

SPRINT NEXTEL CORP

Form S-3/A

November 23, 2005

As filed with the Securities and Exchange Commission on November 23, 2005

Registration No. 333-128940

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

Sprint Nextel Corporation

(Exact name of registrant as specified in its charter)

Kansas

*(State or other jurisdiction of
incorporation or organization)*

48-0457967

*(I.R.S. Employer
Identification No.)*

**2001 Edmund Halley Drive
Reston, Virginia 20191
(703) 433-4000**

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

**Leonard J. Kennedy, Esq.
General Counsel
Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, Virginia 20191
(703) 433-4000**

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

Copies to:

**Lisa A. Stater, Esq.
Jones Day
1420 Peachtree Street, N.E.
Suite 800
Atlanta, Georgia 30309-3053
(404) 521-3939**

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, 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, please 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(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell or offer these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated November 23, 2005

Prospectus

SPRINT NEXTEL CORPORATION
Consent Solicitation and Offer to Guarantee
Series B First Priority Senior Secured Floating Rate Notes due 2010
(\$125,000,000 principal amount outstanding)
(CUSIP No. 90338R AF 1)
and
10% Series B Second Priority Senior Secured Notes due 2012
(\$235,000,000 principal amount outstanding)
(CUSIP No. 90338R AG 9)
of
US UNWIRED INC.

**The consent solicitation will expire at 5:00 p.m.,
New York City time, on _____, 2005, unless extended.**

We are offering to fully and unconditionally guarantee the above notes of our subsidiary, US Unwired Inc., in return for your consent to proposed amendments to the indentures under which the notes were issued. The guarantees will be issued if the holders of a majority in aggregate principal amount of each of the classes of the above notes consent to the proposed amendments. These proposed amendments would amend certain covenants contained in the indentures governing the above notes to provide us with the operational flexibility to integrate more effectively US Unwired's business with ours and substitute certain reports we file with the Securities and Exchange Commission, or SEC, for those of US Unwired. If we receive the required consents, and the guarantees are issued, our guarantees of your notes will rank equal to all of our other existing and future senior unsecured indebtedness.

For a discussion of factors you should consider before you decide whether to consent, see Risk Factors beginning on page 12.

The expiration date for the consent solicitation is 5:00 p.m., New York City time, on _____, 2005 unless extended.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, nor have any of these organizations determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The solicitation agent for the consent solicitation is:
Bear, Stearns & Co. Inc.

The date of this prospectus is _____, 2005

REFERENCES TO ADDITIONAL INFORMATION

As used in this prospectus, we, us or our refers to Sprint Nextel Corporation (formerly known as Sprint Corporation), US Unwired refers to US Unwired Inc., our wholly owned subsidiary, and Nextel Communications or Nextel refers to Nextel Communications, Inc. prior to its merger with and into one of our wholly owned subsidiaries and, thereafter, to that subsidiary as the surviving corporation in that merger (which was renamed Nextel Communications, Inc.), in each case, together with such corporation's subsidiaries. This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. You may obtain documents that we filed with the SEC and incorporated by reference into this prospectus by requesting the documents, in writing or by telephone, from the SEC or from:

Sprint Nextel Corporation
 2001 Edmund Halley Drive
 Reston, Virginia 20191
 Attention: Investor Relations
 Telephone: (703) 433-4300

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PROSPECTUS SUMMARY

This summary highlights basic information about us, US Unwired, the consent solicitation and the guarantees, but does not contain all information important to you. You should read the more detailed information and consolidated financial statements and the related notes included in and incorporated by reference into this prospectus.

Overview

Sprint Nextel

2001 Edmund Halley Drive
Reston, Virginia 20191
(703) 433-4000

On August 12, 2005, Nextel Communications merged with one of our wholly owned subsidiaries. In connection with the merger, we changed our name from Sprint Corporation to Sprint Nextel Corporation. We offer a comprehensive range of wireless and wireline communications services to consumer, business and government customers. We are widely recognized for developing, engineering and deploying innovative technologies, including wireless networks offering mobile data services, instant national and international push-to-talk capabilities, and a global Tier 1 Internet backbone. In connection with the merger, we announced our intention to spin-off our local telecommunications business. We expect the spin-off to be completed in the first half of 2006.

US Unwired

901 Lakeshore Drive
Lake Charles, Louisiana 70601
(337) 436-9000

US Unwired is principally engaged in the ownership and operation of wireless communications. It is a personal communications services, or PCS, provider and has the exclusive right to provide wireless services under the Sprint® brand name within its service area. On August 12, 2005, we concluded our tender offer for and accepted for payment all of US Unwired's common stock validly tendered and, thereafter, completed the acquisition of US Unwired by merging one of our wholly owned subsidiaries with US Unwired.

Although the indentures governing the Series B First Priority Senior Secured Floating Rate Notes due 2010 and 10% Series B Second Priority Senior Secured Notes due 2012 contain provisions that generally require US Unwired to make an offer to repurchase these notes upon a change in control, our acquisition of US Unwired did not trigger these provisions. Because we are a permitted holder of US Unwired's stock under both indentures, our tender offer for US Unwired's stock did not qualify as a change of control under the indentures. See Description of the Amended Securities Change of Control. In addition, because US Unwired was the surviving entity in the subsequent merger that completed our acquisition, the merger was permitted under the merger covenants of both indentures and did not require US Unwired to offer to repurchase the notes. See Description of the Amended Securities Consolidation, Merger, Conveyance, Transfer or Lease.

Use of Proceeds

We will not receive any cash proceeds from the issuance of our guarantees.

The Consent Solicitation

The Notes

Series B First Priority Senior Secured Floating Rate Notes due 2010, or 2010 notes.

10% Series B Second Priority Senior Secured Notes due 2012, or 2012 notes.

The Consent Solicitation

We are soliciting consents from the holders of the 2010 notes and 2012 notes to the proposed amendments described below. See The Consent Solicitation. We will provide our guarantees if consents to the proposed amendments have been validly submitted and not withdrawn by holders of record of a majority in aggregate principal amount of each of the 2010 notes and 2012 notes, which together are referred to in this prospectus as the notes.

Record Date

November , 2005

Proposed Amendments

We are making the consent solicitation to amend certain covenants contained in the indentures governing the notes to provide us with the operational flexibility to integrate more effectively our and US Unwired s businesses and substitute our financial reports that we file with the SEC for those of US Unwired. The proposed amendments would, among other things:

modify the definition of Asset Sale to exclude specifically any transfer or sale of assets from US Unwired to us or any of our direct or indirect subsidiaries;

modify the affiliate transactions covenant to permit US Unwired and its restricted subsidiaries to engage in transactions with us or any of our other subsidiaries, so long as such transactions are on terms that are no less favorable to US Unwired and its restricted subsidiaries than those that would have been obtained in comparable transactions by US Unwired and its restricted subsidiaries with an unrelated person, without having to obtain:

an independent fairness opinion; or

except in transactions above a certain dollar threshold, the approval of US Unwired s board of directors; and

permit US Unwired to provide our periodic reports and other information filed with the SEC to the holders of the notes, in lieu of separate reports and information relating only to US Unwired.

The Supplemental Indentures

The proposed amendments to the indentures would be set forth in supplemental indentures to be executed by US Unwired, its subsidiary guarantors and the trustee immediately following the expiration date, if the required consents have been obtained. If the proposed amendments become effective, each indenture, as amended, will apply to each holder of the corresponding notes, regardless of whether that holder delivered a consent to the proposed amendments.

Expiration Date; Waiver; Amendment; Termination

The consent solicitation will expire at 5:00 p.m., New York City time, on , , 2005, unless extended. We expressly reserve the right to waive or modify any term of, or terminate, the consent solicitation.

Required Consents	The proposed amendments to the indentures require the consent of the holders of a majority in aggregate principal amount of each of the 2010 notes and 2012 notes for the proposed amendments to either indenture to become operative. We may waive this requirement, however, for either the 2010 notes or 2012 notes, if we receive the required consents from the holders of only the 2010 notes or 2012 notes.
Revocation of Consents	A holder of notes may revoke a previously submitted consent at any time prior to the expiration date by following the procedures set forth herein.
Guarantees	We are offering to fully and unconditionally guarantee US Unwired's payment obligations under both the 2010 notes and the indenture governing the 2010 notes, or the 2010 indenture, and the 2012 notes and the indenture governing the 2012 notes, or the 2012 indenture, on a senior, unsecured basis, if the proposed amendments to the indentures become effective. If the guarantees are issued and US Unwired cannot make any payment on either the 2010 notes or 2012 notes, we would be required to make the payment instead.
United States Federal Income Tax Considerations	Although the issue is not free from doubt, we believe that a holder of notes should not recognize any income, gain or loss as a result of the implementation of the proposed amendments to the indentures governing the notes and the provision of our guarantees. See United States Federal Income Tax Considerations.
Solicitation Agent	The solicitation agent for the consent solicitation is Bear, Stearns & Co. Inc.
Consent Agent	The consent agent for the consent solicitation is U.S. Bank National Association.
Information Agent	The information agent for the consent solicitation is Georgeson Shareholder Communications, Inc. Additional copies of this prospectus, the letter of consent and other related materials may be obtained from the information agent.
Risk Factors	You should read the Risk Factors section beginning on page 12 of this prospectus, as well as other cautionary statements included or incorporated by reference into this prospectus, to ensure that you understand the risks associated with the consent solicitation and the guarantees.

Selected Historical Financial Data of Sprint Nextel (formerly Sprint Corporation)

The following table sets forth our selected historical financial data. The following data as of and for each of the five years ended December 31, 2004 have been derived from our audited consolidated financial statements. The consolidated financial statements for the year ended December 31, 2004 were audited by KPMG LLP and the consolidated financial statements for each of the four years ended December 31, 2003 were audited by Ernst & Young LLP. The statement of operations data for the nine months ended September 30, 2005 and 2004, and the balance sheet data as of September 30, 2005, have been derived from our unaudited consolidated financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. The following information should be read together with our consolidated financial statements and the notes related to those financial statements, which are incorporated by reference into this prospectus. The information set forth below is not necessarily indicative of the results of future operations.

	As of or for the Nine Months Ended September 30,		As of or for the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(In millions, except per share amounts and ratios)							
Statement of Operations							
Data:							
Net operating revenues	\$ 23,384	\$ 20,498	\$ 27,428	\$ 26,197	\$ 26,679	\$ 25,562	\$ 23,166
Operating income (loss)(1)(2)	3,155	(1,273)	(303)	1,007	2,096	(910)	280
Income (loss) from continuing operations(1)(2)(3)	1,588	(1,449)	(1,012)	(292)	451	(1,599)	(788)
Net income (loss)(1)(2)(3)(4)(5)	1,588	(1,449)	(1,012)	1,290	610	(1,447)	41
Diluted earnings (loss) per common share from continuing operations(6)(7)	\$ 0.91	\$ (1.02)	\$ (0.71)	\$ (0.21)	\$ 0.32	\$ (1.16)	\$ (0.58)
Basic earnings (loss) per common share from continuing operations(6)(7)	\$ 0.92	\$ (1.02)	\$ (0.71)	\$ (0.21)	\$ 0.32	\$ (1.16)	\$ (0.58)
Diluted earnings (loss) per common share(6)(7)	\$ 0.91	\$ (1.02)	\$ (0.71)	\$ 0.91	\$ 0.43	\$ (1.05)	\$ 0.02
Basic earnings (loss) per common share(6)(7)	\$ 0.92	\$ (1.02)	\$ (0.71)	\$ 0.91	\$ 0.43	\$ (1.05)	\$ 0.02
Diluted weighted average common shares outstanding(6)(7)	1,745.0	1,433.8	1,433.4	1,415.3	1,403.8	1,381.7	1,364.1
Basic weighted average common shares outstanding(6)(7)	1,725.1	1,433.8	1,433.4	1,415.3	1,400.0	1,381.7	1,364.1
Dividends per common share	0.025	Note(8)	Note(8)	Note(8)	Note(8)	Note(8)	Note(8)

Balance Sheet Data:

Total assets	\$ 101,315	\$ 41,321	\$ 42,675	\$ 45,113	\$ 45,619	\$ 42,943
Property, plant and equipment, net(1)	30,591	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)	25,545	17,451	19,407	22,273	22,883	18,975
Stockholders equity	51,532	13,521	13,113	12,108	12,450	13,596

- (1) During the nine months ended September 30, 2005, we recorded net charges reducing operating income by \$421 million and income from continuing operations by \$266 million. These charges related to merger integration costs, the impairment of various software applications, our organizational realignment initiatives and the termination of our web hosting service, as well as hurricane-related costs.

During the nine months ended September 30, 2004, we recorded net charges reducing operating income by \$3.7 billion and income from continuing operations by \$2.3 billion. These charges related primarily to the long distance network impairment and restructurings, as well as hurricane-related charges. These were partially offset by recoveries of fully reserved MCI Communications Corporation (formerly WorldCom, Inc., or WorldCom) receivables.

In 2004, we recorded net charges reducing operating income by \$3.7 billion to an operating loss and reducing income from continuing operations by \$2.3 billion to an overall loss from continuing operations. The charges related primarily to the long distance network impairment and restructurings partially offset by recoveries of fully reserved MCI receivables. The impairment of our long distance network assets, which was determined in accordance with Statement of Financial Accounting Standards, or 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 our strategy to expand our 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 our long distance property, plant and equipment by about 60%, to \$2.3 billion.

In 2003, we 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, we recorded charges reducing operating income by \$402 million and reducing income from continuing operations by \$253 million. The charges related primarily to restructurings, asset impairments and expected loss on MCI receivables.

In 2001, we 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 restructurings and asset impairments.

In 2000, we 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) We 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) During the nine months ended September 30, 2004, we recorded charges of \$70 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 \$43 million.

In 2004, we 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, we 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, we 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, we 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 our investment in Pegaso Telecomunicaciones, S.A.

de C.V. Additionally, we 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, we 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, we 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, we recorded an after-tax gain of \$1.3 billion associated with the sale of our directory publishing business. In 2000, we sold our interest in a joint venture, which provided international long distance telecommunications services.
- (5) We 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, we recorded a credit of \$420 million to remove the accumulated excess cost of removal resulting in a cumulative effect of change in accounting principle credit of \$258 million, net of tax.
- (6) All per share amounts have been restated, for all periods before 2004, to reflect the recombination of the FON common stock and PCS common stock as of the earliest period presented at an identical conversion ratio (0.50). The conversion ratio was also applied to dilutive PCS securities (mainly stock options, employees stock purchase plan shares, convertible preferred stock and restricted stock units) to determine diluted weighted average shares on a consolidated basis.
- (7) As the effects of including the incremental shares associated with options, restricted stock units and employees stock purchase plan shares are antidilutive, both basic loss per share and diluted loss per share reflect the same calculation for the years ended December 31, 2004, 2003, 2001 and 2000.
- (8) Before the recombination of the two tracking stocks, shares of PCS common stock did not receive dividends. For each of the five years ended December 31, 2004, shares of FON common stock (before the conversion of shares of PCS common stock) received dividends of \$0.50 per share. In the 2004 first quarter, shares of FON common stock (before the conversion of shares of PCS common stock) received a dividend of \$0.125 per share. In the second, third and fourth quarters of 2004, shares of FON common stock, which included shares resulting from the conversion of shares of PCS common stock, received quarterly dividends of \$0.125 per share.

Selected Historical Financial Data of Nextel Communications

The following table sets forth selected historical financial data for Nextel Communications. The following data at and for each of the five years ended December 31, 2004 have been derived from Nextel Communications' audited consolidated financial statements. The statement of operations data for the six months ended June 30, 2005 and 2004, and the balance sheet data as of June 30, 2005, have been derived from Nextel Communications' unaudited consolidated financial statements. In the opinion of management, Nextel Communications' unaudited condensed consolidated financial statements reflect all adjustments that are necessary for a fair presentation of the results for interim periods. All adjustments made were of a normal recurring nature, except as described in the notes included in Nextel Communications' financial statements for the six months ended June 30, 2005. The following information should be read together with Nextel Communications' consolidated financial statements and the notes related to those financial statements, which are included in this prospectus. See Index to Financial Statements. The information set forth below is not necessarily indicative of the results of future operations.

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(In millions, except per share amounts)							
Statement of Operations Data:							
Operating revenues	\$ 7,427	\$ 6,392	\$ 13,368	\$ 10,820	\$ 8,721	\$ 7,689	\$ 5,714
Cost of revenues (exclusive of depreciation and amortization included below)	2,243	1,876	4,003	3,169	2,535	2,888	2,188
Selling, general and administrative	2,451	2,049	4,241	3,453	3,039	3,020	2,278
Restructuring and impairment charges					35	1,769	
Depreciation and amortization	1,026	896	1,841	1,694	1,595	1,746	1,265
Operating income (loss)	1,707	1,571	3,283	2,504	1,517	(1,734)	(17)
Interest expense, net	(225)	(294)	(565)	(802)	(990)	(1,196)	(849)
(Loss) gain on retirement of debt, net of debt conversion costs	(37)	(51)	(117)	(245)	354	469	(127)
Gain on deconsolidation of NII Holdings, Inc.					1,218		
Equity in earnings (losses) of unconsolidated affiliates, net	39	(2)	15	(58)	(309)	(95)	(152)
Other (expense) income, net	6	29	29	225	(39)	(223)	281
Income tax benefit (provision)	(361)	684	355	(113)	(391)	135	33
Net (loss) income	1,129	1,937	3,000	1,511	1,360	(2,644)	(831)
Gain (loss) on retirement of mandatorily redeemable preferred stock	(16)	(4)	(9)	(7)	485	(233)	(209)
				(58)	(211)		

Mandatorily redeemable
preferred stock dividends and
accretion

Income (loss) available to common stockholders	\$ 1,113	\$ 1,933	\$ 2,991	\$ 1,446	\$ 1,634	\$ (2,877)	\$ (1,040)
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Earnings (loss) per common
share

Basic	\$ 0.99	\$ 1.74	\$ 2.69	\$ 1.38	\$ 1.85	\$ (3.70)	\$ (1.38)
Diluted	\$ 0.97	\$ 1.67	\$ 2.62	\$ 1.34	\$ 1.75	\$ (3.70)	\$ (1.38)

Weighted average number of
common shares outstanding

Basic	1,125	1,108	1,111	1,047	884	778	756
Diluted	1,143	1,168	1,152	1,089	966	778	756

