

SPRINT NEXTEL CORP
Form 424B5
November 09, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-171301

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed	Proposed Maximum	Amount of Registration Fee(1)
		Maximum Offering	Aggregate Offering	
6.000% Notes due 2022	\$2,280,000,000	Price Per Unit 100.00%	Price \$2,280,000,000	\$310,992.00

(1) Calculated in accordance with Rule 457(r) and relates to the Registration Statement on Form S-3 (No. 333-171301) filed by Sprint Nextel Corporation on December 20, 2010.

Table of Contents**PROSPECTUS SUPPLEMENT**

(To prospectus dated December 20, 2010)

\$2,280,000,000

Sprint Nextel Corporation**6.000% Notes due 2022**

We are offering \$2,280,000,000 aggregate principal amount of 6.000% Notes due 2022, which we refer to as the notes. We will pay interest on the notes on May 15 and November 15 of each year, beginning May 15, 2013. The notes will mature on November 15, 2022. We may redeem some or all of the notes at any time and from time to time at the redemption price described in this prospectus supplement under Description of Notes Optional redemption. If a change of control triggering event as described in this prospectus supplement under the heading Description of Notes Repurchase of notes upon a Change of Control Triggering Event occurs, we will be required to offer to purchase the notes in cash from the holders at a price equal to 101% of their aggregate principal amount, plus accrued but unpaid interest to, but not including, the date of repurchase.

The notes will be general unsecured senior obligations and rank equally with our existing and future unsecured senior indebtedness. The notes will be effectively subordinated to the indebtedness (including guarantees) and other liabilities (including trade payables) of our subsidiaries, as well as our secured indebtedness to the extent of the value of the assets securing such debt.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-3 of this prospectus supplement.

	Per Note	Total
Public offering price (1)	100.00%	\$ 2,280,000,000
Underwriting discount	1.50%	\$ 34,200,000
Proceeds, before expenses, to us (1)	98.50%	\$ 2,245,800,000

(1) Plus accrued interest from November 14, 2012, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about November 14, 2012.

Joint Book-Running Managers

**BofA Merrill Lynch
Citigroup**

Deutsche Bank Securities

Goldman, Sachs & Co.

**Barclays
J.P. Morgan**

Senior Co-Managers

Credit Suisse

Scotiabank

Wells Fargo Securities

Co-Manager

The Williams Capital Group, L.P.

The date of this prospectus supplement is November 8, 2012.

Table of Contents

**TABLE OF CONTENTS
PROSPECTUS SUPPLEMENT**

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-ii
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-iv
<u>SUMMARY OF THE OFFERING</u>	S-1
<u>RISK FACTORS</u>	S-3
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	S-20
<u>USE OF PROCEEDS</u>	S-21
<u>DESCRIPTION OF NOTES</u>	S-22
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	S-35
<u>UNDERWRITING</u>	S-40
<u>EXPERTS</u>	S-45
<u>LEGAL MATTERS</u>	S-45

PROSPECTUS

	Page
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	2
<u>ABOUT SPRINT NEXTEL CORPORATION</u>	3
<u>RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	4
<u>USE OF PROCEEDS</u>	5
<u>DESCRIPTION OF SPRINT COMMON STOCK</u>	5
<u>DESCRIPTION OF SPRINT PREFERRED STOCK</u>	12
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	12
<u>DESCRIPTION OF DEBT SECURITIES</u>	15
<u>DESCRIPTION OF WARRANTS</u>	26
<u>DESCRIPTION OF PURCHASE CONTRACTS</u>	27
<u>DESCRIPTION OF UNITS</u>	28
<u>EXPERTS</u>	28
<u>LEGAL MATTERS</u>	28

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under "Where You Can Find More Information" in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to "Sprint," "we," "us," "our" or similar references mean Sprint Nextel Corporation and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any of this information at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports, proxy statements and other information regarding issuers, including us, who file electronically with the SEC. The address of that site is www.sec.gov.

Our SEC filings are also available at the offices of the New York Stock Exchange (the "NYSE"), 20 Broad Street, New York, New York 10005. Our SEC filings are also available on our website at www.sprint.com, although the information on, or connected to, our website is expressly not incorporated by reference into, and does not constitute a part of, this prospectus supplement or the accompanying prospectus.

This prospectus supplement and the accompanying prospectus contain summaries of provisions contained in some of the documents discussed in this prospectus supplement, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of certain of the documents referred to in this prospectus supplement have been filed with or are incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. If any contract, agreement or other document is filed or incorporated by reference as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Do not rely on or assume the accuracy of any representation or warranty in any agreement that we have filed or incorporated by reference as an exhibit to the registration statement because such representation or warranty may be subject to exceptions and qualifications contained in separate disclosure schedules, may have been included in such agreement for the purpose of allocating risk between the parties to the particular transaction, and may no longer continue to be true as of any given date.

Table of Contents

Incorporation of Documents by Reference

The SEC allows us to incorporate by reference information into this prospectus supplement. This means we can disclose information to you by referring you to another document we filed with the SEC. We will make those documents available to you without charge upon your oral or written request. Requests for those documents should be directed to Sprint Nextel Corporation, 6200 Sprint Parkway, Overland Park, Kansas 66251, Attention: Investor Relations, telephone: 800-259-3755.

This prospectus supplement incorporates by reference the following documents that we have filed with the SEC but have not included or delivered with this prospectus supplement and the accompanying prospectus:

Annual report on Form 10-K for the fiscal year ended December 31, 2011 filed on February 27, 2012;

Quarterly reports on Form 10-Q for the quarters ended March 31, 2012, filed on May 3, 2012, June 30, 2012, filed on August 2, 2012, and September 30, 2012, filed on November 7, 2012; and

Current reports on Form 8-K filed on February 13, 2012, February 27, 2012 (two reports filed), February 28, 2012, March 1, 2012, May 4, 2012, May 18, 2012, August 8, 2012, August 14, 2012 and October 15, 2012 (Film Number 121144492) and Form 8-K/A filed on February 28, 2012 (two reports filed) and October 4, 2012.

We are also incorporating by reference additional documents we may file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) after the date of this prospectus supplement until the offering of the securities covered by this prospectus supplement has been completed, other than any portion of the respective filings furnished, rather than filed, under the applicable SEC rules. This additional information is a part of this prospectus supplement from the date of filing of those documents.

Any statements made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement or the accompanying prospectus will be deemed to be modified or superseded to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which is also incorporated or deemed to be incorporated into this prospectus supplement or the accompanying prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

The information relating to us contained in this prospectus supplement or the accompanying prospectus should be read together with the information in the documents incorporated by reference.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Exchange Act. They can be identified by the use of forward-looking words, such as may, could, estimate, project, forecast, intend, expect, believe, target, providing guidance or other comparable words, or by discussions of strategy that may involve risks and uncertainties. We caution you that these forward-looking statements are only predictions, which are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:

our ability to retain and attract subscribers;

the ability of our competitors to offer products and services at lower prices due to lower cost structures;

The uncertainties related to our proposed transaction with SOFTBANK CORP. and certain of its wholly-owned subsidiaries (together, SoftBank);

the effects of vigorous competition on a highly penetrated market, including the impact of competition on the price we are able to charge subscribers for services and equipment we provide and our ability to retain existing subscribers and attract new subscribers; the impact of equipment net subsidy costs; the impact of increased purchase commitments; the overall demand for our service offerings, including the impact of decisions of new or existing subscribers between our postpaid and prepaid services offerings and between our two network platforms; and the impact of new, emerging and competing technologies on our business;

the ability to generate sufficient cash flow to fully implement our network modernization plan, Network Vision, to improve and enhance our networks and service offerings, improve our operating margins, implement our business strategies and provide competitive new technologies;

the effective implementation of Network Vision, including timing, execution, technologies, and costs;

our ability to retain Nextel platform subscribers on the Sprint platform and mitigate related increases in churn;

our ability to access additional spectrum capacity, including through spectrum hosting arrangements;

changes in available technology and the effects of such changes, including product substitutions and deployment costs;

our ability to obtain additional financing on terms acceptable to us, or at all;

volatility in the trading price of our common stock, current economic conditions and our ability to access capital;

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the impact of unrelated parties not meeting our business requirements, including a significant adverse change in the ability or willingness of such parties to provide devices or infrastructure equipment for our networks;

the costs and business risks associated with providing new services and entering new geographic markets;

the financial performance of Clearwire Corporation and its subsidiary Clearwire Communications LLC (together, Clearwire) and its ability to fund, build, operate, and maintain its fourth generation (4G) network, including a Long Term Evolution (LTE) network;

S-iv

Table of Contents

our ability to access Clearwire's spectrum capacity;

the compatibility of Sprint's LTE network with Clearwire's LTE network;

the effects of mergers and consolidations and new entrants in the communications industry and unexpected announcements or developments from others in the communications industry;

unexpected results of litigation filed against us or our suppliers or vendors;

the impact of adverse network performance;

the costs or potential customer impacts of compliance with regulatory mandates including, but not limited to, compliance with the Federal Communications Commission's (FCC) Report and Order to reconfigure the 800 MHz band (Report and Order);

equipment failure, natural disasters, terrorist acts or other breaches of network or information technology security;

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

other risks referenced from time to time in our filings with the SEC.

We specifically disclaim any obligation to update any factors or publicly announce the results of revisions to any of the forward-looking statements included in this prospectus supplement or the accompanying prospectus, including the information incorporated by reference, to reflect future events or developments.

S-v

Table of Contents

SUMMARY OF THE OFFERING

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the sections entitled "Description of Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	Sprint Nextel Corporation
Securities Offered	\$2,280,000,000 aggregate principal amount of 6.000% Notes due 2022.
Maturity	The notes will mature on November 15, 2022.
Interest Rate	The notes will bear interest at 6.000% per annum.
Interest Payment Dates	Each May 15 and November 15, commencing May 15, 2013. Interest will accrue from November 14, 2012.
Ranking	The notes will be our general unsecured senior obligations and will:

rank equally with our other unsecured senior indebtedness;

be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries, including the secured equipment credit facility and the subsidiary guarantees of our existing revolving credit facility, our loan agreement with Export Development Canada, which we refer to as our EDC loan, our 9.000% guaranteed notes due 2018 and our 7.000% guaranteed notes due 2020; and

be effectively subordinated to all secured indebtedness to the extent of the value of the assets securing such debt.

Optional Redemption	The notes will be redeemable, from time to time, as a whole or in part, at our option, at a redemption price equal to the greater of 100% of the principal amount of the notes to be redeemed, and the sum of the present values of the remaining scheduled payments of principal and interest that would be due but for the redemption, discounted to the redemption date, on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined in "Description of Notes - Optional redemption"), plus 50 basis points; plus accrued interest to the date of redemption that has not been paid. See "Description of Notes - Optional redemption."
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Repurchase of notes upon a Change of Control Triggering Event	The occurrence of a Change of Control (as defined in "Description of Notes - Repurchase of notes upon a Change of Control Triggering Event"), together with a Ratings Decline (as defined in "Description of Notes - Repurchase of notes upon a Change of Control Triggering Event"), will be a triggering event requiring us to offer to purchase from you all or a portion of your notes at a price equal to 101% of their aggregate principal amount, together with
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accrued and unpaid interest, if any, up to but excluding the date of repurchase.

S-1

Table of Contents

Use of Proceeds	We intend to use the net proceeds from this offering for redemptions of outstanding debt. See Use of Proceeds.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Risk Factors	In evaluating an investment in the notes, prospective investors should carefully consider, along with the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, the specific factors set forth under Risk Factors for risks involved with an investment in the notes.

Table of Contents

RISK FACTORS

*Any investment in the notes involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to purchase the notes. If any of those risks actually occurs, our business, financial condition and results of operations could suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See *Cautionary Note Regarding Forward-Looking Statements* in this prospectus supplement.*

Risks related to the offering

The notes will be effectively subordinated to the debt (including guarantees) and other liabilities (including trade payables) of our subsidiaries and to any of our secured debt to the extent of the value of the assets securing such debt.

We are primarily a holding company, which means substantially all of our business operations are conducted, and substantially all of our consolidated assets are held, by our subsidiaries. These subsidiaries are separate and distinct legal entities that do not guarantee the notes and therefore they have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make any funds available for such purpose, whether by dividends, loans or other payments. In the event of any liquidation, dissolution, reorganization, bankruptcy, insolvency or similar proceeding with respect to any of our subsidiaries, our right (and the consequent right of our creditors, including the holders of the notes) to participate in the distribution of, or to realize the proceeds from, that subsidiary's assets will be effectively subordinated to the claims of such subsidiary's creditors (including trade creditors). As a result, the notes will be effectively subordinated to all existing and future debt (including guarantees) and other liabilities of our subsidiaries. In addition, because the notes are unsecured, if we were to issue any secured debt, the notes would be effectively subordinated to that secured debt to the extent of the value of the assets securing such debt.

As of September 30, 2012, our consolidated indebtedness was approximately \$21.3 billion. In addition, in October 2012, Sprint Nextel Corporation, the parent corporation, issued to SoftBank a convertible bond, which we refer to as the Bond, in the principal amount of \$3.1 billion, which upon receipt of regulatory approval will be converted to equity immediately prior to the consummation of the merger (as defined below). In addition, although Sprint Nextel Corporation has senior notes outstanding, the majority of the other long-term debt and capital lease obligations reflected in our consolidated financial statements has been issued by Sprint Nextel Corporation's wholly-owned subsidiaries. As of September 30, 2012, Sprint Nextel Corporation, had approximately \$11.5 billion in principal amount of debt outstanding, including amounts drawn under credit facilities but excluding outstanding letters of credit thereunder in the amount of \$1.0 billion. In addition, as of September 30, 2012, principal of \$9.0 billion of our long-term debt issued by Sprint Nextel Corporation's wholly-owned subsidiaries was guaranteed by Sprint Nextel Corporation, of which approximately \$6.8 billion was fully and unconditionally guaranteed. Our wholly-owned subsidiaries' combined outstanding debt, financing and capital lease obligations totaled \$9.8 billion in principal amount at September 30, 2012. Also as of September 30, 2012, our wholly-owned subsidiaries that guarantee our revolving credit facility also guaranteed \$4.5 billion in principal amount of outstanding debt issued by Sprint Nextel Corporation.

Our cash flow and our ability to meet our payment obligations on our debt, including the notes, is dependent on the earnings of our subsidiaries and the distribution of those earnings to us in the form of dividends, loans, advances or other payments. The indenture governing the notes does not contain any covenants that restrict the ability of our subsidiaries to agree to covenants or enter into other arrangements that would limit the ability of our subsidiaries to make distributions to us. The indentures and financing arrangements of certain of our subsidiaries contain provisions that limit the ability of the subsidiaries to pay dividends on their common stock, and future debt agreements may contain more restrictive provisions which could adversely affect our ability to meet our payment obligations on our debt, including the notes.

Table of Contents

The indenture, together with the supplemental indenture that governs the notes, does not restrict our or our subsidiaries' ability to incur additional indebtedness, which could make our debt securities, including the notes, more risky in the future.

As of September 30, 2012, our consolidated indebtedness was approximately \$21.3 billion. In addition, in October 2012, Sprint Nextel Corporation issued to SoftBank the Bond in principal amount of \$3.1 billion, which upon receipt of regulatory approval will be converted to equity immediately prior to consummation of the merger. The indenture, together with the supplemental indenture that governs the notes, does not restrict our ability or our subsidiaries' ability to incur additional indebtedness. The degree to which we incur additional debt could have important consequences to holders of the notes, including:

making it harder for us to satisfy our obligations under the notes;

a loss in trading value;

a risk that the credit rating of the notes is lowered or withdrawn;

limiting our ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements, acquisitions or other purposes;

requiring us to dedicate a substantial portion of our cash flows from operations to the payment of indebtedness and not for other purposes, such as working capital and capital expenditures;

limiting our flexibility to plan for, or react to, changes in our businesses;

making us more indebted than some of our competitors, which may place us at a competitive disadvantage; and

making us more vulnerable to a downturn in our businesses.

If an active trading market for the notes does not develop or last, you may not be able to resell your notes when desired, at their fair market value or at all.

The notes constitute new issues of securities with no established trading market. We do not intend to list the notes on any securities exchange or to include the notes in any automated quotation system. Accordingly, no market for the notes may develop, and any market that develops may not last. If the notes are traded, the market price of the notes may decline depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your notes when desired, at their fair market value or at all.

In certain instances, it is possible for the indenture governing the notes to be amended and for compliance with certain covenants and for certain defaults thereunder to be waived with the consent of the holders of the notes voting together with the holders of other of our debt securities, voting together as a single class.

Subject to certain exceptions, the indenture governing the notes may be amended by us and the trustee with the consent of the holders of debt securities issued under the indenture, including the notes. In addition to the notes offered hereby, there are seven series of debt securities issued and outstanding under the indenture, representing a total of \$10.8 billion aggregate principal amount. With respect to any such series of debt securities, the required consent can be obtained from either the holders of a majority in principal amount of the debt securities of that series, or from the holders of a majority in principal amount of the debt securities of that series and all other series issued under the indenture affected by that amendment, voting as a single class. In addition, subject to certain exceptions, with respect to any series of debt securities issued under the

indenture, our

S-4

Table of Contents

compliance with certain restrictive provisions of the indenture or any past default under the indenture may be waived by (i) the holders of a majority in principal amount of that series of debt securities or (ii) the holders of a majority in principal amount of that series of debt securities and all other series affected by the waiver, whether issued under the indenture or any of our other indentures providing for such aggregated voting, all voting as a single class. As a result, it is possible in certain circumstances for the indenture governing the notes to be amended and for compliance with certain covenants and for certain defaults thereunder to be waived with the consent of holders of less than a majority of the notes outstanding.

We may not have sufficient funds to repurchase the notes upon a Change of Control together with a Ratings Decline, and certain strategic transactions may not constitute a Change of Control.

The occurrence of a Change of Control together with a Ratings Decline will be a triggering event requiring us to offer to repurchase the notes at a purchase price equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest on the notes up to but excluding the date of repurchase. It is possible that we will not have sufficient funds upon a Change of Control and Ratings Decline to make the required repurchase of notes and any failure to do so could result in cross defaults under our other debt agreements. In addition, some of our debt agreements or other similar agreements to which we become a party may contain restrictions on our ability to purchase the notes, regardless of the occurrence of a Change of Control Triggering Event (as defined in Description of Notes Repurchase of notes upon a Change of Control Triggering Event).

We frequently evaluate and may in the future enter into strategic transactions. Any such transaction could happen at any time, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or sale of assets. On October 15, 2012, Sprint Nextel Corporation entered into an Agreement and Plan of Merger, or the Merger Agreement, and a Bond Purchase Agreement, or the Bond Agreement, with SoftBank, pursuant to which SoftBank has agreed to invest, in the aggregate, approximately \$20.1 billion for an approximately 70% controlling interest in a subsidiary, which we refer to as New Sprint, of SoftBank. The remaining 30% interest in New Sprint will be publicly traded. Following consummation of the transactions contemplated by the Merger Agreement, which we refer to as the merger, New Sprint will own 100% of the equity interest of Sprint Nextel Corporation. As discussed below in Description of Notes Repurchase of notes upon a Change of Control Triggering Event, the definition of Change of Control with respect to the notes offered hereby specifically excludes transactions involving one or more Permitted Holders, which includes SoftBank and its affiliates, and could include a subsequent controlling investor in SoftBank. As a result, even in the event of a Ratings Decline, the merger will not constitute a Change of Control Triggering Event and, therefore, will not require us to make an offer to repurchase the notes offered hereby. In the future, we could enter into certain other transactions that, although material, would not result in a Change of Control Triggering Event and, therefore, would not require us to make an offer to repurchase the notes. Such transactions could significantly increase the amount of our indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

Table of Contents

Risks related to our business and operations

If we are not able to retain and attract wireless subscribers, our financial performance will be impaired.

We are in the business of selling communications services to subscribers, and our economic success is based on our ability to retain current subscribers and attract new subscribers. If we are unable to retain and attract wireless subscribers, our financial performance will be impaired, and we could fail to meet our financial obligations, which could result in several outcomes, including controlling investments by third parties, takeover bids, liquidation of assets or insolvency. Beginning in 2008 through September 30, 2012, we experienced decreases in our total retail postpaid subscriber base of approximately 9.5 million subscribers (excluding the impact of our 2009 acquisitions), while our two largest competitors increased their subscribers during that period. In addition, our average postpaid churn rate was 1.96%, 1.86% and 1.95% for the nine months ended September 30, 2012 and the years ended December 31, 2011 and 2010, respectively, while our two largest competitors had churn rates that were substantially lower. Although we have begun to see a reduction in our net loss of postpaid subscribers, if this trend does not continue, our financial condition, results of operations and liquidity could be materially adversely affected.

Our ability to retain our existing subscribers and to compete successfully for new subscribers and reduce our rate of churn depends on:

our successful execution of marketing and sales strategies, including the acceptance of our value proposition; service delivery and customer care activities, including new account set up and billing; and our credit and collection policies;

Clearwire's ability to successfully obtain additional financing for the continued operation and build-out of its 4G networks;

our ability to access Clearwire's spectrum;

the successful deployment and completion of our network modernization plan, Network Vision, including a multi-mode network infrastructure, successful LTE implementation and deployment, and push-to-talk capabilities of comparable quality to our existing Nextel platform push-to-talk capabilities;

our ability to mitigate churn as we migrate Nextel platform push-to-talk subscribers to other offerings on our Sprint platform, which include future offerings on our multi-mode network, such as Sprint Direct Connect®;

actual or perceived quality and coverage of our networks, including Clearwire's 4G network;

public perception about our brands;

our ability to anticipate and develop new or enhanced technologies, products and services that are attractive to existing or potential subscribers;

our ability to access additional spectrum, including through spectrum hosting arrangements;

our ability to anticipate and respond to various competitive factors affecting the industry, including new technologies, products and services that may be introduced by our competitors, changes in consumer preferences, demographic trends, economic conditions, and discount pricing and other strategies that may be implemented by our competitors; and

our ability to maintain our current mobile virtual network operator (MVNO) relationships and to enter into new arrangements with MVNOs.

S-6

Table of Contents

Our recent success in attracting more postpaid subscribers and reducing postpaid churn on our Sprint platform may also not be sustainable. Our ability to retain subscribers may be negatively affected by industry trends related to subscriber contracts. For example, we and our competitors no longer require subscribers to renew their contracts when making changes to their pricing plans. These types of changes could negatively affect our ability to retain subscribers and could lead to an increase in our churn rates if we are not successful in providing an attractive product and service mix. In addition, more than 80% of the remaining 2.3 million Nextel platform postpaid subscribers represent business accounts. Accordingly, we expect the level of competition for these subscribers as well as the timing of business customer decisions to cause the rate of recapture for subsequent periods to decline through the final shutdown of the Nextel platform.

Moreover, service providers frequently offer wireless equipment, such as devices, below acquisition cost as a method to retain and attract subscribers that enter into wireless service agreements for periods usually extending 12 to 24 months. Equipment cost in excess of the revenue generated from equipment sales is referred to in the industry as equipment net subsidy and is generally recognized when title of the device passes to the dealer or end-user subscriber. The cost of multi-functional devices, such as smartphones, including the iPhone, has increased significantly in recent years as a result of enhanced capabilities and functionality. At the same time, wireless service providers continue to compete on the basis of price, including the price of devices offered to subscribers, which has resulted in increased equipment net subsidy. We have entered into a purchase commitment with Apple, Inc. that increases the average equipment net subsidy for postpaid devices resulting in a reduction to consolidated results from operations and reduced cash flow from operations associated with initiation of service for these devices until such time that retail service revenues associated with customers acquiring these devices exceeds such costs.

We expect to incur expenses to attract new subscribers, improve subscriber retention and reduce churn, but there can be no assurance that our efforts will result in new subscribers or a lower rate of subscriber churn. Subscriber losses and a high rate of churn adversely affect our business, financial condition and results of operations because they result in lost revenues and cash flow. Although attracting new subscribers and retention of existing subscribers are important to the financial viability of our business, there is an added focus on retention because the cost of adding a new subscriber is higher than the cost associated with retention of an existing subscriber.

As the wireless market matures, we must increasingly seek to attract subscribers from competitors and face increased credit risk from new postpaid wireless subscribers.

We and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other's existing subscriber bases rather than from first-time purchasers of wireless services. Beginning in 2008 through September 30, 2012, we experienced decreases in our total retail postpaid subscriber base of approximately 9.5 million subscribers (excluding the impact of our 2009 acquisitions), while our two largest competitors increased their subscribers over the same period.

In addition, the higher market penetration also means that subscribers purchasing postpaid wireless services for the first time, on average, have lower credit scores than existing wireless subscribers, and the number of these subscribers we are willing to accept is dependent on our credit policies, which are less stringent than our investment grade competitors. To the extent we cannot compete effectively for new subscribers or if they are not creditworthy, our revenues and results of operations will be adversely affected.

Competition and technological changes in the market for wireless services could negatively affect our average revenue per subscriber, subscriber churn, operating costs and our ability to attract new subscribers, resulting in adverse effects on our revenues, future cash flows, growth and profitability.

We compete with a number of other wireless service providers in each of the markets in which we provide wireless services, and we expect competition may increase if additional spectrum is made available for commercial wireless services and as new technologies are developed and launched. As competition among wireless communications providers has increased, we have created certain unlimited pricing plans that have

Table of Contents

resulted and we continue to expect to result in increased usage of data on our network. Competition in pricing and service and product offerings may also adversely impact subscriber retention and our ability to attract new subscribers, with adverse effects on our results of operations. A decline in the average revenue per subscriber coupled with a decline in the number of subscribers would negatively impact our revenues, future cash flows, growth and overall profitability, which, in turn, could impact our ability to meet our financial obligations.

The wireless communications industry is experiencing significant technological change, including improvements in the capacity and quality of digital technology and the deployment of unlicensed spectrum devices. This change causes uncertainty about future subscriber demand for our wireless services and the prices that we will be able to charge for these services. Spending by our competitors on new wireless services and network improvements could enable our competitors to obtain a competitive advantage with new technologies or enhancements that we do not offer. Rapid change in technology may lead to the development of wireless communications technologies, products or alternative services that are superior to our technologies, products, or services or that consumers prefer over ours. If we are unable to meet future advances in competing technologies on a timely basis, or at an acceptable cost, we may not be able to compete effectively and could lose subscribers to our competitors.

Some competitors and new entrants may be able to offer subscribers network features or products and services not offered by us, coverage in areas not served by our wireless networks or pricing plans that are lower than those offered by us, all of which would negatively affect our average revenue per subscriber, subscriber churn, ability to attract new subscribers, and operating costs. For example, our prepaid services compete with several carriers, including Metro PCS and Leap Wireless, which offer competitively-priced prepaid calling plans that include unlimited long distance, texting and, in some cases, unlimited data (including 4G). In addition, we may lose subscribers of our higher priced plans to our prepaid offerings.

The success of our network modernization plan, Network Vision, will depend on the timing, extent and cost of implementation; the performance of third-parties and related parties; upgrade requirements; and the availability and reliability of the various technologies required to provide such modernization.

We must continually invest in our wireless network in order to continually improve our wireless service to meet the increasing demand for usage of our data and other non-voice services and remain competitive. Improvements in our service depend on many factors, including continued access to and deployment of adequate spectrum. We must maintain and expand our network capacity and coverage as well as the associated wireline network needed to transport voice and data between cell sites. If we are unable to obtain access to additional spectrum to increase capacity or to deploy the services subscribers desire on a timely basis or at acceptable costs while maintaining network quality levels, our ability to retain and attract subscribers could be materially adversely affected, which would negatively impact our operating margins.

We are implementing Network Vision, which is a multi-year infrastructure initiative intended to reduce operating costs and provide subscribers with an enhanced network experience by improving voice quality, coverage and data speeds, while enhancing network flexibility and improving environmental sustainability. The focus of the plan is on upgrading the existing Sprint platform and providing flexibility for new 4G technologies, including LTE. If Network Vision does not provide a competitive LTE network, an enhanced network experience, or is unable to provide Sprint platform push-to-talk capabilities, such as Sprint Direct Connect[®], of comparable quality to the push-to-talk capabilities of our existing Nextel platform or our competitors' similar services, our ability to provide enhanced wireless services to our subscribers, to retain and attract subscribers, and to maintain and grow our subscriber revenues could be adversely affected.

Using a new and sophisticated technology on a very large scale entails risks. For example, deployment of new technology, including LTE, may adversely affect the performance of existing services on our networks. Should implementation of our upgraded network be delayed or costs exceed expected amounts, our margins would be adversely affected and such effects could be material. Should the delivery of services expected to be deployed on our upgraded network be delayed due to technological constraints, performance of third-party suppliers, zoning and leasing restrictions or permit issues, or other reasons, the cost of providing such services

Table of Contents

could become higher than expected, which could result in higher costs to customers, potentially resulting in decisions to purchase services from our competitors which would adversely affect our revenues, profitability and cash flow from operations.

We are migrating existing Nextel platform subscribers to other offerings on our Sprint platform, including existing or future offerings on our multi-mode network, such as Sprint Direct Connect®. The successful deployment and market acceptance of Network Vision has resulted in and is expected to continue to result in incremental charges during the period of implementation including, but not limited to, an increase in depreciation and amortization associated with existing assets, due to changes in our estimates of the remaining useful lives of long-lived assets, and the expected timing of asset retirement obligations. Our ability to transition subscribers from the Nextel platform to offerings on the Sprint platform is dependent, in part, upon the success of Sprint Direct Connect® and subscriber satisfaction with this technology.

Failure to complete development, testing and deployment of new technology that supports new services, including LTE, could affect our ability to compete in the industry. The deployment of new technology and new service offerings could result in network degradation or the loss of subscribers. In addition, the technology we currently use, including WiMAX, may place us at a competitive disadvantage.

We develop, test and deploy various new technologies and support systems intended to enhance our competitiveness by both supporting new services and features and reducing the costs associated with providing those services. Successful development and implementation of technology upgrades depend, in part, on the willingness of third parties to develop new applications or devices in a timely manner. We may not successfully complete the development and rollout of new technology and related features or services in a timely manner, and they may not be widely accepted by our subscribers or may not be profitable, in which case we could not recover our investment in the technology. Deployment of technology supporting new service offerings may also adversely affect the performance or reliability of our networks with respect to both the new and existing services and may require us to take action like curtailing new subscribers in certain markets. Any resulting subscriber dissatisfaction could affect our ability to retain subscribers and have an adverse effect on our results of operations and growth prospects.

Our wireless networks currently provide services utilizing CDMA, iDEN and LTE technologies. Wireless subscribers served by CDMA and iDEN technologies represent a smaller portion of global wireless subscribers than the subscribers served by wireless networks that utilize Global System for Mobile Communications (GSM) technology. As a result, our costs with respect to both CDMA and iDEN network equipment and devices may continue to be higher than the comparable costs incurred by our competitors who use GSM technology, which may place us at a competitive disadvantage. See The success of our network modernization plan, Network Vision, will depend on the timing, extent and cost of implementation; the performance of third-parties and related parties; upgrade requirements; and the availability and reliability of the various technologies required to provide such modernization.

We have expended significant resources and made substantial investments to deploy a 4G mobile broadband network through our equity method investment in Clearwire using WiMAX technology. As part of Network Vision, we announced that we currently intend to continue selling WiMAX devices through 2012 and that we expect to continue to support such devices for a period of time after that, as we transition to LTE. The failure to successfully design, build and deploy our LTE network, or a loss of or inability to access Clearwire's spectrum could increase subscriber losses, increase our costs of providing services or increase our churn. Other competing technologies may have advantages over our current or planned technology and operators of other networks based on those competing technologies may be able to deploy these alternative technologies at a lower cost and more quickly than the cost and speed with which Clearwire provides 4G MVNO services to us or with which we deploy our LTE network, which may allow those operators to compete more effectively or may require us and Clearwire to deploy additional technologies. See Risks related to our investment in Clearwire below for additional risks related to our investment in Clearwire and the operation of its 4G network.

Table of Contents

Current economic and market conditions, our recent financial performance, our high debt levels, and our debt ratings could negatively impact our access to the capital markets resulting in less growth than planned or failure to satisfy financial covenants under our existing debt agreements.