

SPRINT NEXTEL CORP  
Form 10-K/A  
March 31, 2006

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2005**

**OR**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-04721**

**SPRINT NEXTEL CORPORATION**

(Exact name of registrant as specified in its charter)

<b>KANSAS</b> (State or other jurisdiction of incorporation or organization)	<b>48-0457967</b> (I.R.S. Employer Identification No.)
<b>2001 Edmund Halley Drive, Reston, Virginia</b> (Address of principal executive offices)	<b>20191</b> (Zip Code)
<b>Registrant's telephone number, including area code:</b>	<b>(703) 433-4000</b>
<b>Securities registered pursuant to Section 12(b) of the Act:</b>	

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Common Stock, Series 1, \$2.00 par value, and Rights Guarantees of Sprint Capital Corporation	New York Stock Exchange New York Stock Exchange

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6.875% Notes due 2028

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer

Large accelerated filer  Accelerated Filer  Non-accelerated Filer   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

Aggregate market value of voting and non-voting common stock equity held by non-affiliates at June 30, 2005, was \$37,255,897,903.

**COMMON SHARES OUTSTANDING AT FEBRUARY 28, 2006:**

VOTING COMMON STOCK	
Series 1	2,849,846,056
Series 2	79,831,333
NON-VOTING COMMON STOCK	37,594,109

**Documents incorporated by reference**

Portions of the registrant's definitive proxy statement filed under Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which definitive proxy statement was filed on March 17, 2006, are incorporated by reference in Part III.

**EXPLANATORY NOTE**

We are filing this Form 10-K/A to amend Part II, Item 8 of our Annual Report filed on Form 10-K for the fiscal year ended December 31, 2005, which we filed with the Securities and Exchange Commission on March 7, 2006, to include a new note 26 in the Notes to the Consolidated Financial Statements appearing at the end of the annual report on Form 10-K/A. Note 26 includes certain consolidating financial information for IWO Holdings, Inc., a wholly owned subsidiary of Sprint Nextel Corporation, together with the subsidiary guarantors of IWO Holdings, Inc., as of and for the period from acquisition (October 20, 2005) to December 31, 2005, and Sprint Nextel Corporation on a stand-alone basis, Sprint Nextel's other subsidiaries on a combined basis, and Sprint Nextel and all of its subsidiaries on a consolidated basis as of and for the year ended December 31, 2005.

The information included in note 26 was not required for our annual report on Form 10-K. We, however, have elected to include this information in this Form 10-K/A based on Sprint Nextel's subsequent determination to guarantee certain indebtedness of IWO Holdings. Specifically, Sprint Nextel entered into a guarantee, dated March 22, 2006, in favor of the holders of Senior Secured Floating Rate Notes due 2012 of IWO Holdings, and a guarantee, dated March 22, 2006, in favor of the holders of 10.75% Senior Discount Notes due 2015 of IWO Holdings. Each guarantee represents the full and unconditional guarantee by Sprint Nextel of the obligations under the applicable notes, and other obligations under the respective indentures under which the notes were issued. No subsidiary of Sprint Nextel, other than the subsidiaries of IWO Holdings, Inc., guarantees these securities.

In connection with the filing of this annual report on Form 10-K/A and pursuant to Rules 12b-15, 13a-14(a) and 13a-14(b) under the Exchange Act, we are including currently dated certifications. This Form 10-K/A does not reflect events occurring after the filing of our annual report on Form 10-K on March 7, 2006 or include, or otherwise modify or update, the disclosure contained therein in any way other than as required to reflect the amendments discussed above.

**Item 8. Financial Statements and Supplementary Data**

The consolidated financial statements required by this item begin on page F-1 of this annual report on Form 10-K/A and are incorporated herein by reference. The financial statement schedule required under Regulation S-X is filed pursuant to Item 15 of this annual report on Form 10-K/A and is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPRINT NEXTEL CORPORATION  
(Registrant)

By /s/ Gary D. Forsee  
Gary D. Forsee

Chief Executive Officer

Date: March 31, 2006

**SPRINT NEXTEL CORPORATION**

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(23) (a) Consent of KPMG LLP, Independent Registered Public Accounting Firm	
(23) (b) Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	
(31) (a) Certification of Chief Executive Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)	
(31) (b) Certification of Chief Financial Officer Pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)	
(32) (a) Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
(32) (b) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	



**MANAGEMENT REPORT**

Our management is responsible for the integrity and objectivity of the information contained in this document. Management is responsible for the consistency of reporting this information and for ensuring that accounting principles generally accepted in the United States are used.

In discharging this responsibility, management maintains a comprehensive system of internal controls and supports an extensive program of internal audits, has made organizational arrangements providing appropriate divisions of responsibility and has established communication programs aimed at assuring that its policies, procedures and principles of business conduct are understood and practiced by its employees.

The 2005 and 2004 consolidated financial statements included in this document have been audited by KPMG LLP, independent registered public accounting firm. The 2003 consolidated financial statements included in this document have been audited by Ernst & Young LLP, independent registered public accounting firm. All audits were conducted using standards of the Public Company Accounting Oversight Board (United States) and KPMG's and Ernst & Young's reports and consents are included herein.

The Board of Directors' responsibility for these consolidated financial statements is pursued mainly through its Audit Committee. The Audit Committee, composed entirely of directors who are not officers or employees of Sprint Nextel, meets periodically with the Company's internal auditors and independent registered public accounting firm, both with and without management present, to assure that their respective responsibilities are being fulfilled. The internal auditors and independent registered public accounting firm have full access to the Audit Committee to discuss auditing and financial reporting matters.

/s/ Gary D. Forsee  
Gary D. Forsee  
President and Chief Executive Officer

/s/ Paul N. Saleh  
Paul N. Saleh  
Executive Vice President and Chief Financial Officer

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders

Sprint Nextel Corporation:

We have audited the accompanying consolidated balance sheets of Sprint Nextel Corporation, formerly known as Sprint Corporation, and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and shareholders' equity, for the years ended December 31, 2005 and 2004. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule, Schedule II Consolidated Valuation and Qualifying Accounts for the years ended December 31, 2005 and 2004. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sprint Nextel Corporation and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for the years ended December 31, 2005 and 2004, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule for the years ended December 31, 2005 and 2004, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*, in the fourth quarter of 2005.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Sprint Nextel Corporation's internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 7, 2006 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

McLean, Virginia  
March 7, 2006, except as to Note 26,  
which is as of March 30, 2006.



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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders

Sprint Nextel Corporation:

We have audited management's assessment, included in Management's Report on Internal Control over Financial Reporting, appearing in Item 9A. Controls and Procedures, that Sprint Nextel Corporation, formerly known as Sprint Corporation, maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sprint Nextel Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Sprint Nextel Corporation maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Sprint Nextel Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Sprint Nextel Corporation and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and shareholders' equity, for the years ended December 31, 2005 and 2004, and the related financial statement schedule for the years ended December 31, 2005 and 2004, and our report dated March 7, 2006, except as to Note 26, which is as of March 30, 2006, expressed an unqualified opinion on those consolidated financial statements and the related financial statement schedule.

/s/ KPMG LLP

McLean, Virginia  
March 7, 2006

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders

Sprint Nextel Corporation:

We have audited the accompanying consolidated statements of operations, comprehensive income (loss), cash flows and shareholders' equity of Sprint Nextel Corporation (formerly Sprint Corporation) for the year ended December 31, 2003. Our audit also included the financial statement schedule for the year ended December 31, 2003 listed in the Index to Financial Statements, Financial Statement Schedule and Exhibits. These financial statements and the schedule are the responsibility of the management of Sprint Nextel Corporation. Our responsibility is to express an opinion on these financial statements and the schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the consolidated results of operations and cash flows of Sprint Nextel Corporation for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the year ended December 31, 2003, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Kansas City, Missouri

February 3, 2004, except for

Note 3, as to which the date is April 23, 2004, and

Note 23, as to which the date is November 2, 2004

## SPRINT NEXTEL CORPORATION

## CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2005, 2004 and 2003

	2005	2004	2003
	<i>(in millions, except per share amounts)</i>		
<b>Net operating revenues</b>	\$ 34,680	\$ 27,428	\$ 26,197
<b>Operating expenses</b>			
Costs of services and products (exclusive of depreciation included below)	14,384	11,576	10,592
Selling, general and administrative	10,076	7,704	7,674
Restructuring and asset impairments	125	3,731	1,951
Depreciation	4,933	4,713	4,972
Amortization	1,336	7	1
	30,854	27,731	25,190
<b>Operating income (loss)</b>	3,826	(303)	1,007
<b>Other income (expense)</b>			
Interest expense	(1,351)	(1,282)	(1,437)
Interest income	238	61	51
Equity in earnings (losses) of unconsolidated subsidiaries, net	110	(39)	(77)
Loss on retirement of debt		(60)	(21)
Other, net	83	20	(27)
	(920)	(1,300)	(1,511)
<b>Income (loss) from continuing operations before income taxes</b>	2,906	(1,603)	(504)
<b>Income tax (expense) benefit</b>	(1,105)	591	212
<b>Income (loss) from continuing operations</b>	1,801	(1,012)	(292)
Discontinued operations, net			1,324
Cumulative effect of change in accounting principle, net	(16)		258
<b>Net income (loss)</b>	1,785	(1,012)	1,290
Earnings allocated to participating securities		(9)	
Preferred stock dividends	(7)	(7)	(7)
<b>Income (loss) available to common shareholders</b>	\$ 1,778	\$ (1,028)	\$ 1,283
<b>Basic earnings (loss) per common share</b>			
Continuing operations	\$ 0.88	\$ (0.71)	\$ (0.21)
Discontinued operations			0.94
Cumulative effect of change in accounting principle	(0.01)		0.18
Total	\$ 0.87	\$ (0.71)	\$ 0.91
<b>Basic weighted average common shares outstanding</b>	2,033	1,443	1,415
<b>Diluted earnings (loss) per common share</b>			
Continuing operations	\$ 0.87	\$ (0.71)	\$ (0.21)
Discontinued operations			0.94

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Cumulative effect of change in accounting principle				0.18
Total	\$	0.87	\$ (0.71)	\$ 0.91
<b>Diluted weighted average common shares outstanding</b>		2,054	1,443	1,415

*See accompanying Notes to the Consolidated Financial Statements.*

## SPRINT NEXTEL CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Years Ended December 31, 2005, 2004 and 2003

	2005	2004 <i>(in millions)</i>	2003
<b>Net income (loss)</b>	\$ 1,785	\$ (1,012)	\$ 1,290
<b>Other comprehensive income (loss)</b>			
Unrealized holding gains on available-for-sale securities	101	33	78
Income tax expense	(37)	(12)	(30)
Net unrealized holding gains on available-for-sale securities	64	21	48
Reclassification adjustment for realized gains on available-for-sale securities included in net income (loss)	(26)	(28)	(7)
Income tax benefit	10	10	3
Net reclassification adjustment for realized gains on available-for-sale securities included in net income (loss)	(16)	(18)	(4)
Unrealized gains (losses) on qualifying cash flow hedges	2	(11)	(60)
Income tax (expense) benefit	(2)	4	23
Net unrealized losses on qualifying cash flow hedges		(7)	(37)
Reclassification adjustment for losses on cash flow hedges included in net income (loss)	15	15	
Income tax expense	(5)	(5)	
Net reclassification adjustment for losses on cash flow hedges included in net income (loss)	10	10	
Net foreign currency translation adjustment	(9)	20	(2)
Additional minimum pension obligation	(98)	(38)	(37)
Income tax benefit	39	17	12
Net additional minimum pension obligation	(59)	(21)	(25)
Total other comprehensive (loss) income	(10)	5	(20)
<b>Comprehensive income (loss)</b>	\$ 1,775	\$ (1,007)	\$ 1,270