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

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,

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

Overland Park, Kansas
, 2005

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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,

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

Reston, Virginia
, 2005

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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 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

$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.

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 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

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

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:

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

(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 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 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.

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.

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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);

- 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;

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.

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)	
Name	**DDFP Share Units (#)**	**RSUs (#)**
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 RSUs	Retention Payments
Name	Granted (#)	Exercise Price ($)	Performance Based RSUs (#)(2)	Granted (#)	Weighted Avg. Exercise Price ($)	(#)	($)(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.

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.

(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