Sprint must first obtain the approval of Sprint stockholders of the amendments set forth in the Sprint Nextel amended and restated articles of incorporation, attached as Annex G to this joint proxy statement/prospectus. Sprint stockholders are being asked to approve amendments to Sprint s articles of incorporation which will:

- create the class of non-voting common stock and the ninth series preferred stock;
- redesignate the series 1 and series 2 FON stock as Sprint Nextel series 1 common stock and Sprint Nextel series 2 common stock, respectively;
- delete references to the PCS common stock as there are no shares of this class outstanding and no further shares of PCS common stock may be issued following the recombination of the FON common stock and the PCS common stock;
- change Sprint s name to Sprint Nextel Corporation upon completion of the merger;
- add a provision stating that stockholder approval is not required for the acquisition by Sprint Nextel of either non-voting common stock or preferred stock from a holder of that stock; and
- make minor clarifying and clean-up changes, as outlined below.

Sprint is proposing to change its name in connection with the merger so that the resulting company can benefit from the brand recognition of both companies and their combined products and services through the creation of a single brand name, Sprint Nextel Corporation. The new name will allow for further expansion of the companies businesses, but will not adversely affect the products or services offered to subscribers in the markets presently served.

The following list summarizes the additional changes that Sprint is proposing to make to the Sprint articles of incorporation, each of which it considers to be a minor clarifying change:

- changes in defined terms and other language to reflect the inclusion in the articles of the new class of non-voting common stock and a new series of preferred stock and the elimination of the terms of the PCS common stock (the PCS common stock was converted into FON common stock as expressly permitted by the articles);
- the elimination of sections, references and terms that no longer have applicability, such as references to Alien Directors (Sprint is no longer subject to a legal restriction regarding Alien Directors), a classified board, provisions applicable to France Télécom and Deutsche Telekom AG (which no longer own shares), PCS common stock and other related references;
- conforming references and other changes to remain consistent with applicable statutes (for example, existing Article Fifth, Section 5, relating to the removal of directors, will be deleted because it is inconsistent with Kansas law once the classified board is eliminated; Sprint stockholders approved an amendment declassifying the board in 2003);
- changes in numbering to reflect the elimination of sections; and

language to clarify when the Sprint series 2 common stock has a full vote.

Sprint is adding a provision permitting the acquisition by Sprint of non-voting common stock and preferred stock from a holder of that stock without stockholder approval because it wishes to treat both the non-voting common stock and the preferred stock similarly to the way it has treated other classes of stock in the past that have been issued to a limited number of holders.

Because the non-voting common stock is a separate class and will initially be held by a single holder, Sprint does not want to curtail the ability of its board of directors to negotiate with the holder to repurchase the stock (at a premium) if the board deemed it advisable and in the best interests of the stockholders. Similarly, because the seventh series preferred stock is generally not widely held and the ninth series preferred stock, if issued, is not expected to be widely held, Sprint is proposing to add the preferred stock to the exception, thereby permitting acquisitions of the preferred stock without stockholder approval. The proposed amendment is consistent with past practice in the manner in which Sprint treats repurchases of its narrowly held stock.

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Sprint is asking its stockholders to approve these amendments by adopting the Sprint Nextel amended and restated articles of incorporation. The creation of the class of non-voting common stock and the ninth series preferred stock is necessary to effect the merger. For a more detailed description of the terms of the Sprint Nextel amended and restated articles of incorporation, see Authorized Capital Stock of Sprint Nextel beginning on page 193.

The amendments to Sprint s articles of incorporation reflected in this Proposal 2 will become effective only in connection with and immediately before the time of completion of the merger. This Proposal 2 is conditioned on the approval of Proposals 1 and 3, and the approval of all three of these Proposals is required for completion of the merger.

The Sprint board of directors recommends a vote *for* this Proposal 2.

Proposal 3. Issuance of Sprint Nextel Series 1 Common Stock, Non-voting

Common Stock and the Ninth Series Preferred Stock in the Merger

(Item 3 on Proxy Card)

It is a condition to completion of the merger that Sprint issue shares of Sprint Nextel series 1 common stock, non-voting common stock and the ninth series preferred stock to Nextel stockholders in the merger. Under Rule 312.03 of the NYSE, a company listed on the NYSE is required to obtain stockholder approval before the issuance of common stock, or securities convertible into or exercisable for common stock, if the common stock issued in the merger exceeds 20% of the shares of common stock of the corporation outstanding immediately before the effectiveness of the merger. If the merger is completed, Sprint will issue up to approximately 1.5 billion shares of Sprint Nextel series 1 common stock, up to approximately 38.5 million shares of non-voting common stock (convertible upon certain circumstances into the same number of shares of Sprint Nextel series 1 common stock) and up to 230,045 shares of ninth series preferred stock (convertible into approximately 6 million shares of Sprint Nextel series 1 common stock) in the merger. All outstanding shares of Nextel preferred stock are redeemable and are expected to be redeemed or converted prior to completion of the merger. If the Nextel preferred stock is redeemed or converted prior to the completion of the merger, no shares of Sprint Nextel ninth series preferred stock will be issued in the merger. On an as converted basis, the aggregate number of shares of Sprint Nextel series 1 common stock to be issued in the merger will be approximately % of the shares of Sprint series 1 common stock outstanding on the record date for the Sprint annual meeting, and for this reason Sprint must obtain the approval of Sprint stockholders for the issuance of these securities to Nextel stockholders in the merger.

Sprint is asking its stockholders to approve the issuance of Sprint Nextel series 1 common stock, non-voting common stock and the ninth series preferred stock to Nextel stockholders in the merger. The issuance of these securities to Nextel stockholders is necessary to effect the merger. This Proposal 3 is conditioned on the approval of Proposals 1 and 2, and the approval of all three of these Proposals is required for completion of the merger.

The Sprint board of directors recommends a vote *for* this Proposal 3.

Proposal 4. Possible Adjournment

of the Sprint Annual Meeting

(Item 4 on Proxy Card)

The Sprint annual meeting may be adjourned to another time or place to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the proposals related to the merger.

The Sprint board of directors recommends a vote *for* this Proposal 4.

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Proposal 5. Election of Directors

(Item 5 on Proxy Card)

The board of directors of Sprint was previously divided into three classes, with the term of office of each class ending in successive years. In 2003, Sprint amended its articles of incorporation to require that each director elected at or after the 2004 annual meeting would be elected for a one-year term. Directors elected before the 2004 annual meeting (including directors appointed by the board to fill a vacancy) will serve the full duration of their existing three-year terms. The directors in Class II will continue in office until the 2006 annual meeting. The terms of all other directors expire with this meeting. Each of the eight nominees, if elected, will serve one year until the 2006 annual meeting and until a successor has been elected and qualified.

The composition of the board of directors will change upon completion of the proposed merger with Nextel, as described more completely under The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 65.

The persons named in the accompanying proxy will vote for the election of the nominees named below unless a Sprint stockholder directs otherwise. Each nominee has consented to be named and to continue to serve if elected. If any of the nominees become unavailable for election for any reason, the proxies will be voted for the other nominees and for any substitutes.

Nominees for Director

The following information is given with respect to the nominees for election. Charles E. Rice, a director of Sprint since 1975, will retire at the Sprint annual meeting. DuBose Ausley, a director of Sprint since 1993, will not stand for re-election at the annual meeting.

Nominees to Serve Until the 2006 Annual Meeting

Gordon M. Bethune, age 63. Retired Chairman and Chief Executive Officer of Continental Airlines, Inc., an international commercial airline company, Houston, Texas. He served as Chief Executive Officer of Continental Airlines from 1994 and as Chairman and Chief Executive Officer from 1996 until December 31, 2004. He is a director of Honeywell International Inc., Willis Group Holdings, Limited and Prudential Financial, Inc. He has been a director of Sprint since March 2004.

Dr. E. Linn Draper, Jr., age 63. Retired Chairman of American Electric Power Co. Inc., a public utility holding company, Columbus, Ohio. He has also served as President of Ohio Valley Electric Corporation, an electric utility company, Piketon, Ohio, and its subsidiary, Indiana-Kentucky Electric Corporation, since 1992. He served as Chairman, President and Chief Executive Officer of American Electric Power Co. Inc. and all of its major subsidiaries from 1993 until December 31, 2003 and as Chairman until February 24, 2004. He is a director of Temple-Inland Inc., NorthWestern Corporation, Alliance Data Systems Corporation and Alpha Natural Resources. He has been a director of Sprint since December 2003.

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James H. Hance, Jr., age 60. Retired Vice Chairman of Bank of America Corporation, a financial services holding company, Charlotte, North Carolina. He served as the Vice Chairman of Bank of America Corporation from 1993 until January 31, 2005 and as the Chief Financial Officer of Bank of America Corporation from 1988 until April 2004. He is a director of Cousins Properties Incorporated, EnPro Industries, Inc. and Rayonier Corporation. He has been a director of Sprint since February 8, 2005.

Deborah A. Henretta, age 44. President of Global Baby/Toddler & Adult Care for Procter & Gamble, a producer of personal and household products, Cincinnati, Ohio, since 2001. Before becoming President of Global Baby/Toddler & Adult Care, she served as Vice President, North America Baby Care since 1999 and General Manager, Global Fabric Conditioners since 1996. She is on the Board of Trustees at St. Bonaventure University and Children s Hospital/Medical Center in Cincinnati, Ohio. She has been a director of Sprint since March 2004.

Irvine O. Hockaday, Jr., age 68. Retired President and Chief Executive Officer of Hallmark Cards, Inc., a manufacturer of greeting cards, Kansas City, Missouri. He is a director of Aquila, Inc., Crown Media Holdings, Inc., Dow Jones, Inc., Ford Motor Company, and Estee Lauder, Inc. Mr. Hockaday served as President and Chief Executive Officer of Hallmark Cards, Inc. from 1985 to 2001. He has been a director of Sprint since 1997, and is Sprint s Lead Independent Director.

Linda Koch Lorimer, age 53. Vice President and Secretary of the University, Yale University, New Haven, Connecticut. She is the Lead Director of McGraw-Hill, Inc., and a director of Yale-New Haven Hospital and a trustee of Hollins University. Before becoming Vice President and Secretary of Yale University in 1993, Ms. Lorimer was President of Randolph-Macon Woman s College for more than six years. She has served as the President of the Board of the American Association of Colleges and Universities and as Vice Chair of The Center for Creative Leadership. She has been a director of Sprint since 1993.

Gerald L. Storch, age 48. Vice Chairman of Target Corporation, a general merchandise retailer, Minneapolis, Minnesota. Before becoming Vice Chairman of Target in 2001, he was President of Target s Financial Services and New Businesses from 1998 to 2001. He has been a director of Sprint since December 2003.

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William H. Swanson, age 56. Chairman and Chief Executive Officer of Raytheon Company, an industry leader in defense and government electronics, space, information technology, technical services, and business and special mission aircraft, Waltham, Massachusetts. Prior to January 2004, he was CEO and president of Raytheon. Prior to that, he was president of Raytheon, responsible for Raytheon s government and defense operations. Mr. Swanson joined Raytheon in 1972 and has held a wide range of leadership positions across a broad spectrum of Raytheon s business units. He has been a director of Sprint since September 2004.

Directors Continuing in Office

The following information is given with respect to the directors who are not nominees for election at this meeting.

Class II Serving Until the 2006 Annual Meeting

Gary D. Forsee, age 55. Chairman and Chief Executive Officer of Sprint, Overland Park, Kansas. He is a director of Goodyear Tire & Rubber Co. Before becoming the Chief Executive Officer of Sprint in March 2003, Mr. Forsee served as Vice Chairman Domestic Operations of BellSouth Corporation since January 2002, Chairman of Cingular Wireless since late 2001 and President of BellSouth International since 2000, before which he served as Executive Vice President and Chief Staff Officer beginning in 1999. He has been a director of Sprint since 2003. Upon the completion of the proposed merger, Mr. Forsee will serve as the Chief Executive Officer and President of Sprint Nextel and will be a member of its board of directors.

Louis W. Smith, age 62. Retired President and Chief Executive Officer of the Ewing Marion Kauffman Foundation, Kansas City, Missouri. He is a director of H & R Block, Inc. Before serving as President and Chief Executive Officer of the Ewing Marion Kauffman Foundation from 1997 until April 2002, he was President and Chief Operating Officer of the foundation beginning in 1995. He was President of Allied Signal Inc., Kansas City Division, from 1990 to 1995. He has been a director of Sprint since 1999.

The Sprint board of directors recommends that you vote *for* the election of the eight nominees for director in this Proposal 5.

Compensation of Directors

Annual Retainer and Meeting Fees

Directors who are not employees of Sprint, whom we refer to as the Outside Directors, are each paid $50,000 annually plus meeting fees and the following additional retainers. The Chair of the Audit Committee receives an additional annual retainer of $10,000, and the Chair of each other board committee, except the Executive Committee, receives an additional annual retainer of $7,500. The Lead Independent Director receives an additional annual retainer of $75,000.

For each meeting attended, Sprint pays Outside Directors the following fees: (1) $1,500 for board meetings, (2) $1,500 for committee meetings, (3) $1,500 for in-person meetings of Outside Directors, unless those meetings occur in connection with a board meeting, and (4) $1,500 for

in-person business meetings attended on

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Sprint s behalf. Under the 1997 Long-term Stock Incentive Program, Outside Directors can elect to use these fees to purchase shares of Sprint common stock. They can also elect to have the purchased shares deferred and placed in a trust. Sprint also maintains the Directors Deferred Fee Plan under which Outside Directors may elect to defer all or some of their fees.

Outside Directors receive units representing shares of Sprint common stock credited to their accounts under the Director s Deferred Fee Plan upon becoming a director. Under an amendment adopted in February 2005, all of these units vest on the third anniversary of the director s election to the board, except that if a director leaves the board at his or her convenience, the units would vest pro rata based on years of service, and if a director leaves the board upon a change of control or otherwise at the convenience of the board, the units would vest immediately. Upon joining the Sprint board in March 2004, Mr. Bethune and Ms. Henretta were awarded 8,400 units, after giving effect to the recombination of Sprint s PCS common stock and FON common stock. Upon joining the Sprint board in September 2004, Mr. Swanson was awarded 7,500 units.

Under an amendment adopted on April 19, 2005, the vesting of the final 25% tranche of the options granted in 2002 to DuBose Ausley, an Outside Director, will be accelerated in connection with Mr. Ausley s departure from the board at the 2005 annual meeting. Options to purchase 2,455 shares of FON common stock will be accelerated.

Restricted Stock Units

Each Outside Director serving on February 10, 2004 was awarded units representing 4,200 shares of restricted Sprint common stock. These awards vest one hundred percent on February 10, 2007 unless they vest earlier for directors who retire or are not re-elected or re-nominated. Each Outside Director who joined the board between February 10 and March 1, 2004 was awarded units representing 3,900 shares of restricted Sprint common stock. These awards vest one hundred percent on March 11, 2007 unless they vest earlier for directors who retire or are not re-elected or re-nominated. Dividend equivalents are reinvested into additional restricted stock units which vest when the underlying units vest.

Stock Ownership Guidelines

In 2003, Sprint established director stock ownership guidelines that require Outside Directors to hold shares or share equivalents of Sprint stock equal to at least five times the current annual board retainer. Each Outside Director is expected to meet this ownership level by the later of June 10, 2008 or the fifth anniversary of joining the board. In addition, Outside Directors are expected to meet yearly interim stock ownership requirements. As of December 31, 2004, all Outside Directors have met these interim requirements.

Other Benefits

Except as described in this paragraph, Sprint currently does not offer retirement benefits to Outside Directors. Following the 2005 Sprint annual meeting, only one Outside Director will be eligible to receive benefits under a retirement plan originally adopted in 1982. The retirement plan was amended in 1996 to eliminate the retirement benefit for any Outside Director who had not served five years as of the date of the amendment. An eligible Outside Director will receive monthly benefit payments equal to the monthly fee (not including meeting fees or additional retainers) being paid to Outside Directors at the time of the Outside Director s retirement. The monthly retirement benefit would be $4,167 for any Outside Director retiring while the current $50,000 annual fee remains in effect. The number of monthly benefit payments to an Outside Director under the plan will equal the number of months served as an Outside Director, up to a maximum of 120 payments.

It serves the interests of Sprint and its stockholders to enable the Outside Directors to optimally utilize Sprint s communications services. Accordingly, each Outside Director is provided with up to $6,000 in Sprint communications services per year. They are also provided with the use of wireless devices and related equipment. The Outside Directors are reimbursed for applicable income taxes associated with these benefits. Outside

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Directors also may participate in Sprint s charitable matching gifts program on the same terms as Sprint employees. Under that program in 2004, Sprint would match up to $5,000 a year in contributions by each Outside Director to an eligible institution or organization.

Corporate Governance Matters

Both the board of directors and Sprint s management firmly embrace good and accountable corporate governance and believe that it can be a tangible competitive advantage. Since 2002, the Nominating and Corporate Governance Committee has been designing a comprehensive set of corporate governance initiatives. As part of this process, the committee and the board have been comparing Sprint s policies and practices to policies and practices suggested by various groups active in corporate governance and practices of other public companies. Among the governance enhancements that have been implemented are the following:

- refinement of 2005 approach to determining executive compensation, including increasing emphasis on performance-based equity compensation, as further described below under Compensation Committee Report on Executive Compensation ;
- focused succession planning for board members;
- implementation of director orientation and education programs, including a customized education program in 2004 sponsored by the National Association of Corporate Directors;
- implementation of annual evaluations of the board, all board committees and individual directors;
- refinement of Sprint s ethics and compliance program, including implementation of programs to provide focused oversight of Sprint s ethics and compliance program;
- declassification of the board;
- expensing of employee stock options by Sprint starting in January 2003;
- adoption of strict independence standards for directors and an increase in the current proportion of independent directors on the board to 83%;
- creation of a Lead Independent Director position, as described below;
- ensuring that the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee are composed entirely of independent directors;
- creation and publication of *Corporate Governance Guidelines* and charters for all standing committees of the board, which detail important aspects of Sprint s governance policies and practices;

establishment of term limits for Outside Directors and limits on the number of other public company boards and audit committees on which Sprint directors can serve;

formalization of the existing practice of regular meetings of Outside Directors;

adoption of a policy that prohibits Sprint s independent auditor from providing professional services to Audit Committee members in their individual capacity, executive officers, or officer-level employees in the finance organization;

adoption of stock ownership guidelines for senior Sprint executives and Outside Directors; and

adoption of limits on payments made in any future severance agreement with any officer at the level of senior vice president or above.

Sprint values the views of its stockholders. Consistent with this approach, Sprint s board has established a system to receive, track and respond to communications from stockholders addressed to Sprint s board or to the Outside Directors. Any stockholder who wishes to communicate with the board or the Outside Directors may write to Board Communications Designee, Mailstop KSOPHF0302-3B679, 6200 Sprint Parkway, Overland Park,

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KS 66251 or send an email to directors@mail.sprint.com. The Board Communications Designee in the Office of the Corporate Secretary will review all communications and report on the communications to the chair of or the full Nominating and Corporate Governance Committee or 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 Sprint s accounting, internal accounting controls, or auditing matters will be referred promptly to members of the Audit Committee in accordance with Sprint s policy on communications with the board of directors. A statement regarding this policy is available at *www.sprint.com/governance*.

As detailed in Sprint s *Corporate Governance Guidelines*, the Lead Independent Director is elected annually by Sprint s independent directors and has significant responsibilities and authority designed to facilitate the board s oversight of management and ensure the appropriate flow of information between the board and management, including the following:

- provide direction to the Chairman on board meeting agendas and schedules and ensure that agenda items requested by the Outside Directors will be included on the agenda;
- provide direction to the Chairman on the quality, quantity, and timeliness of the flow of information from management and ensure that the Outside Directors receive any information they request;
- coordinate, develop the agenda for, and chair meetings of the Outside Directors, of which no less than three must be held each year;
- act as principal liaison between the Outside Directors and the CEO on sensitive issues and, when necessary, ensure the full discussion of those issues at board meetings;
- advise the Compensation Committee regarding the evaluation of the CEO s performance and, along with the chair of the Compensation Committee, meet with the CEO to discuss the board s evaluation; and
- advise the Nominating and Corporate Governance Committee regarding the appointment of chairs and members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

A current copy of Sprint s *Corporate Governance Guidelines* and the charters for all standing committees of the board are available at *www.sprint.com/governance*. They may also be obtained by writing to Sprint Shareholder Relations, 6200 Sprint Parkway, Mailstop KSOPHF0302-3B206, Overland Park, Kansas 66251.

Independence of Directors

The Sprint board has adopted a definition of director independence that meets, and in several areas exceeds, the listing standards of the NYSE. Sprint s *Corporate Governance Guidelines* requires that at least two-thirds of the board be independent directors. The board will determine affirmatively whether a director is independent on an annual basis and Sprint will disclose these determinations in its annual proxy statement. A director will not be independent if:

during the preceding five years, the director was employed by, or any member of the director s immediate family was employed as an executive officer by, Sprint or any of its affiliates;