

SPRINT CORP
Form S-4/A
April 29, 2005
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As filed with the Securities and Exchange Commission on April 28, 2005

Registration No. 333-123333

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SPRINT CORPORATION

(Exact name of registrant as specified in its charter)

Kansas
(State or Other Jurisdiction of Incorporation or
Organization)

4813
(Primary Standard Industrial Classification
Code Number)

48-0457967
(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

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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. "

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum offering price per share | Proposed maximum aggregate offering price⁽⁴⁾ | Amount of registration fee⁽⁵⁾ |
|--|--------------------------------|--|--|---|
| FON common stock, series 1, par value \$2.00 per share, including the associated preferred stock purchase rights | 1,469,111,101 ⁽¹⁾ | N/A | \$ 32,693,372,416 | \$ 3,848,010 |
| Non-voting common stock, par value \$0.01, including the associated preferred stock purchase rights | 38,558,000 ⁽²⁾ | N/A | \$ 249,064,694 | \$ 29,315 |
| Ninth series zero coupon convertible preferred stock due 2013, no par value | 245,245 ⁽³⁾ | N/A | \$ 107,687,815 | \$ 12,675 |
| Total registration fee | | | | \$ 3,890,000 |

(1) Based on the estimated number of shares of FON common stock issuable to holders of class A common stock, par value \$0.001 per share, of Nextel. Upon completion of the merger this stock will be issued as series 1 common stock, par value \$2.00, of Sprint Nextel Corporation.

(2) Based upon the product of (i) 29,660,000, the outstanding number of shares of Nextel class B common stock, par value \$0.001, and (ii) 1.30.

(3) Based upon the outstanding number of shares of the zero coupon convertible preferred stock due 2013, par value \$0.01, of Nextel.

(4) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(f)(1), 457(f)(2) and 457(f)(3) under the Securities Act.

(5) Previously paid prior to the filing of the registration statement on March 15, 2005.

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 April 28, 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 245,245 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, 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 27.

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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, a 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;

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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 _____, 2005 may vote at the Sprint annual meeting.

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

By order of the Board of Directors,

Overland Park, Kansas
, 2005

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

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Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, Virginia 20191

www.nextel.com

Notice of Annual Meeting of Stockholders

Time:

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

Place:

[To Come]

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

Purpose:

To adopt the Agreement and Plan of Merger, dated as of December 15, 2004, among Sprint, Nextel and a wholly owned subsidiary of Sprint that was created to complete the merger of Nextel with the subsidiary, a 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;

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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 _____, 2005 may vote at the Nextel annual meeting.

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

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

By order of the Board of Directors,

Reston, Virginia
, 2005

William E. Conway
Chairman of the Board of Directors

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THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Sprint and Nextel from other documents filed with the Securities and Exchange Commission, which we refer to as the SEC, that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see *Where You Can Find More Information* beginning on page 225.

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.

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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.

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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 225.*

*Unless the context otherwise requires, references in this joint proxy statement/prospectus to *Sprint* mean Sprint and its subsidiaries, references to *Nextel* mean Nextel and its subsidiaries, and references to *Sprint Nextel* or *the resulting company* mean Sprint Nextel and its subsidiaries after the merger.*

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.

Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, Virginia 20191

(703) 433-4000

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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 ConnectSM and Nextel International Direct ConnectSM, and wireless data transmission services. At December 31, 2004, Nextel provided service to about 16.2 million subscribers, which consisted of 15 million subscribers of Nextel-branded service and 1.2 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 259 million people live or work. For the year ended December 31, 2004, Nextel had revenues of approximately \$13.4 billion and net income of approximately \$3 billion.

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Capital Stock

Sprint

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.

Unless the context otherwise requires in this joint proxy statement/prospectus,

references to:

 Sprint series 1 common stock or series 1 FON stock
 Sprint common stock
 series 1 PCS stock
 Sprint preferred stock

 Sprint capital stock

mean:

 FON common stock, series 1 of Sprint
 FON common stock, series 1 and series 2 of Sprint
 PCS common stock, series 1 of Sprint
 Seventh series preferred stock, series 1 and series 2 underlying, of Sprint
 Sprint common stock and Sprint preferred stock, collectively

Nextel

Unless the context otherwise requires in this joint proxy statement/prospectus,

references to:

 Nextel class A common stock
 Nextel non-voting common stock
 Nextel common stock

 Nextel preferred stock
 Nextel capital stock

mean:

 Class A common stock of Nextel
 Class B non-voting common stock of Nextel
 Class A common stock and class B non-voting common stock of Nextel
 Zero coupon convertible preferred stock due 2013 of Nextel
 Nextel common stock and Nextel preferred stock, collectively

Sprint Nextel

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Unless the context otherwise requires in this joint proxy statement/prospectus,

references to:

Series 1 common stock
Series 2 common stock
Sprint Nextel common stock

Sprint Nextel preferred stock

Sprint Nextel capital stock

mean:

Series 1 common stock of Sprint Nextel
Series 2 common stock of Sprint Nextel
Series 1 common stock, series 2 common stock and non-voting
common stock of Sprint Nextel
Sixth series preferred stock, seventh series preferred stock and ninth
series preferred stock of Sprint Nextel, collectively
Sprint Nextel common stock and Sprint Nextel preferred stock,
collectively

For a more complete description of the Sprint Nextel capital stock, see [Authorized Capital Stock of Sprint Nextel](#) beginning on page 192.

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The Merger

A copy of the Agreement and Plan of Merger, dated as of December 15, 2004, which we refer to as the merger agreement, is attached as Annex A to this joint proxy statement/prospectus. 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. 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.

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 below, and based on the outstanding shares and other facts as of _____, 2005 and using the assumptions described in that section, the stock exchange ratio would be _____, the cash ratio would be _____ and the aggregate cash merger consideration would be \$ _____.

Adjustments to Stock Exchange Ratio and Cash Ratio

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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. In order for the spin-off to qualify as tax-free, certain requirements must be satisfied under U.S. federal income tax law. One such requirement is that no acquisition of 50% or more (measured by vote or value) of the capital stock of either Sprint Nextel or the spun-off entity may occur as part of a plan or a series of related transactions that includes the contemplated spin-off. In general, capital stock of Sprint Nextel issued to Nextel stockholders in the merger, and capital stock of the spun-off entity distributed in the spin-off with respect to Sprint Nextel stock issued in the merger, will be considered to be acquired as part of such a plan. Consequently, the issuance of too many shares of Sprint Nextel capital stock to Nextel stockholders in the merger would preclude a tax-free spin-off.

To mitigate the risk that the stock issued in the merger will cause noncompliance with this requirement, 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 and cash ratio will not be subject to further adjustment after the time of completion of the merger.

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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 owning, in the aggregate, more than 49.9% (measured by vote or value) of the capital stock of Sprint Nextel. 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 result in Nextel stockholders owning more than 49.9% of the total capital stock of Sprint Nextel (measured by vote or value), the number of shares of Sprint Nextel common stock delivered for each share of Nextel common stock will be reduced. To the extent the stock exchange ratio is reduced, the cash ratio will (subject to the exception 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 was 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.

A number of factors must be considered in applying the 49.9% limitation. The material factors to be considered are:

the relative numbers of Sprint and Nextel shares outstanding, for U.S. federal income tax purposes, at the time the merger is completed (which would be affected by, for example, the number of Nextel or Sprint shares issued upon exercise of employee options before completion of the merger);

the relative voting rights of the shares of Sprint and Nextel capital stock outstanding, for U.S. federal income tax purposes, at the time the merger is completed;

any restrictions on the transfer of those outstanding shares;

any change in law or administrative guidance from the Internal Revenue Service or the U.S. Treasury; and

changes in other material facts (including either party's knowledge of preexisting facts), or new facts relevant to this analysis, occurring before the time the merger is completed. As of the date of this joint proxy statement/prospectus, we do not know of any such facts that could result in a material adjustment to the merger consideration other than those described in The Merger Agreement Consideration to be Received in the Merger Illustration of Adjustments to Merger Consideration beginning on page 83.

If, as a result of the application of one or more of these factors, in order to maintain compliance with the 49.9% limitation, it was determined that no more than 1.24 shares of Sprint Nextel series 1 common stock could be delivered per share of Nextel class A common stock, the cash ratio would be increased to .06, and therefore cash equal to .06 times the value of a share of Sprint Nextel series 1 common stock would be delivered, along with 1.24 shares of Sprint Nextel series 1 common stock, in respect of each share of Nextel class A common stock.

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 amount of cash that would be payable after adjusting the stock exchange ratio and the cash ratio as described above exceeds the cash limit, the stock exchange ratio will nevertheless be reduced as described above but the per share cash amount will not be increased to the extent that doing so would result in the aggregate amount of cash payable by Sprint exceeding the cash limit. Thus, if the cash limit were to be reached, reductions in the stock exchange ratio as provided above 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

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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 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 pursue the contemplated spin-off.

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 82.

For the reasons described above, 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.

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 _____ and a cash ratio of _____ which reflect outstanding share numbers and other facts as of _____, 2005 and using the assumptions described in *The Merger Agreement Consideration to be Received in the Merger Illustration of Adjustments to Merger Consideration* beginning on page 83. The actual amount of cash to be received by holders of Nextel common stock is 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

| <u>Trading price of Sprint series 1 common stock</u> | <u>Value of Sprint Nextel common stock per share of Nextel common stock</u> | <u>Cash per share of Nextel common stock</u> | <u>Total value per share of Nextel common stock</u> | <u>Aggregate amount of cash consideration</u> |
|--|---|--|---|---|
| | | | | |
| | | | | |
| | | | | |

Nextel Class B Common Stock

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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

Each outstanding share of Nextel preferred stock due 2013 will be converted into a share of Sprint Nextel ninth series zero coupon convertible preferred stock due 2013.

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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 82. 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.

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 consist of 12 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. 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 the remaining 10 Sprint Nextel directors, Sprint and Nextel have agreed that five will be designated by Sprint and five will be designated by Nextel, including a co-lead outside director from each company. The persons 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.

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 66.

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 41 and 44, respectively.

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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 41 and 45, 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.

For a more complete description, see "The Merger Opinions of Financial Advisors to the Sprint Board of Directors" beginning on page 48. See also Annexes B and C to this joint proxy statement/prospectus.

Nextel Financial Advisors

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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.

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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 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 57. 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 provide 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.

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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 depending on Sprint Nextel's achievement of certain financial objectives established by the Compensation Committee of the Sprint board of directors. Mr. Forsee's annual bonus would be prorated for the year in which the merger is completed. The amended employment

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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 66.

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;

the accelerated award and/or vesting of deferred shares of Nextel common stock for certain executive officers valued at \$15,536,276, based on the closing price per share of Nextel class A common stock of \$28.42 on March 31, 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.

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For a further discussion, see The Merger Interests of Sprint and Nextel Directors and Executive Officers in the Merger beginning on page 66.

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.

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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. We will also be required to obtain approvals from state public utility commissions or similar regulatory authorities to complete the merger. While we believe that these approvals will be obtained, there can be no assurance of this or that burdensome conditions will not be imposed as a condition of these approvals. We do not believe these approvals will be obtained before our stockholders vote on the merger. 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.

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;

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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.

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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 27. These events include:

Sprint Nextel's long-term debt must be rated investment grade by either S&P or Moody's 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 certain such notes, within 30 days from the completion of the merger unless both S&P and Moody's reaffirm or increase the rating of Nextel's outstanding redeemable notes and its 5.25% convertible senior notes due 2010); otherwise 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. Any required repurchase would likely be financed with other debt. As of April 21, 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). At April 15, 2005, 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. 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. Based on the closing stock market price on April 21, 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 \$1.2 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.

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.

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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. In addition, payment of the break-up fee could adversely affect the financial condition of the company making the payment. 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.

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.

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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 209.

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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;

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

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fully described under Sprint Annual Meeting beginning on page 104.

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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.

Table of Contents**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 December 31, 2004. 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 1.28 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 82. 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 1.28 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.

| | As of or for the Year Ended December 31, 2004 |
|---|--|
| Sprint Historical: | |
| Book value per share | \$ 9.17 |
| Cash dividends per share | Note (1) |
| Diluted and basic loss per share from continuing operations (2) | \$ (0.71) |
| Nextel Historical: | |
| Book value per share | \$ 8.42 |
| Cash dividends per share | |
| Earnings per share from continuing operations: | |
| Basic | \$ 2.69 |
| Diluted | \$ 2.62 |
| Sprint Nextel Pro Forma Combined: | |
| Book value per share | \$ 17.24 |
| Cash dividends per share | Note (3) |
| Diluted and basic loss per share from continuing operations (2) | \$ (0.38) |
| Nextel Pro Forma Equivalent: | |
| Book value per share | \$ 22.07 |
| Cash dividends per share | Note (3) |
| Diluted and basic loss per share from continuing operations | \$ (0.49) |

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

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

- (2) As the effects of including the incremental shares associated with options, restricted stock units, convertible preferred stock and employees stock purchase plan shares are anti-dilutive, 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.

Table of Contents**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.

| | <u>Series 1 FON Stock</u> | <u>Nextel Class A Common Stock</u> | <u>Equivalent Per Share Data(1)</u> |
|-------------------|-------------------------------|--|---|
| 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.

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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.

Table of Contents**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 following information should be read together with Sprint's audited 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)

| | Years Ended December 31, | | | | |
|--|--------------------------|-----------|-----------|-----------|-----------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Statement of Operations Data: | | | | | |
| Net operating revenues | \$ 27,428 | \$ 26,197 | \$ 26,679 | \$ 25,562 | \$ 23,166 |
| Operating income (loss) (1)(2) | (303) | 1,007 | 2,096 | (910) | 280 |
| Income (loss) from continuing operations (1)(2)(3) | (1,012) | (292) | 451 | (1,599) | (788) |
| Net income (loss) (1)(2)(3)(4)(5) | (1,012) | 1,290 | 610 | (1,447) | 41 |
| Diluted and basic earnings (loss) per common share from continuing operations (6)(7) | \$ (0.71) | \$ (0.21) | \$ 0.32 | \$ (1.16) | \$ (0.58) |
| Diluted and basic earnings (loss) per common share (6)(7) | \$ (0.71) | \$ 0.91 | \$ 0.43 | \$ (1.05) | \$ 0.02 |
| Diluted weighted average common shares outstanding (6)(7) | 1,443.4 | 1,415.3 | 1,403.8 | 1,381.7 | 1,364.1 |
| Basic weighted average common shares outstanding (6)(7) | 1,443.4 | 1,415.3 | 1,400.0 | 1,381.7 | 1,364.1 |
| Dividends per common share | Note (8) | Note (8) | Note (8) | Note (8) | Note (8) |
| Balance Sheet Data: | | | | | |
| Total assets | \$ 41,321 | \$ 42,675 | \$ 45,113 | \$ 45,619 | \$ 42,943 |
| Property, plant and equipment, net (1) | 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) | 17,451 | 19,407 | 22,273 | 22,883 | 18,975 |
| Stockholders' equity | 13,521 | 13,113 | 12,108 | 12,450 | 13,596 |
| Ratio of earnings to combined fixed charges and preferred stock dividends: (9) | (a) | (b) | 1.21 | (c) | (d) |

(1) In 2004, Sprint recorded net charges reducing operating income by \$3.7 billion to an operating loss and reducing income from continuing operations by \$2.4 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.

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.

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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

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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.

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(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:

(earnings + fixed charges)

(fixed charges) + (pretax earnings required to cover preferred stock dividends)

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

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preferred stock dividends, as adjusted for the tax benefits related to unallocated shares

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.

Table of Contents**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 following information should be read together with Nextel's audited 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.

| | Year Ended December 31, | | | | |
|---|---|-----------|----------|----------|----------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| | (in millions, except per share amounts) | | | | |
| Statement of Operations Data | | | | | |
| Operating revenues | \$ 13,368 | \$ 10,820 | \$ 8,721 | \$ 7,689 | \$ 5,714 |
| Cost of revenues (exclusive of depreciation included below) | 4,003 | 3,169 | 2,535 | 2,888 | 2,188 |
| Selling, general and administrative | 4,241 | 3,453 | 3,039 | 3,020 | 2,278 |
| Restructuring and impairment charges | | | 35 | 1,769 | |
| Depreciation and amortization | 1,841 | 1,694 | 1,595 | 1,746 | 1,265 |
| Operating income (loss) | 3,283 | 2,504 | 1,517 | (1,734) | (17) |
| Interest expense, net | (565) | (802) | (990) | (1,196) | (849) |
| (Loss) gain on retirement of debt, net of debt conversion costs | (117) | (245) | 354 | 469 | (127) |
| Gain on deconsolidation of NII Holdings, Inc. | | | 1,218 | | |
| Equity in earnings (losses) of unconsolidated affiliates, net | 15 | (58) | (309) | (95) | (152) |
| Other (expense) income, net | 29 | 225 | (39) | (223) | 281 |
| Income tax benefit (provision) | 355 | (113) | (391) | 135 | 33 |
| Net (loss) income | 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 | (9) | (58) | (211) | (233) | (209) |