

SPRINT NEXTEL CORP
Form S-4
September 03, 2009

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As filed with the Securities and Exchange Commission on September 3, 2009
Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
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)*

4813
*(Primary Standard Industrial
Classification Code Number)*

48-0457967
*(I.R.S. Employer
Identification Number)*

6200 Sprint Parkway
Overland Park, Kansas 66251
(800) 829-0965
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Charles R. Wunsch, Esq.
General Counsel and Corporate Secretary
Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, Kansas 66251
(913) 523-9802
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

**E. William Bates, II, Esq.
Adam M. Freiman, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036-4003
(212) 556-2100**

**Peter Lurie
General Counsel and
Corporate Secretary
Virgin Mobile USA, Inc.
10 Independence Boulevard
Warren, NJ 07059
(908) 607-4000**

**Alan M. Klein, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and the satisfaction or waiver of all other conditions under the merger agreement described in this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer
Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border
Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Series 1 common stock, par value \$2.00 per share	174,824,913 ⁽¹⁾	N/A	\$ 656,169,494 ⁽²⁾	\$ 36,614 ⁽³⁾

- (1) Represents the maximum number of shares of Sprint Nextel common stock estimated to be issuable in connection with the merger described herein.
- (2) The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon (i) the market value of shares of Virgin Mobile USA Class A common stock and securities convertible therefor (the securities to be canceled in the merger) in accordance with Rule 457(f)(1) under the Securities Act as follows: the product of (A) \$4.87, the average of the high and low prices per share of Virgin Mobile USA Class A common stock on the New York Stock Exchange on August 28, 2009, and (B) 83,237,850, the maximum possible number of shares of Virgin Mobile USA Class A common stock (including securities convertible therefor) which may be canceled and exchanged in the merger; and (ii) the market value of shares of Sprint Nextel Series 1 common stock in accordance with Rule 457(c) under the Securities Act as follows: the product of (A) \$3.83, the average of the high and low prices per share of Sprint Nextel Series 1 common stock on the New York Stock Exchange on August 28, 2009, and (B) 65,483,333, the maximum possible number of shares of Sprint Nextel Series 1 common stock which may be issued in connection with the merger with respect to payments under subordinated credit, tax receivable and trademark license agreements.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$55.80 per \$1,000,000 of the proposed maximum aggregate offering price.

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 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold nor may offers to buy be accepted until the registration statement filed with the Securities and Exchange Commission, of which this proxy statement/prospectus is a part, is declared effective. This proxy statement/prospectus is not an offer to sell and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 3, 2009

As we previously announced, Virgin Mobile USA, Sprint Nextel Corporation and Sprint Mozart, Inc., a wholly-owned subsidiary of Sprint Nextel, entered into a merger agreement, dated as of July 27, 2009, which provides for a merger in which Virgin Mobile USA will become a wholly-owned subsidiary of Sprint Nextel.

Subject to stockholder approval as described in the accompanying proxy statement/prospectus and satisfaction or waiver of the other conditions specified in the merger agreement, in connection with the merger:

all stockholders of Virgin Mobile USA, excluding Sprint Nextel and the other stockholders identified in the following two paragraphs, will be entitled to receive a number of shares of Series 1 common stock of Sprint Nextel, which we refer to as Sprint Nextel common stock, for each outstanding share of Virgin Mobile USA's Class A common stock that they own, and cash in lieu of fractional shares, based on the exchange ratio described below;

Corvina Holdings Limited and Cortaire Limited and any of their respective affiliates to which any Virgin Mobile USA shares are transferred, which we refer to collectively as the Virgin Group, will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock and Virgin Mobile USA's Class C common stock that they own, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 93.09%;

SK Telecom Co., Ltd. and any of its affiliates to which any Virgin Mobile USA shares are transferred, which we refer to collectively as SK Telecom, will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock that they own, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 89.84%;

the Virgin Group and SK Telecom will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Virgin Mobile USA's preferred stock that they own, and cash in lieu of fractional shares, equal to the number of shares of Class A common stock into which each share of preferred stock is convertible, multiplied by (1) in the case of the Virgin Group, the exchange ratio multiplied by 93.09%, and (2) in the case of SK Telecom, the exchange ratio multiplied by 89.84%; and

the Virgin Group and SK Telecom will be entitled to receive consideration in connection with certain contractual obligations of Virgin Mobile USA, which consideration will be payable in cash or Sprint Nextel common stock, at Sprint Nextel's election, as described in the accompanying proxy statement/prospectus.

The exchange ratio will be equal to the number determined by dividing \$5.50 by the average of the closing prices of the Sprint Nextel common stock on the New York Stock Exchange for the 10 trading days ending on the second

trading day immediately preceding the effective time of the merger. However, in no event will the exchange ratio be less than 1.0630 or greater than 1.3668.

We are asking you to vote to adopt the merger agreement at the Special Meeting of Stockholders of Virgin Mobile USA. The Virgin Mobile USA board of directors has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement and has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, Virgin Mobile USA and its stockholders. **Therefore, the Virgin Mobile USA board of directors recommends that you vote FOR the adoption of the merger agreement.**

The Sprint Nextel common stock and Virgin Mobile USA Class A common stock are traded on the New York Stock Exchange under the symbols S and VM, respectively. On [], 2009, the closing sale price of Sprint Nextel common stock was \$[] per share, and the closing sale price of Virgin Mobile USA Class A common stock was \$[] per share.

Your vote is very important. As a condition to the completion of the merger, an affirmative vote of holders of a majority of the combined voting power of the outstanding shares of Virgin Mobile USA's Class A common stock, Class B common stock, Class C common stock and preferred stock entitled to vote on the proposal, voting together as a single class, is required. The Virgin Group and SK Telecom have agreed to vote a portion of the Virgin Mobile USA shares owned by them that, when aggregated with the shares owned by Sprint Nextel, comprise approximately 40% of the outstanding voting power of Virgin Mobile USA, in favor of the adoption of the merger agreement, and may vote their remaining shares in favor of the adoption of the merger agreement as well.

The obligations of Sprint Nextel and Virgin Mobile USA to complete the merger are subject to a number of conditions set forth in the merger agreement and summarized in the accompanying proxy statement/prospectus. More information about Sprint Nextel, Virgin Mobile USA, the special meeting and the merger is contained in the accompanying proxy statement/prospectus. **You are encouraged to read carefully the accompanying proxy statement/prospectus in its entirety, including the section titled Risk Factors beginning on page 21.**

If you have any questions about the merger or need assistance voting your shares, please call Innisfree M&A Incorporated, which is assisting Virgin Mobile USA with the solicitation of proxies, toll-free at (888) 750-5834 or call collect at (212) 750-5833.

Sincerely,

Daniel H. Schulman
Chief Executive Officer and Director

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated [], 2009 and is first being mailed to the stockholders of Virgin Mobile USA on or about [], 2009.

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**Virgin Mobile USA, Inc.
10 Independence Boulevard
Warren, NJ 07059**

Notice of Special Meeting of Stockholders

To the Stockholders of Virgin Mobile USA, Inc.:

Notice Is Hereby Given that a Special Meeting of Stockholders of Virgin Mobile USA, Inc., a Delaware corporation, will be held on [], 2009 at [] a.m., local time, at [] for the following purpose:

To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of July 27, 2009 (as it may be amended from time to time, the merger agreement), among Sprint Nextel Corporation, Sprint Mozart, Inc., a wholly-owned subsidiary of Sprint Nextel, and Virgin Mobile USA, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice; and

To approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there is an insufficient number of votes at the meeting to approve the proposal described above.

The foregoing items of business are more completely described in the proxy statement/prospectus accompanying this Notice. **The Virgin Mobile USA board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and are fair to, and in the best interests of, Virgin Mobile USA and its stockholders and recommends that Virgin Mobile USA stockholders vote FOR the proposal to adopt the merger agreement.** In addition, the Virgin Mobile USA board of directors recommends that you vote FOR the proposal to adjourn the meeting, if necessary, to permit further solicitation of proxies for the adoption of the merger agreement.

The Virgin Mobile USA board of directors has chosen the close of business on [], 2009 as the record date that will determine the stockholders who are entitled to receive notice of, and to vote at, the meeting or at any adjournment or postponement of the meeting. A list of the names of Virgin Mobile USA stockholders of record will be available at the meeting and for 10 days prior to the meeting for any purpose germane to the meeting during regular business hours at Virgin Mobile USA's principal executive offices, 10 Independence Boulevard, Warren, New Jersey 07059.

All holders of record of outstanding shares of capital stock of Virgin Mobile USA at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Adoption of the merger agreement by Virgin Mobile USA's stockholders is a condition to the merger and requires the affirmative vote of holders of a majority of the combined voting power of all outstanding shares entitled to vote on the proposal, voting together as a single class.

As authorized by the board of directors,

Peter Lurie
General Counsel and Corporate Secretary

Warren, New Jersey
[], 2009

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) THROUGH THE INTERNET, (2) BY TELEPHONE, OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy at any time before the meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by the record holder.

The accompanying proxy statement/prospectus provides a detailed description of the merger and the merger agreement to be considered at the meeting. We urge you to read the accompanying proxy statement/prospectus, including any documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need help voting your Virgin Mobile USA shares, please contact Virgin Mobile USA's proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Telephone: (888) 750-5833

Important Notice Regarding the Availability of Proxy Materials for Virgin Mobile USA's Special Meeting of Stockholders to Be Held on [], 2009: The accompanying proxy statement/prospectus is available at <http://investorrelations.virginmobileusa.com>.

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ADDITIONAL INFORMATION

This accompanying proxy statement/prospectus incorporates important business and financial information about Sprint Nextel and Virgin Mobile USA from other documents that are not included in or delivered with the proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into the proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, KS 66251
Attn: Investor Relations
Telephone: (800) 259-3755

Virgin Mobile USA, Inc.
10 Independence Boulevard
Warren, NJ 07059
Attn: General Counsel and
Corporate Secretary
Telephone: (908) 607-4000

In addition, if you have questions about the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Innisfree M&A Incorporated, Virgin Mobile USA's proxy solicitor, at the address and telephone number listed below. You will not be charged for any documents that you request.

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Telephone: (888) 750-5833

In order to receive timely delivery of the documents in advance of the Special Meeting of Stockholders, you must request the information no later than [], 2009.

For more information, see Where You Can Find More Information beginning on page 134.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you, as a stockholder of Virgin Mobile USA, may have regarding the merger being considered at Virgin Mobile USA's Special Meeting of Stockholders, which we refer to as the meeting or the special meeting, and the answers to those questions. You are urged to carefully read this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because the information in this section does not provide all of the information that might be important to you with respect to the merger and the special meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus. In evaluating the merger, the merger agreement and the Sprint Nextel common stock to be received in connection with the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors.

In this proxy statement/prospectus, unless stated otherwise or the context otherwise requires, the terms the company, we, our, ours and us refer to Sprint Nextel and/or Virgin Mobile USA and their respective subsidiaries, as applicable in the context. Throughout this proxy statement/prospectus, we refer to Sprint Nextel's Series 1 common stock, par value \$2.00 per share, as Sprint Nextel common stock; Virgin Mobile USA's Class A common stock, par value \$0.01 per share, as Class A common stock; Virgin Mobile USA's Class B common stock, par value \$0.01 per share, as Class B common stock; Virgin Mobile USA's Class C common stock, par value \$0.01 per share, as Class C common stock; Virgin Mobile USA's Series A convertible preferred stock, par value \$0.01 per share, as preferred stock; and the shares of Class A common stock, Class B common stock, Class C common stock and preferred stock collectively as Virgin Mobile USA shares. In addition, we refer to Virgin Mobile USA, L.P. as the Operating Partnership; Corvina Holdings Limited and Cortaire Limited and any of their respective affiliates to which they transfer any Virgin Mobile USA shares collectively as the Virgin Group; and SK Telecom Co., Ltd. and any of its affiliates to which it transfers any Virgin Mobile USA shares collectively as SK Telecom.

Q: Why am I receiving this document?

A: Sprint Nextel and Virgin Mobile USA have agreed to a merger, pursuant to which Virgin Mobile USA will become a wholly-owned subsidiary of Sprint Nextel and will no longer be a publicly held corporation. In the merger, Sprint Nextel will issue shares of Sprint Nextel common stock as the consideration to be paid to holders of Class A common stock, Class C common stock and preferred stock. In order to complete the merger, Virgin Mobile USA stockholders must vote to adopt the merger agreement, which is attached to this proxy statement/prospectus as Annex A.

We are delivering this document to you as both a proxy statement of Virgin Mobile USA and a prospectus of Sprint Nextel. It is a proxy statement because the Virgin Mobile USA board of directors is soliciting proxies from its stockholders to vote on the adoption of the merger agreement at Virgin Mobile USA's special meeting of stockholders, and your proxy will be used at the meeting as scheduled or following any adjournment or postponement of the meeting. It is a prospectus because Sprint Nextel will issue shares of Sprint Nextel common stock to Virgin Mobile USA stockholders in connection with the merger.

Q: What am I being asked to vote on?

A: Virgin Mobile USA stockholders are being asked to vote on the following proposals:

to adopt the merger agreement among Virgin Mobile USA, Sprint Nextel and Sprint Mozart, Inc., a wholly-owned subsidiary of Sprint Nextel; and

to approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there is an insufficient number of votes to adopt the merger agreement at the time of the meeting.

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Q: Are there any other matters to be addressed at the meeting?

A: We know of no other matters to be brought before the meeting, but if other matters are brought before the meeting or at any adjournment or postponement of the meeting, the officers named in your proxy intend to take any action as in their judgment is in the best interest of Virgin Mobile USA and its stockholders.

Q: What is a proxy and how do I vote?

A: A proxy is a legal designation of another person to vote your shares on your behalf. If you hold Virgin Mobile USA shares in your own name, you may submit a proxy for your shares by using the toll-free number or the Internet web site if your proxy card includes instructions for using these quick, cost-effective and easy methods for submitting proxies. You also may submit a proxy in writing by simply filling out, signing and dating your proxy card and mailing it in the prepaid envelope included with these proxy materials. If you submit a proxy by telephone or the Internet web site, please do not return your proxy card by mail. You will need to follow the instructions when you submit a proxy using any of these methods to make sure your shares will be voted at the meeting. You also may vote by submitting a ballot in person if you attend the meeting. However, we encourage you to submit a proxy by mail by completing your proxy card, by telephone or via the Internet even if you plan to attend the meeting.

If you hold Virgin Mobile USA shares through a broker or other nominee, you may instruct your broker or other nominee to vote your shares by following the instructions that the broker or nominee provides to you with these materials. Most brokers offer the ability for stockholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet. If you hold shares through a broker or other nominee and wish to vote your shares at the meeting, you must obtain a legal proxy from your broker or nominee and present it to the inspector of election with your ballot when you vote at the meeting.

Q: When and where will the meeting be held?

A: The meeting will be held on [], 2009 at [] a.m., local time, at [].

Q: Who is entitled to vote at the meeting?

A: All holders of Virgin Mobile USA's outstanding shares (which includes all shares of Class A common stock, Class B common stock, Class C common stock and preferred stock) who hold shares at the close of business on the record date ([], 2009) are entitled to receive notice of, and to vote at, the meeting, provided that the shares remain outstanding on the date of the meeting.

Q: How will abstentions be counted?

A: **For the proposal to adopt the merger agreement, abstentions have the same effect as a vote against the merger.** For the proposal to adjourn the meeting to solicit additional proxies, abstentions are treated as present and entitled to vote at the meeting and therefore have the same effect as a vote against the matter.

Q: Why is my vote important?

A: If you do not submit a proxy or vote in person at the meeting, it will be more difficult for us to obtain the necessary quorum to hold the meeting. In addition, your failure to submit a proxy or to vote in person will have the same effect as a vote against the adoption of the merger agreement. If you hold your shares through a broker,

your broker will not be able to cast a vote on the adoption of the merger agreement without instructions from you.

The Virgin Mobile USA board of directors recommends that you vote FOR the adoption of the merger agreement.

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Q: Are votes confidential?

A: The votes of all stockholders will be held in confidence from directors, officers and employees of Virgin Mobile USA except:

as necessary to meet applicable legal requirements and to assert or defend claims for or against Virgin Mobile USA;

in the case of a contested proxy solicitation;

if a stockholder submits a written comment or otherwise communicates his or her vote to management; or

to allow the independent inspectors of election to certify the results of the vote.

Q: How will my shares be represented at the meeting?

A: At the meeting, the officers named in your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your shares, your proxy will be voted as the Virgin Mobile USA board of directors recommends, which is:

FOR the adoption of the merger agreement; and

FOR the approval of the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there is an insufficient number of votes to adopt the merger agreement at the time of the meeting.

Q: What happens if I sell my shares after the record date but before the meeting?

A: The record date of the meeting is earlier than the date of the meeting and the date that the merger is expected to be completed. If you transfer your Virgin Mobile USA shares after the record date but before the date of the meeting, you will retain your right to vote at the meeting (provided that the shares remain outstanding on the date of the meeting), but you will not have the right to receive the merger consideration to be received by Virgin Mobile USA stockholders in the merger. In order to receive the merger consideration, you must hold your shares through the completion of the merger.

Q: What do I do if I receive more than one proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a record holder and also in street name, or otherwise through a nominee, you may receive more than one proxy statement/prospectus and/or set of voting instructions relating to the meeting. These should each be voted and/or returned separately in order to ensure that all of your shares are voted.

Q: If my shares of Virgin Mobile USA common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: *No.* If your shares are held in an account at a broker, you must instruct the broker on how to vote your shares. If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your shares as being present at the meeting for purposes of determining the presence of a

quorum but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the New York Stock Exchange, which we refer to as the NYSE, brokers do not have discretionary authority to vote on the proposal to adopt the merger

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agreement. A broker non-vote will have the same effect as a vote against adoption of the merger agreement.

Q: Can I change my vote after I have delivered my proxy?

A: *Yes.* You may revoke your proxy and change your vote at any time before the meeting. If you are a stockholder of record, you can revoke your proxy before it is exercised by written notice to the Corporate Secretary of Virgin Mobile USA, by timely delivery of a valid, later-dated proxy card or a later-dated proxy submitted by telephone or via the Internet, or by voting by ballot in person if you attend the meeting. Simply attending the meeting will not revoke your proxy. If you hold shares through a broker or other nominee, you may submit new voting instructions by contacting your broker or other nominee.

Q: Who may attend the meeting?

A: Virgin Mobile USA stockholders (or their authorized representatives) and Virgin Mobile USA's invited guests may attend the meeting. Verification of stock ownership will be required at the meeting. If you hold your Virgin Mobile USA shares in your own name or hold them through a broker (and can provide documentation showing ownership such as a letter from your broker or a recent account statement) at the close of business on the record date, you will be permitted to attend the meeting. Stockholders may call Virgin Mobile USA's Corporate Secretary at (908) 607-4100 to obtain directions to the meeting.

Q: Will cameras and recording devices be permitted at the meeting?

A: *No.* Stockholders are not permitted to bring cameras or recording equipment into the meeting room.

Q: Will a proxy solicitor be used?

A: *Yes.* Virgin Mobile USA has engaged Innisfree M&A Incorporated, which we refer to as Innisfree, to assist in the solicitation of proxies for the meeting and Virgin Mobile USA estimates that it will pay Innisfree a fee of approximately \$20,000. Virgin Mobile USA has also agreed to reimburse Innisfree for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Innisfree against certain losses, costs and expenses. In addition, our officers and employees may request the return of proxies by telephone or in person, but no additional compensation will be paid to them.

Q: Whom should I call with questions?

A: Virgin Mobile USA stockholders should call Innisfree, Virgin Mobile USA's proxy solicitor, toll-free at (888) 750-5834 or collect at (212) 750-5833 with any questions about the merger, or to obtain additional copies of this proxy statement/prospectus or additional proxy cards.

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SUMMARY

*This summary highlights selected information contained in this proxy statement/prospectus. It may not contain all of the information that is important to you. You are urged to carefully read the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because the information in this section does not provide all of the information that might be important to you with respect to the merger agreement and the merger. See *Where You Can Find More Information* beginning on page 134. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

Information about the Companies (page 28)

Sprint Nextel Corporation

Sprint Nextel Corporation, a Kansas corporation, is a global communications company offering a comprehensive range of wireless and wireline communications products and services that are designed to meet the needs of its targeted customer groups: individuals, small- to mid-sized businesses, large enterprises and government customers. Sprint Nextel has organized its operations to meet the needs of its targeted customer groups through focused communications solutions that incorporate the capabilities of its wireless and wireline services. Sprint Nextel is one of the three largest wireless companies in the United States based on the number of wireless subscribers. Sprint Nextel owns extensive wireless networks and a global long distance, Tier 1 Internet backbone.

The Sprint Nextel common stock is listed on the NYSE under the symbol S. The principal executive offices of Sprint Nextel are located at 6200 Sprint Parkway, Overland Park, Kansas 66251, and its telephone number is (800) 829-0965.

Additional information about Sprint Nextel is included in documents incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 134.

Sprint Mozart, Inc.

Sprint Mozart, Inc., which we sometimes refer to as Merger Sub, is a direct wholly-owned subsidiary of Sprint Nextel formed solely for the purpose of consummating the merger. Sprint Mozart has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Sprint Mozart are located at 6200 Sprint Parkway, Overland Park, Kansas 66251, and its telephone number is (800) 829-0965.

Virgin Mobile USA, Inc.

Virgin Mobile USA, Inc., a Delaware corporation, through its subsidiary, the Operating Partnership, is a leading national provider of wireless communications services, offering prepaid and postpaid services. Customers are attracted to Virgin Mobile USA's products and services because of its flexible terms, easy to understand and value-oriented pricing structures, stylish handsets offered at affordable prices and relevant mobile data and entertainment content. Virgin Mobile USA's prepaid product and service offerings have no annual contract or credit check and they attract a wide range of customers, approximately half of whom are ages 35 and under. Virgin Mobile USA's voice and data plans allow customers to talk, use text messaging, picture messaging, email and instant messaging on a per usage basis or according to the terms of monthly hybrid plans.

Virgin Mobile USA's Class A common stock is listed on the NYSE under the symbol VM. The principal executive offices of Virgin Mobile USA are located at 10 Independence Boulevard, Warren, New Jersey 07059, and its telephone number is (908) 607-4000.

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Additional information about Virgin Mobile USA and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 134.

The Merger (page 32)

Sprint Nextel, Virgin Mobile USA and Merger Sub entered into the merger agreement on July 27, 2009. Subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Virgin Mobile USA, with Virgin Mobile USA continuing as the surviving corporation. Upon the completion of the merger, Virgin Mobile USA will be a wholly-owned subsidiary of Sprint Nextel, and all shares of Virgin Mobile USA (comprised of shares of Class A common stock, Class B common stock, Class C common stock and preferred stock) will no longer be outstanding and Class A common stock will no longer be publicly traded.

A copy of the merger agreement is attached as [Annex A](#) to this proxy statement/prospectus. You are encouraged to read the merger agreement carefully in its entirety because it is the legal agreement that governs the merger.

Merger Consideration (page 75)

Subject to stockholder approval as described in this proxy statement/prospectus and satisfaction or waiver of the other conditions specified in the merger agreement, in connection with the merger:

all stockholders of Virgin Mobile USA, excluding the Virgin Group, SK Telecom and Sprint Nextel, will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock that they own, and cash in lieu of fractional shares, based on the exchange ratio described below;

the Virgin Group will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock and Class C common stock that it owns, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 93.09%;

SK Telecom will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock that it owns, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 89.84%;

the Virgin Group and SK Telecom will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of preferred stock that they own, and cash in lieu of fractional shares, equal to the number of shares of Class A common stock into which each share of preferred stock is convertible, multiplied by (1) in the case of the Virgin Group, the exchange ratio multiplied by 93.09%, and (2) in the case of SK Telecom, the exchange ratio multiplied by 89.84%; and

the Virgin Group and SK Telecom will be entitled to receive consideration in connection with certain contractual obligations of Virgin Mobile USA, which consideration will be payable in cash or Sprint Nextel common stock, at Sprint Nextel's election, as described in this proxy statement/prospectus.

The exchange ratio will be equal to the number determined by dividing \$5.50 by the average of the closing prices of Sprint Nextel common stock on the NYSE for the 10 trading days ending on the second trading day immediately preceding the effective time of the merger, which we refer to as the Average Parent Stock Price. However, in no event will the exchange ratio be less than 1.0630 or greater than 1.3668.

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Sprint Nextel will not issue any fractional shares of Sprint Nextel common stock in the merger. Instead, a Virgin Mobile USA stockholder who otherwise would have received a fraction of a share of Sprint Nextel common stock will receive an amount in cash rather than a fractional share.

Virgin Mobile USA's Reasons for the Merger; Recommendation of the Virgin Mobile USA Board of Directors (page 44)

The Virgin Mobile USA board of directors believes that the merger agreement and the merger are advisable and fair to, and in the best interests of, Virgin Mobile USA and its stockholders and has approved the merger and the merger agreement. **The Virgin Mobile USA board of directors recommends that Virgin Mobile USA stockholders vote FOR adoption of the merger agreement.**

For the factors considered by the Virgin Mobile USA board of directors in reaching its decision to approve the merger agreement, see The Merger Virgin Mobile USA's Reasons for the Merger; Recommendation of the Virgin Mobile USA Board of Directors.

Opinion of Virgin Mobile USA's Financial Advisor (page 48)

In connection with the merger, a special committee of the board of directors of Virgin Mobile USA, which we refer to as the Transaction Committee, received an opinion, dated July 27, 2009, from Deutsche Bank Securities Inc., which we refer to as Deutsche Bank, as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Class A common stock, excluding Sprint Nextel, the Virgin Group, SK Telecom and their affiliates. The full text of Deutsche Bank's written opinion, which sets forth, among other things, the procedures followed, assumptions made, matters considered, and limitations, qualifications and conditions of the review undertaken in rendering its opinion, is attached as Annex B to this proxy statement/prospectus. **The opinion was directed to the Transaction Committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by holders of Class A common stock, excluding Sprint Nextel, the Virgin Group, SK Telecom and their affiliates. The opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how the stockholder should vote or act with respect to any matters relating to the merger agreement.**

Sprint Nextel's Reasons for the Merger (page 53)

After careful consideration, the Sprint Nextel board of directors approved the merger agreement and the merger. For the factors considered by the Sprint Nextel board of directors in reaching its decision to approve the merger agreement, see The Merger Sprint Nextel's Reasons for the Merger.

Board of Directors of Sprint Nextel Following Completion of the Merger (page 62)

There are no changes to the composition of the Sprint Nextel board of directors contemplated in connection with the merger. Information about the current Sprint Nextel directors and executive officers can be found in the documents listed under Where You Can Find More Information.

Interests of Certain Persons in the Merger (page 56)

In considering the recommendation of the Virgin Mobile USA board of directors with respect to the merger agreement, stockholders should be aware that members of the Virgin Mobile USA board of directors and Virgin Mobile USA's executive officers, as well as the strategic stockholders of Virgin Mobile USA, have interests in the

merger that may be different from, or in addition to, the interests of Virgin Mobile USA stockholders generally. The members of the Virgin Mobile USA board of directors were aware of these interests, and considered them, when they approved the merger agreement.

For further discussion, see [The Merger](#) [Interests of Certain Persons in the Merger](#).

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Treatment of Virgin Mobile USA Stock Options and Other Equity-Based Awards (pages 64 and 76)

Stock Options. Each Virgin Mobile USA stock option granted under Virgin Mobile USA's 2007 Omnibus Incentive Compensation Plan, which we refer to as the Omnibus Plan, outstanding as of the effective time of the merger under which the option price to purchase a share of Class A common stock exceeds the fair market value of a share of Class A common stock immediately prior to the effective time of the merger will be canceled without payment or consideration pursuant to the terms of the Omnibus Plan as a result of the merger. Each other outstanding option will cease to represent a right to acquire shares of Class A common stock and will be converted into an option to purchase a number of shares of Sprint Nextel common stock equal to the product of the number of shares of Class A common stock subject to the Virgin Mobile USA stock option and the exchange ratio. Any resulting fractional shares will be rounded down to the nearest whole share. The exercise price per share of Sprint Nextel common stock under each converted stock option will be equal to the exercise price per share under the Virgin Mobile USA stock option prior to conversion divided by the exchange ratio, rounded up to the nearest cent. The duration and other terms of each converted stock option, after giving effect to any rights resulting exclusively from the merger and pursuant to the Omnibus Plan, the award agreement under the plan and the applicable employment agreement, will be the same as the corresponding Virgin Mobile USA stock option.

Other Equity-Based Awards. Each Virgin Mobile USA stock-based right or award outstanding immediately prior to the effective time of the merger will be converted into a right or award with respect to a number of shares of Sprint Nextel common stock equal to the product of the number of shares of Virgin Mobile USA common stock subject to the stock-based award and the exchange ratio. Any resulting fractional shares will be rounded down to the nearest whole share. After giving effect to any rights resulting exclusively from the merger and pursuant to the Omnibus Plan, the award agreements under the plan and any applicable employment agreement, converted stock-based awards will otherwise remain subject to the terms of the Omnibus Plan and the agreements or letters evidencing grants under the plan.

Some of the outstanding Virgin Mobile USA stock-based awards are subject to performance-based vesting requirements based on Virgin Mobile USA's performance for 2009 and for 2010. The awards with performance-based vesting requirements related to performance for 2009 will remain subject to those requirements, but the determination as to whether those requirements have been met will be based on actual performance through the end of the month, which ends on, or immediately precedes, the closing date of the merger and comparing this performance to the pro rata portion of the applicable annual performance target for the Virgin Mobile USA stock-based award based on the number of months in 2009 completed on or prior to the closing date of the merger. The performance requirements for 2010 will be deemed met on December 31, 2010 without regard to actual performance for 2010.

Regulatory Approvals Required for the Merger (page 68)

Sprint Nextel and Virgin Mobile USA have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. Sprint Nextel and Virgin Mobile USA have filed the required notification under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, which we refer to as the HSR Act, with the Federal Trade Commission, which we refer to as the FTC, and the Antitrust Division of the Department of Justice, which we refer to as the DOJ. Sprint Nextel and Virgin Mobile USA have received early termination of the waiting period under the HSR Act from the FTC and DOJ. Virgin Mobile USA and Sprint Nextel have also jointly filed transfer of control applications with the Federal Communications Commission, which we refer to as the FCC, with respect to the certificates of authority, which we refer to as the international Section 214 authorizations, under Section 214 of the U.S. Communications Act of 1934, as amended, which we refer to as the Communications Act, held by Virgin Mobile USA through its Operating Partnership and the

operating subsidiaries of Helio LLC. The FCC must approve these authorizations as a result of the merger.

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Expected Timing of the Merger (page 69)

Virgin Mobile USA and Sprint Nextel currently expect to complete the merger in the fourth quarter of 2009 or the first quarter of 2010, subject to receipt of Virgin Mobile USA stockholder approval, governmental and regulatory approvals and the satisfaction or waiver of other closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Risk Factors (page 21)

In evaluating the merger, the merger agreement and the Sprint Nextel common stock to be received in connection with the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors.

Accounting Treatment (page 69)

As a result of the proposed merger, Sprint Nextel will own all outstanding Virgin Mobile USA shares. Consequently, Sprint Nextel's accounting for the purchase of Virgin Mobile USA will include adjusting each asset and liability of Virgin Mobile USA to fair value and consolidating Virgin Mobile USA's assets, liabilities and operations with those of Sprint Nextel.

Material U.S. Federal Income Tax Consequences of the Merger (page 69)

Virgin Mobile USA and Sprint Nextel intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, for U.S. federal income tax purposes. Assuming the merger qualifies for this treatment, a holder of Virgin Mobile USA shares generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's Virgin Mobile USA shares for shares of Sprint Nextel common stock pursuant to the merger, except with respect to cash, if any, received in lieu of a fractional share of Sprint Nextel common stock. The completion of the merger is conditioned on, among other things, the receipt by Virgin Mobile USA of a tax opinion from Simpson Thacher & Bartlett LLP, counsel to Virgin Mobile USA, dated as of the closing date of the merger, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

For a more complete description of the material U.S. federal income tax consequences of the merger, see The Merger Material U.S. Federal Income Tax Consequences of the Merger.

The tax consequences of the merger to you may depend on your own situation. In addition, you may be subject to state, local or foreign tax laws that are not addressed in this proxy statement/prospectus. You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you.

No Appraisal Rights (page 72)

Under Delaware law, stockholders of Virgin Mobile USA do not have any dissenters' rights or rights to an appraisal of the value of their shares in connection with the merger. Please see The Merger No Appraisal Rights.

Listing of Sprint Nextel Common Stock (page 72)

Application will be made by Sprint Nextel to have the shares of Sprint Nextel common stock to be issued in connection with the merger approved for listing on the NYSE, where the Sprint Nextel common stock is currently traded. If the merger is consummated, the Virgin Mobile USA Class A common stock will no longer

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be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act.

Litigation Relating to the Merger (page 72)

Since the announcement on July 28, 2009 of the signing of the merger agreement, six putative shareholder class action lawsuits related to the merger have been filed, two in federal court in the District of New Jersey and four in the Superior Court of New Jersey. Two of the state cases were filed by the same plaintiffs who filed the federal lawsuits. On August 13, 2009, one of the federal court lawsuits was dismissed for lack of jurisdiction and refiled on August 18, 2009 in the Superior Court of New Jersey (becoming the fourth state complaint). The complaints name as defendants Virgin Mobile USA and its directors, among others. The lawsuits generally allege, among other things, that the consideration agreed to in the merger agreement is inadequate and unfair to Virgin Mobile USA stockholders and that the individual defendants (and, in some cases, Virgin Mobile USA) breached their fiduciary duties in approving the merger agreement and that those breaches were aided and abetted by Sprint Nextel, among others. The lawsuits seek, among other things, injunctive and monetary relief and attorneys' fees. Virgin Mobile USA and Sprint Nextel believe that these lawsuits are without merit and intend to vigorously defend the actions.

No Solicitation by Virgin Mobile USA (page 84)

Virgin Mobile USA has agreed that it and its representatives will not:

solicit any inquiries or make any proposal or offer with respect to a tender offer or exchange offer, merger, consolidation or other business combination involving Virgin Mobile USA and/or its subsidiaries;

solicit any inquiries or make any proposal or offer with respect to any acquisition proposal; or

participate in or knowingly encourage any negotiations or discussions concerning, or provide information or data to, any person relating to an acquisition proposal.

Virgin Mobile USA has agreed to, among other things, immediately cease and cause to be terminated any existing activities with respect to any acquisition proposal and to promptly notify Sprint Nextel in writing of the receipt of any acquisition proposal after the date of the execution of the merger agreement and to keep Sprint Nextel reasonably informed of the status and details of any proposal.

Prior to the adoption of the merger agreement by Virgin Mobile USA stockholders, Virgin Mobile USA may engage in certain activities in response to an unsolicited bona fide acquisition proposal. The merger agreement provides that if, at any time prior to the adoption of the merger agreement by Virgin Mobile USA stockholders, the Virgin Mobile USA board of directors determines, in response to an unsolicited acquisition proposal that did not otherwise result from a material breach of the applicable provisions of the merger agreement described above, that the acquisition proposal is a superior proposal, then Virgin Mobile USA or its board of directors may, among other things, terminate the merger agreement. Additionally, the voting agreements with the Virgin Group and SK Telecom will terminate upon termination of the merger agreement. See The Merger Voting Agreements and Other Transaction Agreements.

For a more complete description of the provisions, including what constitutes an acquisition proposal and a superior proposal, see The Merger Agreement Agreement Not to Solicit Other Offers.

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Conditions to Completion of the Merger (page 91)

The obligations of each of Virgin Mobile USA, Sprint Nextel and/or Merger Sub to effect the merger are subject to the satisfaction or waiver, prior to the effective time of the merger, of the following conditions, among others:

adoption of the merger agreement by Virgin Mobile USA stockholders;

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, having been declared effective by the Securities and Exchange Commission, which we refer to as the SEC, and the absence of a stop order suspending the effectiveness of the Form S-4 or proceedings pending before, or threatened by, the SEC for that purpose;

approval for listing on the NYSE of the shares of Sprint Nextel common stock to be issued to Virgin Mobile USA's stockholders in connection with the merger, subject to official notice of issuance;

the representations and warranties of Virgin Mobile USA, Sprint Nextel and Merger Sub being true and correct, subject to various materiality thresholds, and Virgin Mobile USA, Sprint Nextel and Merger Sub having performed or complied with, in all material respects, all of its obligations, agreements and covenants under the merger agreement;

absence of any instituted or pending action, investigation or proceeding by any governmental entity, or by any other person before any governmental entity, that would adversely affect the merger, Sprint Nextel or Virgin Mobile USA;

the other transaction agreements entered into in connection with the merger agreement being in force and effect at the effective time of the merger and Daniel H. Schulman, Virgin Mobile USA's Chief Executive Officer, not having rescinded his employment agreement with Sprint Nextel entered into at the time of the merger agreement or advised Sprint Nextel that he is unwilling to continue employment following the effective time of the merger;

receipt by Sprint Nextel of documentation evidencing that all outstanding indebtedness and all other obligations under Virgin Mobile USA's senior and subordinated credit agreements have been paid, discharged or otherwise terminated; and

receipt by Virgin Mobile USA of an opinion of its counsel relating to the U.S. federal income tax treatment of the merger.

Sprint Nextel and Virgin Mobile USA cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party, or that the merger will be completed. As of the date of this proxy statement/prospectus, Sprint Nextel and Virgin Mobile USA have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement (page 93)

The merger agreement may be terminated at any time prior to the effective time of the merger, even after the adoption by Virgin Mobile USA's stockholders, by:

the mutual written consent of Sprint Nextel, Merger Sub and Virgin Mobile USA;

Sprint Nextel or Virgin Mobile USA, provided that the party terminating is not in breach of its obligations under the merger agreement, if the effective time of the merger has not occurred on or before March 31, 2010;

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Virgin Mobile USA if, prior to the merger agreement being adopted by its stockholders, Virgin Mobile USA receives an acquisition proposal that its board of directors determines constitutes a superior proposal, in which case Virgin Mobile USA would be obligated to pay the termination fee described below;

Sprint Nextel if, prior to the merger agreement being adopted by the Virgin Mobile USA stockholders, the Virgin Mobile USA board of directors has withdrawn, modified or qualified its recommendation to the Virgin Mobile USA stockholders to adopt the merger agreement, which we refer to as a change of recommendation, or has publicly proposed to recommend, adopt or approve another acquisition proposal;

Sprint Nextel or Virgin Mobile USA if the other party has breached its representations, warranties, covenants or agreements under the merger agreement such that the applicable closing conditions would not be satisfied (and the breach is incapable of being cured prior to March 31, 2010); or

Sprint Nextel or Virgin Mobile USA if the merger agreement is not adopted by the Virgin Mobile USA stockholders at the Virgin Mobile USA special meeting.

Termination Fees and Expenses (page 94)

Under the terms of the merger agreement, Virgin Mobile USA is obligated to pay Sprint Nextel a cash termination fee of \$14.2 million in the event that:

Virgin Mobile USA exercises its right to terminate the merger agreement upon the receipt of a superior proposal;

Sprint Nextel exercises its right to terminate the merger agreement upon the Virgin Mobile USA board of directors effecting a change of recommendation or having recommended, adopted or approved another acquisition proposal; or

Sprint Nextel or Virgin Mobile USA exercises its right to terminate the merger agreement (1) due to a failure of the merger to be consummated on or before March 31, 2010 or the failure of Virgin Mobile USA stockholders to adopt the merger agreement (other than following a change of recommendation or the recommendation by the Virgin Mobile USA board of directors of another acquisition proposal, as described above), (2) prior to the termination an acquisition proposal is made public or known to the Virgin Mobile USA board of directors and is not withdrawn, and (3) within twelve months after the termination, Virgin Mobile USA enters into a definitive agreement with respect to, or consummates, the acquisition proposal.

The term "acquisition proposal" with respect to any termination fee has the meaning described in "The Merger Agreement" Agreement Not to Solicit Other Offers, except that references to "10% or more" are changed to "more than 50%".

Rights of Virgin Mobile USA Stockholders Will Change as a Result of the Merger (page 114)

Virgin Mobile USA is a Delaware corporation. Sprint Nextel is a Kansas corporation. The shares of Sprint Nextel common stock that Virgin Mobile USA stockholders will receive in connection with the merger will be shares of a Kansas corporation. Stockholder rights under Delaware and Kansas law are different. In addition, Virgin Mobile USA stockholders receiving merger consideration will have different rights once they become Sprint Nextel stockholders due to differences between the governing documents of Sprint Nextel and Virgin Mobile USA. These differences are described in detail under "Comparison of Rights of Sprint Nextel Stockholders and Virgin Mobile USA Stockholders."

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Virgin Mobile USA Special Meeting (page 29)

The meeting will be held on [], 2009 at [] a.m., local time, at []. At the meeting, Virgin Mobile USA stockholders will be asked to vote on the following proposals:

to adopt the merger agreement; and

to approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there is an insufficient number of votes to adopt the merger agreement at the time of the meeting.

Record Date. Only holders of record at the close of business on [], 2009 will be entitled to vote at the meeting, provided that the shares remain outstanding on the date of the meeting. As of the close of business on the record date, there were [] shares of Class A common stock, one share of Class B common stock, [] shares of Class C common stock and [] shares of preferred stock outstanding and entitled to vote at the meeting. Each holder of Class A common stock and Class C common stock is entitled to one vote. Sprint Ventures, Inc., a wholly-owned subsidiary of Sprint Nextel, which is the only holder of Class B common stock, is entitled to a number of votes that is equal to the number of shares of Class A common stock for which the partnership units it holds in the Operating Partnership are exchangeable. As of the record date, the partnership units held by Sprint Ventures are exchangeable for 12,058,626 shares of Class A common stock and Sprint Ventures is therefore entitled to 12,058,626 votes with respect to its share of Class B common stock. Each holder of preferred stock is entitled to one vote for each share of Class A common stock into which the share of preferred stock is convertible as of the record date. As of the record date, each share of preferred stock was convertible into 117.64706 shares of Class A common stock and therefore entitled to 117.64706 votes per share of preferred stock.

Required Vote. To adopt the merger agreement, the holders of a majority of the combined voting power of outstanding Virgin Mobile USA shares entitled to vote on the proposal, voting together as a single class, must vote in favor of adoption of the merger agreement. Because approval is based on the affirmative vote of a majority of the combined voting power of the shares outstanding, a Virgin Mobile USA stockholder's failure to vote or an abstention will have the same effect as a vote against adoption of the merger agreement.

The proposal to adjourn the meeting to solicit additional proxies will be decided by the affirmative vote of the holders of a majority of the combined voting power of all outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the proposal in accordance with Virgin Mobile USA's second amended and restated bylaws, which we refer to as Virgin Mobile USA's bylaws, regardless of whether a quorum is present. Because approval of this matter is based on the affirmative vote of the holders of a majority of the combined voting power of all outstanding shares present in person or by proxy and entitled to vote, abstentions will have the same effect as a vote against this matter, but failures to be present to vote will have no effect.

Under voting agreements entered into with Sprint Nextel, each of the Virgin Group and SK Telecom agreed that at the meeting it will vote a number of its Virgin Mobile USA shares (in the case of the Virgin Group, the number constituting not less than 14,362,279 shares, or approximately []% of the total voting power of Virgin Mobile USA as of the record date, and in the case of SK Telecom, the number constituting not less than 7,735,790 shares, or approximately []% of the total voting power of Virgin Mobile USA as of the record date) that are entitled to vote, in each case:

in favor of the adoption of the merger agreement, approval of the merger or any other action of the stockholders of Virgin Mobile USA reasonably requested by Sprint Nextel in furtherance thereof;

against any action or agreement that is in opposition to, or competitive or inconsistent with, the merger or that would result in a breach of any covenant, representation or warranty of the Virgin Group or SK Telecom contained in its respective voting agreement;

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against any other acquisition proposal; and

against any other action, agreement or transaction that would otherwise materially interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the other transactions contemplated by the merger agreement or each respective voting agreement or the performance by the Virgin Group or SK Telecom of its obligations under its respective voting agreement.

As of the close of business on the record date:

Sprint Nextel and its direct or indirect wholly-owned subsidiaries had the right to vote one share of Class B common stock entitled to an equivalent of 12,058,626 votes (and no shares of Class A common stock, Class C common stock or preferred stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting;

the Virgin Group had the right to vote 22,901,389 shares of Class A common stock, 115,062 shares of Class C common stock and [] shares of preferred stock, or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting;

SK Telecom had the right to vote 11,192,741 shares of Class A common stock and [] shares of preferred stock (and no shares of Class C common stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting; and

directors and executive officers of Virgin Mobile USA and their affiliates had the right to vote [] shares of Class A common stock (and no shares of Class C common stock or preferred stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting.

No Sprint Nextel Stockholder Approval (page 69)

Sprint Nextel stockholders are not required to adopt the merger agreement or approve the merger or the issuance of shares of Sprint Nextel common stock in connection with the merger.

Table of Contents**Comparative Per Share Data**

The following table sets forth selected unaudited comparative historical per share data for Sprint Nextel and Virgin Mobile USA and selected unaudited pro forma combined per share data after giving effect to the proposed merger. The unaudited pro forma combined earnings per share data have been prepared assuming that the proposed transaction was consummated on January 1, 2008. The unaudited pro forma combined book value per share data are based on the assumption that the proposed merger was consummated as of the relevant balance sheet date.

The unaudited pro forma combined per share data include estimates to adjust assets and liabilities of Virgin Mobile USA to their respective fair values based on information available at this time. These estimates may vary from estimates at the time of closing as additional information becomes available. Pro forma amounts are not necessarily indicative of the results of operations or financial position that would have resulted had the proposed merger been consummated on the dates indicated and should not be construed as being indicative of future performance. The information below should be read in conjunction with the financial statements and accompanying notes of Sprint Nextel and Virgin Mobile USA, which are incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information**. We urge you also to read **Selected Historical Consolidated Financial Data of Sprint Nextel** and **Selected Historical Consolidated Financial Data of Virgin Mobile USA**.

	Historical		Pro Forma	
	Sprint	Virgin	Sprint	Virgin
	Nextel	Mobile	Nextel	Mobile
		USA	Unaudited	USA
			Pro	Equivalent
			Forma	Unaudited
As of and for the Six Months Ended June 30, 2009				Pro Forma⁽¹⁾
Income (loss) from continuing operations per common share:				
Basic	\$ (0.34)	\$ 0.47	\$ (0.33)	\$ (0.45)
Diluted	\$ (0.34)	\$ 0.42	\$ (0.33)	\$ (0.45)
Cash dividends per common share	\$	\$	\$	\$
Book value per common share ⁽²⁾	\$ 6.52	\$ (3.98)	\$ 6.46	\$ 8.83
<u>As of and for the Year Ended December 31, 2008</u>				
Income (loss) from continuing operations per common share:				
Basic	\$ (0.98)	\$ 0.13	\$ (0.98)	\$ (1.34)
Diluted	\$ (0.98)	\$ 0.13	\$ (0.98)	\$ (1.34)
Cash dividends per common share	\$	\$	\$	\$
Book value per common share ⁽²⁾	\$ 6.86	\$ (5.49)	\$ 6.79	\$ 9.28

(1) Virgin Mobile USA Equivalent Unaudited Pro Forma amounts are calculated by multiplying the Sprint Nextel per share amounts set forth under the column heading **Sprint Nextel Unaudited Pro Forma** by an assumed exchange ratio of 1.3668, which exchange ratio may vary as described under **The Merger Agreement Merger Consideration**.

- (2) The Sprint Nextel unaudited pro forma book value per common share amounts set forth under the column heading Sprint Nextel Unaudited Pro Forma were calculated by dividing the total combined pro forma equity by the pro forma equivalent shares outstanding, which does not assume Sprint Nextel equity issuances for items that Sprint Nextel can elect to pay in cash or shares, as of the relevant balance sheet date. The number of pro forma shares to be issued as part of the proposed merger was calculated by using an assumed exchange ratio of 1.3668 and the closing price on the NYSE of a share of Sprint Nextel common stock of \$3.66 as of August 31, 2009.

Table of Contents**Market Prices and Dividend Information**

The Sprint Nextel common stock and Virgin Mobile USA Class A common stock are listed on the NYSE under the symbols S and VM, respectively. The following table shows the closing sale prices of the Sprint Nextel common stock and Virgin Mobile USA Class A common stock as reported on the NYSE on July 27, 2009, the last trading day before the merger agreement was announced, and on [], 2009, the last full trading day before the date of this proxy statement/prospectus. This table also shows the implied value of the merger consideration proposed for each share of Class A common stock, which was calculated by multiplying the closing price on the NYSE of a share of Sprint Nextel common stock as of the specified date by the exchange ratio applicable to the specified group of stockholders. For purposes of determining the exchange ratio, the Average Parent Stock Price was calculated using the 10 trading day period ending on the second trading day immediately preceding the specified date. As discussed in Merger Consideration above, the Average Parent Stock Price to be used to determine the actual merger consideration will be based on the corresponding period preceding the effective time of the merger.

	Closing Sale Price of Sprint Nextel Common Stock	Closing Sale Price of Virgin Mobile USA Class A Common Stock	Implied per Share Value of Merger Consideration to Public Stockholders⁽¹⁾	Implied per Share Value of Merger Consideration to the Virgin Group	Implied per Share Value of Merger Consideration to SK Telecom
July 27, 2009	\$ 4.55	\$ 4.21	\$ 5.50	\$ 5.12	\$ 4.94
[], 2009	\$ []	\$ []	\$ []	\$ []	\$ []

(1) Excludes the Virgin Group, SK Telecom and Sprint Nextel.

The market price of the Sprint Nextel common stock and Virgin Mobile USA Class A common stock will fluctuate prior to the merger. You should obtain current market quotations for the shares.

Sprint Nextel declared and paid a dividend of \$0.025 per share on the Sprint Nextel common stock and its Series 2 common stock in each of the quarters of 2006 and 2007 and a dividend of \$0.025 per share on its non-voting common stock in each of the quarters of 2006. Sprint Nextel did not declare any dividends on its shares in 2008 and has not declared any dividend on its shares to date in 2009. In light of conditions in the business and financial markets, Sprint Nextel decided in early 2008 that it will not pay dividends for the foreseeable future. In addition, under its revolving bank credit facility, Sprint Nextel is currently restricted from paying any cash dividends as a result of its ratio of total indebtedness to trailing four quarters earnings before interest, taxes, depreciation and amortization and other non-cash gains or losses, such as goodwill impairment charges. Under its revolving bank credit facility, Sprint Nextel may not pay cash dividends unless this ratio is less than 2.5 to 1.0.

Virgin Mobile USA has never declared or paid a cash dividend on its common stock and does not anticipate paying any cash dividends on its common stock in the foreseeable future. Any future determination to pay dividends will be at the discretion of its board of directors and will be dependent upon then-existing conditions, including its financial condition and results of operations, contractual restrictions, business prospects and other factors that its board of

directors considers relevant. Its ability to pay dividends is also restricted by the terms of its credit agreements. Virgin Mobile USA's preferred stock carries a cumulative 6% annual dividend payable semi-annually. The preferred stock dividend is payable with additional shares of preferred stock at the stated value of \$1,000 per share. Virgin Mobile USA is currently restricted from declaring or paying any dividends on its shares under the terms of the merger agreement, except for the preferred stock dividends payable on September 30, 2009.

Table of Contents**Selected Historical Consolidated Financial Data of Sprint Nextel**

The following selected historical consolidated financial data of Sprint Nextel have been derived from the audited historical consolidated financial statements and related notes of Sprint Nextel as of and for each of the five years in the period ended December 31, 2008 and from the unaudited consolidated financial statements of Sprint Nextel as of and for the six-month periods ended June 30, 2009 and 2008. The selected historical consolidated financial data provide only a summary and should be read in conjunction with the audited consolidated financial statements and notes thereto, other financial information and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Sprint Nextel's filings with the SEC. See Where You Can Find More Information beginning on page 134. Historical results are not necessarily indicative of any results to be expected in the future.

	As of and for the Six Months Ended June 30, 2009 2008 (Unaudited)		As of and for the Year Ended December 31, 2008 2007 2006 2005 2004				
	<i>(In millions, except per share amounts)</i>						
Results of Operations							
Key Data:							
Net operating revenues	\$ 16,350	\$ 18,389	\$ 35,635	\$ 40,146	\$ 41,003	\$ 28,771	\$ 21,647
(Loss) income from continuing operations ⁽¹⁾	(978)	(849)	(2,796)	(29,444)	995	821	(2,006)
Discontinued operations, net					334	980	994
Cumulative effect of change in accounting principle, net						(16)	
(Loss) Earnings per Share and Dividends:							
Basic and diluted (loss) earnings per common share from continuing operations ⁽¹⁾	\$ (0.34)	\$ (0.30)	\$ (0.98)	\$ (10.27)	\$ 0.34	\$ 0.40	\$ (1.40)
Discontinued operations					0.11	0.48	0.69
Cumulative effect of change in accounting principle						(0.01)	
Dividends per common share ⁽²⁾				0.10	0.10	0.30	See (2) below
Financial Position							
Key Data:							
Total assets ⁽³⁾	\$ 55,885	\$ 62,805	\$ 58,252	\$ 64,295	\$ 97,161	\$ 102,760	\$ 41,321
Total debt and capital lease obligations including equity unit	19,618	22,358	21,610	22,130	22,154	25,014	16,425

otes)
 seventh series
 redeemable preferred
 shares

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- (1) For the six months ended June 30, 2009, Sprint Nextel recorded net charges of \$729 million primarily related to severance and exit costs and equity in losses of unconsolidated investments. For the six months ended June 30, 2008, Sprint Nextel recorded net charges of \$455 million related to severance and exit costs and merger and integration costs. In 2008, Sprint Nextel recorded net charges of \$1.910 billion primarily related to asset and goodwill impairments, severance and exit costs, and merger and integration costs. In 2007, Sprint Nextel recorded net charges of \$30.605 billion primarily related to merger and integration costs, asset and goodwill impairments, and severance and exit costs. In 2006, Sprint Nextel recorded net charges of \$620 million primarily related to merger and integration costs, asset impairments, and severance and exit costs. In 2005, Sprint Nextel recorded net charges of \$723 million primarily related to merger and integration costs, asset impairments, and severance and hurricane-related costs. In 2004, Sprint Nextel recorded net charges of \$3.7 billion primarily related to severance and the wireline network impairment, partially offset by recoveries of fully reserved receivables.

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- (2) Sprint Nextel did not declare any dividends on its shares in 2008 or, as of June 30, 2009, in 2009. In the first and second quarter of 2005, a dividend of \$0.125 per share was paid. In the third and fourth quarter of 2005 and for each quarter of 2006 and 2007, the dividend was \$0.025 per share. Before the recombination of its two tracking stocks, shares of PCS common stock did not receive dividends. For the year ended December 31, 2004, Sprint Nextel shares (before the conversion of shares of PCS common stock) received dividends of \$0.50 per share. In the first quarter of 2004, Sprint Nextel shares received a dividend of \$0.125 per share. In the second, third and fourth quarter of 2004, Sprint Nextel shares, which included shares resulting from the conversion of shares of PCS common stock, received quarterly dividends of \$0.125 per share.
- (3) During 2008 and 2007, Sprint Nextel performed its annual assessment of goodwill for impairment and recorded non-cash impairment charges of \$963 million and \$29.649 billion, respectively.

Table of Contents**Selected Historical Consolidated Financial Data of Virgin Mobile USA**

Virgin Mobile USA is a holding company formed in 2007 in connection with its initial public offering, which we refer to as the IPO, which occurred on October 16, 2007. Virgin Mobile USA accounted for its reorganization transactions, for periods prior to the IPO, using a carryover basis, similar to a pooling-of-interest as the reorganization transactions were premised on a non-substantive exchange in order to facilitate the IPO. This is consistent with Financial Accounting Standards Board Technical Bulletin 85-5, *Issues Relating to Accounting for Business Combinations, including Costs of Closing Duplicate Facilities of an Acquirer; Stock Transactions between Companies under Common Control; Down-Stream Mergers, Identical Common Shares for a Pooling of Interests; and Pooling of Interests by Mutual and Cooperative Enterprises*. Under this method of accounting, Virgin Mobile USA treated the companies as if they had always been combined for accounting and financial reporting purposes and, therefore, the consolidated financial statements for the years ended and as of December 31, 2006, 2005, and 2004 are presented on the same basis as that for the years ended and as of December 31, 2008 and 2007.

The selected financial data of Virgin Mobile USA as of December 31, 2008 and 2007 and for each of the years ended December 31, 2008, 2007 and 2006 are derived from Virgin Mobile USA's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this proxy statement/prospectus. The selected financial data as of December 31, 2006 have been derived from Virgin Mobile USA's audited consolidated financial statements for such year, which have not been incorporated by reference into this proxy statement/prospectus, and the selected financial data for the years ended and as of December 31, 2005 and 2004 have been derived from Virgin Mobile USA's accounting records. The selected financial data of Virgin Mobile USA as of and for the six months ended June 30, 2009 and June 30, 2008 have been derived from Virgin Mobile USA's unaudited condensed consolidated financial statements and related notes contained in its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2009 and June 30, 2008, respectively. Virgin Mobile USA's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 is incorporated by reference into this proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of operations for the full year ending December 31, 2009 or other future periods of Virgin Mobile USA, and you should read the following information together with Virgin Mobile USA's consolidated financial statements, the notes related thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Virgin Mobile USA's Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

Effective October 1, 2008, Virgin Mobile USA elected to change the method of accounting for regulatory fees and tax surcharges, primarily the Universal Service Fund, or USF, contributions from a net basis to a gross basis in the statement of operations. As originally reported, Virgin Mobile USA accounted for USF contributions on a net basis so that USF remittances to government agencies were recorded as cost of service and the surcharge for USF collected from customers was recorded as a reduction of cost of service. Virgin Mobile USA changed its accounting policy to account for USF contributions on a gross basis so that the surcharge for USF collected from customers is recorded in net service revenue and remittances to government agencies are recorded in cost of service. This change in accounting policy, which was applied retroactively, increased both net service revenue and cost of service by \$13.3 million, \$12.5 million, \$2.9 million, and \$0.3 million during the years ended December 31, 2008, 2007, 2006, and 2005, respectively. Virgin Mobile USA did not collect any surcharges for USF contributions from its customers during the year ended December 31, 2004. This change in accounting policy does not change previously reported operating income (loss) or net income (loss).

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	As of and for the Six Months Ended June 30, 2009 2008 (Unaudited)		As of and for the Year Ended December 31, 2008 2007 2006 2005 2004				
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*(In thousands, except per share amounts)***Results of****Operations Data:**

Operating revenue:

Net service revenue	\$ 608,064	\$ 600,814	\$ 1,235,870	\$ 1,239,533	\$ 1,022,927	\$ 884,116	\$ 567,006
Net equipment and other revenue	36,789	49,067	87,623	85,890	90,524	106,116	123,632

Total operating
revenue

	644,853	649,881	1,323,493	1,325,423	1,113,451	990,232	690,638
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Net income⁽¹⁾⁽²⁾

	40,885	10,255	10,309	4,218	(36,941)	(108,665)	(176,236)
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Earnings (loss) per
weighted average
common share
basic⁽²⁾

	\$ 0.47	\$ 0.16	\$ 0.13	\$ 0.13	\$ (1.45)	\$ (4.49)	\$ (7.36)
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Earnings (loss) per
weighted average
common share
diluted⁽²⁾

	\$ 0.42	\$ 0.16	\$ 0.13	\$ 0.08	\$ (1.45)	\$ (4.49)	\$ (7.36)
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Financial Position Data:

Total assets	\$ 320,687	\$ 255,159	\$ 367,068	\$ 282,039	\$ 276,947	\$ 221,232	\$ 165,394
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Total debt and
capital lease
obligations

	257,094	300,372	267,174	323,751	553,298	497,527	98,965
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Redeemable

preferred stock ⁽³⁾			50,000				
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(1) Net income for the year ended December 31, 2008 has been recast to reflect the adoption of Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements on January 1, 2009, which removed the impact of net income attributable to the noncontrolling interest from the calculation of net income.

(2) Virgin Mobile USA recorded charges of \$1 million and \$9 million for the six months ended June 30, 2009 and the year ended December 31, 2008, respectively, for restructuring activities related to outsourcing of information technology services to IBM, employee reductions associated with the acquisition of Helio LLC, and a reduction in force to reduce operating costs. For the year ended December 31, 2005, Virgin Mobile USA recorded charges for an estimated loss of \$30 million related to patent infringement litigation. During the year ended December 31, 2006, Virgin Mobile USA entered into a settlement agreement with the patent holder that resulted in a release from all prior claims related to those patents in exchange for cash payments. Also during 2006, Virgin Mobile USA reached a settlement agreement with a provider of a billing solution regarding that vendor's obligation to indemnify Virgin Mobile USA for certain claims arising from the use of its products and services. As a result of

these settlements and agreements, in 2006 Virgin Mobile USA reversed \$15 million of the estimated loss that had been accrued in 2005.

- (3) On August 22, 2008, in connection with the acquisition of Helio LLC, Virgin Mobile USA issued 50,000 shares of preferred stock with a stated value of \$1,000 per share. As of February 23, 2009, each share of the preferred stock became mandatorily convertible into 117.64706 shares of Class A common stock, at the earlier of (1) August 22, 2012 and (2) such time as the market price of Class A common stock exceeds \$8.50 per share for a specified period. The preferred stock is also convertible at the option of the holder on or after February 22, 2010. Following the approval of the conversion feature by Virgin Mobile USA stockholders on February 23, 2009, the preferred stock is no longer potentially redeemable for cash and is reflected as stockholders' equity in Virgin Mobile USA's balance sheet.

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RISK FACTORS

In addition to the other information included and incorporated by reference in this proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement.

Risk Factors Relating to Sprint Nextel and Virgin Mobile USA

Sprint Nextel's and Virgin Mobile USA's businesses are subject to the risks described below relating to the merger. In addition, Sprint Nextel and Virgin Mobile USA are and will continue to be subject to the risks described in Part 1, Item 1A of their respective Annual Reports on Form 10-K for the year ended December 31, 2008 and Sprint Nextel is and will continue to be subject to the risks described in Part II, Item 1A of its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which reports have been filed with the SEC. If any of the risks described in this proxy statement/prospectus or in the annual reports and quarterly reports incorporated by reference into this proxy statement/prospectus actually occurs, the respective businesses, financial results, financial condition or stock prices of Sprint Nextel or Virgin Mobile USA could be materially adversely affected. The following risks should be considered along with the other risks described in the reports incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 134 for the location of information incorporated by reference into this proxy statement/prospectus.

Risk Factors Relating to the Merger

Because the market price of Sprint Nextel common stock will fluctuate, Virgin Mobile USA stockholders cannot be sure of the precise value of the merger consideration they will receive.

Under the terms of the merger agreement, each share of Class A common stock, Class C common stock and preferred stock (on an as-converted basis) outstanding immediately prior to the merger will be converted into the right to receive a number of shares of Sprint Nextel common stock based on an exchange ratio determined by reference to the average of the closing prices of Sprint Nextel common stock in a period prior to the completion of the merger. The Virgin Group and SK Telecom will receive shares of Sprint Nextel common stock based on the applicable percentages of the exchange ratio. The exchange ratio is subject to a maximum and a minimum, but between these amounts it will fluctuate based on the Average Parent Stock Price. The average share price of Sprint Nextel common stock may differ from the closing price per share of the Sprint Nextel common stock on the date that the parties entered into the merger agreement, on the date that the parties announced the merger, on the date that this proxy statement/prospectus was mailed, at the effective time of the merger, and on the date that you receive the merger consideration. In addition, because the merger agreement provides that the exchange ratio may not exceed a specified maximum, the number of shares of Sprint Nextel common stock to be received by Virgin Mobile USA stockholders will be limited by the ceiling of the exchange ratio of 1.3668 if the Average Parent Stock Price were to be lower than \$4.02.

Accordingly, at the time of the special meeting, Virgin Mobile USA stockholders will not be able to calculate the precise value of the merger consideration that they would receive upon completion of the merger. Changes in the average share price of Sprint Nextel common stock and the share price of Sprint Nextel common stock generally may result from a variety of factors, including general market, economic and political conditions; changes in Sprint Nextel's business, operations and prospects; regulatory considerations; legal proceedings and developments; market assessments of the benefits of the merger, likelihood the merger will be consummated and timing of consummation; the prospects of post-merger operations; and other factors. A majority of these factors is beyond the parties' control.

and could negatively impact the value of the merger consideration you receive.

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Sprint Nextel may fail to realize all of the anticipated benefits of the merger, which may adversely affect the value of the Sprint Nextel common stock that you receive in the merger.

Sprint Nextel and Virgin Mobile USA entered into the merger agreement with the expectation that the merger would result in various benefits including, among other things, strengthening Sprint Nextel's position in the prepaid segment; enhancing cross-selling of the full suite of Sprint Nextel products and services across a larger target audience; free cash flow accretion before synergies; synergies to be derived from general and administrative cost reductions, operational efficiencies, and streamlined distribution; and Sprint Nextel gaining deeper managerial talent with particular expertise in the prepaid segment of the wireless market.

Achieving the anticipated benefits of the merger will depend, in part, on Sprint Nextel's ability to realize the strategic advantages and cost savings from integrating the business and operations of Virgin Mobile USA into Sprint Nextel. If Sprint Nextel is not able to achieve its objectives within the anticipated time frame, or at all, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. If such a result occurs, the value of Sprint Nextel common stock could be adversely affected.

Sprint Nextel and Virgin Mobile USA have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, result in the disruption of each company's ongoing businesses or identify inconsistencies in standards, controls, procedures and policies that adversely affect Sprint Nextel's ability to maintain relationships with customers, suppliers, distributors, creditors or lessors, or to achieve the anticipated benefits of the merger.

Specifically, issues that must be addressed in integrating the operations of Virgin Mobile USA into Sprint Nextel's operations in order to realize the anticipated benefits of the merger include, among other things:

- managing diverse product and service offerings, subscriber plans, and sales and marketing approaches;

- preserving subscriber, supplier and other important relationships and resolving potential conflicts that may arise as a result of the merger;

- consolidating and integrating duplicative operations, including back-office systems; and

- addressing differences in business cultures, preserving employee morale and retaining key employees, while maintaining focus on providing consistent, high quality customer service and meeting the operational and financial goals of Sprint Nextel after the merger.

Integration efforts between the two companies could also divert management attention and resources. An inability to realize the full extent of, or any of, the anticipated benefits of the merger, as well as any delays encountered in the integration process, could have an adverse effect on Sprint Nextel's business and results of operations, which may affect the value of Sprint Nextel common stock after the completion of the merger.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual cost and sales synergies, if achieved at all, may be lower than Sprint Nextel expects and may take longer to achieve than anticipated. If Sprint Nextel is not able to adequately address these challenges, it may be unable to successfully integrate Virgin Mobile USA's operations into its own, or to realize some or all of the anticipated benefits of the integration of the two companies, which could negatively impact Sprint Nextel's future results of operations and the value of Sprint Nextel common stock.

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The market price of Sprint Nextel common stock after the merger may be affected by factors different from those affecting the shares of Virgin Mobile USA or Sprint Nextel currently.

Upon completion of the merger, holders of Virgin Mobile USA shares will become holders of Sprint Nextel common stock. The businesses of Sprint Nextel differ from those of Virgin Mobile USA in important respects and, accordingly, the results of operations of Sprint Nextel and the market price of Sprint Nextel common stock following the merger may be affected by factors different from those currently affecting the independent results of operations of Virgin Mobile USA. For a discussion of the businesses of Sprint Nextel and Virgin Mobile USA and of some factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus referred to under "Where You Can Find More Information" beginning on page 134.

Failure to complete the merger could negatively impact the stock price and the future business and financial results of Sprint Nextel and Virgin Mobile USA.

If the merger is not completed, the ongoing businesses of Sprint Nextel and Virgin Mobile USA may be adversely affected and, without realizing any of the benefits of having completed the merger, Sprint Nextel and Virgin Mobile USA will be subject to a number of risks, including the following:

the current market price of each company's common stock may reflect a market assumption that the merger will occur and a failure to complete the merger could result in a negative perception of either or both companies by equity investors and result in a decline in the market price of the common stock of that company;

Virgin Mobile USA may be required to pay Sprint Nextel a termination fee of \$14.2 million if the merger is terminated under circumstances as described in the merger agreement and summarized in this proxy statement/prospectus;

Sprint Nextel and Virgin Mobile USA will be required to pay transaction costs relating to the merger, whether or not the merger is completed;

under the merger agreement, Virgin Mobile USA is subject to restrictions on the conduct of its business prior to completing the merger which may affect its ability to execute some of its business strategies; and

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by Sprint Nextel and Virgin Mobile USA management, which could otherwise have been devoted to other opportunities that may have been beneficial to Sprint Nextel and Virgin Mobile USA as separate companies.

Sprint Nextel and Virgin Mobile USA also may be subject to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against Sprint Nextel or Virgin Mobile USA to perform their respective obligations under the merger agreement. If the merger is not completed, these risks may materialize and may adversely affect Sprint Nextel's and Virgin Mobile USA's business, financial results and stock price.

The completion of the merger is subject to various requirements, including the receipt of consents and approvals from various government agencies and the continued employment of Daniel H. Schulman, which may jeopardize or delay completion of the merger or reduce the anticipated benefits of the merger.

Completion of the merger is conditioned upon filings with, and the receipt of required consents, clearances and approvals from, various governmental agencies, including the FCC. Although Sprint Nextel and

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Virgin Mobile USA have agreed in the merger agreement to use their reasonable best efforts to obtain the requisite governmental approvals, there can be no assurance that these approvals will be obtained.

Additionally, contemporaneously with the execution of the merger agreement, Daniel H. Schulman, Virgin Mobile USA's Chief Executive Officer, entered into an employment agreement with Sprint Nextel which will become effective upon the completion of the merger. Under the merger agreement, if Mr. Schulman rescinds his employment agreement with Sprint Nextel or advises Sprint Nextel that he is unwilling to continue employment with Sprint Nextel after the effective time of the merger, Sprint Nextel will not be obligated to complete the merger. If the merger is not completed, Virgin Mobile USA and Sprint Nextel may be negatively impacted, as described above.

Sprint Nextel and Virgin Mobile USA must continue to retain, motivate and recruit executives and other key employees, which may be difficult in light of uncertainty regarding the merger, and failure to do so could negatively affect the combined company.

For the merger to be successful, during the period before the merger is completed, both Sprint Nextel and Virgin Mobile USA must continue to retain, motivate and recruit executives and other key employees. Sprint Nextel also must be successful at retaining key employees following the completion of the merger. Experienced employees in the telecommunications industry are in high demand and competition for their talents can be intense. Employees of both Sprint Nextel and Virgin Mobile USA may experience uncertainty about their future role with Sprint Nextel until, or even after, strategies with regard to the combined company are announced or executed. These potential distractions of the merger may adversely affect the ability of Sprint Nextel or Virgin Mobile USA to attract, motivate and retain executives and other key employees and keep them focused on applicable strategies and goals. A failure by Sprint Nextel or Virgin Mobile USA to retain and motivate executives and other key employees during the period prior to or after the completion of the merger could have a negative impact on the business of Sprint Nextel or Virgin Mobile USA and the ability of Sprint Nextel to achieve the benefits of the merger.

The shares of Sprint Nextel common stock to be received by Virgin Mobile USA stockholders in connection with the merger will have different rights from the shares of Class A common stock.

Upon completion of the merger, Virgin Mobile USA stockholders will become Sprint Nextel stockholders and their rights as stockholders will be governed by Sprint Nextel's amended and restated articles of incorporation and bylaws, as well as by Kansas law. The rights associated with Virgin Mobile USA shares are different from the rights associated with Sprint Nextel common stock and could be perceived as less beneficial to you or negatively impact the value of your Class A common stock and/or the consideration you receive in the merger. See *Comparison of Rights of Sprint Nextel Stockholders and Virgin Mobile USA Stockholders* beginning on page 114 for a discussion of the different rights associated with Sprint Nextel common stock.

The merger agreement limits Virgin Mobile USA's ability to pursue an alternative acquisition proposal and requires Virgin Mobile USA to pay a termination fee of \$14.2 million if it does.

The merger agreement prohibits Virgin Mobile USA from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See *The Merger Agreement - Agreement Not to Solicit Other Offers* beginning on page 84. The merger agreement also provides for the payment by Virgin Mobile USA of a termination fee of \$14.2 million if the merger agreement is terminated in certain circumstances. See *The Merger Agreement - Termination Fee Payable by Virgin Mobile USA*. These provisions limit Virgin Mobile USA's ability to pursue offers from third parties that could result in greater value to Virgin Mobile USA stockholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal. In addition, each of the Virgin Group, SK Telecom and Sprint Nextel has a contractual consent right to certain alternative acquisition proposals, which may discourage a third party

from pursuing an

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acquisition proposal or prevent Virgin Mobile USA from consummating an alternative acquisition proposal. See The Merger Background of the Merger.

Some of the directors and executive officers of Virgin Mobile USA, as well as the strategic stockholders of Virgin Mobile USA, have interests in the merger that are different from other Virgin Mobile USA stockholders.

When considering the recommendation of the Virgin Mobile USA board of directors with respect to the merger proposal, Virgin Mobile USA stockholders should be aware that some directors and executive officers of Virgin Mobile USA have interests in the merger that are different from, or are in addition to, the interests of the unaffiliated holders of Class A common stock. In addition, Virgin Mobile USA has engaged in various related party transactions with affiliates of the Virgin Group and SK Telecom. As a result, the Virgin Group and SK Telecom may have interests that are different from, or in addition to, the interests of the unaffiliated holders of Class A common stock. The Virgin Group and SK Telecom, which together have five designees on the Virgin Mobile USA board of directors, have significant equity interests in Virgin Mobile USA and will receive additional consideration in connection with certain agreements with Virgin Mobile USA, as described in The Merger Voting Agreements and Other Transaction Agreements. In addition, four of Virgin Mobile USA's current executive officers, including Daniel H. Schulman, have executed employment agreements with Sprint Nextel providing for their employment after the completion of the merger. These interests also include, among others, the fact that the completion of the merger will result in the conversion of in-the-money options to purchase Virgin Mobile USA shares into corresponding options to purchase Sprint Nextel common stock, the conversion of other equity-based awards into corresponding awards with respect to Sprint Nextel common stock, the deemed satisfaction of the performance-based vesting requirements for 2010 for the Virgin Mobile USA stock-based awards that are subject to the requirements for 2010, the continuance of Virgin Mobile USA's annual and mid-term incentive plans for 2009, and the continuance of indemnification of Virgin Mobile USA directors and executive officers. See The Merger Interests of Certain Persons in the Merger and The Merger Treatment of Virgin Mobile USA Stock Options and Other Equity-Based Awards.

Stockholders should consider these interests in conjunction with the recommendation of the directors of Virgin Mobile USA for the adoption of the merger agreement.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents that are incorporated by reference into this proxy statement/prospectus contain certain estimates, projections and other forward-looking statements. Statements regarding expectations, including performance assumptions and estimates relating to capital requirements, as well as other statements that are not historical facts, are forward-looking statements. Specifically, forward looking statements include:

statements relating to the benefits of the merger, including anticipated synergies and cost savings estimated to result from the merger;

statements relating to future business prospects, revenue, income and financial condition; and

statements preceded by, followed by or that include the words estimate, plan, project, forecast, intend, e anticipate, believe, seek, target or similar expressions.

These statements reflect judgments of the management of Sprint Nextel and Virgin Mobile USA based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, the management of Sprint Nextel and Virgin Mobile USA have made assumptions regarding, among other things, the rate of growth in the prepaid wireless segment, expected synergies from the merger, and whether and when the transactions contemplated by the merger agreement will be consummated.

Future performance cannot be assured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:

the failure to realize synergies from the merger in the timeframe expected or at all;

unexpected costs or liabilities;

the result of the review of the proposed merger by various regulatory agencies and any conditions imposed in connection with the consummation of the merger;

approval of the merger agreement by the stockholders of Virgin Mobile USA and satisfaction of various other conditions to the closing of the merger;

Sprint Nextel's ability to attract and retain subscribers;

the effects of vigorous competition in a highly penetrated market;

the effect of limiting capital and operating expenditures on Sprint Nextel's ability to improve and enhance its networks and service offerings, implement its business strategies and provide competitive new technologies;

volatility in the trading price of Sprint Nextel common stock, current economic conditions and Sprint Nextel's ability to access capital;

the impact of third parties, such as suppliers and vendors, not meeting Sprint Nextel's contractual requirements with Sprint Nextel due to disruptions in their business;

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

the financial performance of Clearwire Corporation and its deployment of a WiMAX network;

unexpected results of litigation filed against Sprint Nextel or its suppliers or vendors;

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the impact of adverse network performance;

the costs and/or potential customer impacts of compliance with regulatory mandates;

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

changes in political, economic or other factors such as monetary policy, legal and regulatory changes or other external factors over which Sprint Nextel has no control; and

other risks referenced from time to time in filings by Sprint Nextel and Virgin Mobile USA with the SEC and those factors listed in this proxy statement/prospectus under **Risk Factors** beginning on page 21.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this proxy statement/prospectus, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, neither Sprint Nextel nor Virgin Mobile USA undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Sprint Nextel and Virgin Mobile USA. See **Where You Can Find More Information** beginning on page 134 for a list of the documents incorporated by reference into this proxy statement/prospectus.

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INFORMATION ABOUT THE COMPANIES

Sprint Nextel Corporation

Sprint Nextel Corporation, a Kansas corporation, is a global communications company offering a comprehensive range of wireless and wireline communications products and services that are designed to meet the needs of its targeted customer groups: individuals, small- to mid-sized businesses, large enterprises and government customers. Sprint Nextel has organized its operations to meet the needs of its targeted customer groups through focused communications solutions that incorporate the capabilities of its wireless and wireline services. Sprint Nextel is one of the three largest wireless companies in the United States based on the number of wireless subscribers. Sprint Nextel owns extensive wireless networks and a global long distance, Tier 1 Internet backbone.

Sprint Nextel offers digital wireless service to subscribers in all 50 states, Puerto Rico and the U.S. Virgin Islands under the Sprint® brand name utilizing wireless code division multiple access, or CDMA, technology. Sprint Nextel also provides CDMA wireless services on a wholesale basis to many of the largest resellers in the nation on the CDMA network. Sprint Nextel offers digital wireless services under its Nextel® brand name using integrated Digital Enhanced Network, or iDEN®, technology. Sprint Nextel is a reseller of Worldwide Interoperability for Microwave Access, or WiMAX, fourth generation, or 4G, wireless services as provided by Clearwire Corporation.

Sprint Nextel offers its direct wireless services on a post-paid payment basis, as well as on a prepaid payment basis under the Boost Mobile® brand. Sprint Nextel is one of the largest providers of long distance services and one of the largest carriers of Internet traffic in the nation.

The Sprint Nextel common stock trades on the NYSE under the symbol S. The principal executive offices of Sprint Nextel are located at 6200 Sprint Parkway, Overland Park, Kansas 66251, and its telephone number is (800) 829-0965.

Additional information about Sprint Nextel is included in documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 134.

Sprint Mozart, Inc.

Sprint Mozart is a direct wholly-owned subsidiary of Sprint Nextel formed solely for the purpose of consummating the merger. Sprint Mozart has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Sprint Mozart are located at 6200 Sprint Parkway, Overland Park, Kansas 66251, and its telephone number is (800) 829-0965.

Virgin Mobile USA, Inc.

Virgin Mobile USA, Inc., a Delaware corporation, through its subsidiary, the Operating Partnership, is a leading national provider of wireless communications services, offering prepaid and postpaid services. Customers are attracted to Virgin Mobile USA's products and services because of its flexible terms, easy to understand and value-oriented pricing structures, stylish handsets offered at affordable prices and relevant mobile data and entertainment content. Virgin Mobile USA's prepaid product and service offerings have no annual contract or credit check and they attract a wide range of customers, approximately half of whom are ages 35 and under. Virgin Mobile USA's voice and data plans allow customers to talk, use text messaging, picture messaging, email and instant messaging on a per usage basis

or according to the terms of monthly hybrid plans.

Virgin Mobile USA's Class A common stock is listed on the NYSE under the symbol VM. The principal executive offices of Virgin Mobile USA are located at 10 Independence Boulevard, Warren, New Jersey 07059, and its telephone number is (908) 607-4000.

Additional information about Virgin Mobile USA and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 134.

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THE VIRGIN MOBILE USA SPECIAL MEETING

Date, Time and Place

The special meeting will be held on [], 2009 at [] a.m., local time, at [].

Purpose

At the special meeting, Virgin Mobile USA stockholders will be asked to vote on the following proposals:

to adopt the merger agreement; and

to approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there is an insufficient number of votes to adopt the merger agreement at the time of the meeting.

Virgin Mobile USA Record Date; Stock Entitled to Vote

Only holders of record at the close of business on [], 2009 will be entitled to vote at the meeting, provided that the shares remain outstanding on the date of the meeting.

As of the close of business on the record date, there were [] shares of Class A common stock, one share of Class B common stock, [] shares of Class C common stock and [] shares of preferred stock outstanding and entitled to vote at the meeting. Each holder of Class A common stock and Class C common stock is entitled to one vote. Sprint Ventures, which is the only holder of Class B common stock, is entitled to a number of votes that is equal to the number of shares of Class A common stock for which the partnership units it holds in the Operating Partnership are exchangeable. As of the record date, the partnership units held by Sprint Ventures were exchangeable for 12,058,626 shares of Class A common stock, and Sprint Ventures is therefore entitled to 12,058,626 votes with respect to its share of Class B common stock. Each holder of preferred stock is entitled to one vote for each share of Class A common stock into which the share of preferred stock is convertible as of the record date. As of the record date, each share of preferred stock was convertible into 117.64706 shares of Class A common stock and therefore entitled to 117.64706 votes per share of preferred stock.

Quorum

A majority of the outstanding shares having voting power being present in person or represented by proxy constitutes a quorum for the meeting.

Required Vote; Voting Agreements; Stock Ownership of Virgin Mobile USA Directors and Executive Officers

To adopt the merger agreement, the holders of a majority of the combined voting power of the outstanding Virgin Mobile USA shares entitled to vote on the proposal, voting together as a single class, must vote in favor of adoption of the merger agreement. **Because approval is based on the affirmative vote of a majority of the combined voting power of all shares outstanding, a Virgin Mobile USA stockholder's failure to vote or an abstention will have the same effect as a vote against adoption of the merger agreement.**

A proposal to adjourn the meeting to solicit additional proxies, if necessary or appropriate, will be decided by the affirmative vote of the holders of a majority of the combined voting power of all outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the proposal in accordance with Virgin Mobile USA's bylaws. Because approval of this matter is based on the affirmative vote of the holders of a majority of the combined voting power of all outstanding shares present in person or by proxy and entitled to vote, abstentions will have the same effect as a vote against this matter, but failures to be present to vote will have no effect.

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Under voting agreements entered into with Sprint Nextel, each of the Virgin Group and SK Telecom agreed that at the meeting it will vote a number of its Virgin Mobile USA shares (in the case of the Virgin Group, the number constituting not less than 14,362,279 shares, or approximately []% of the total voting power of Virgin Mobile USA as of the record date, and in the case of SK Telecom, the number constituting not less than 7,735,790 shares, or approximately []% of the total voting power of Virgin Mobile USA as of the record date) that are entitled to vote, in each case:

in favor of the adoption of the merger agreement, approval of the merger or any other action of the stockholders of Virgin Mobile USA reasonably requested by Sprint Nextel in furtherance thereof;

against any action or agreement that is in opposition to, or competitive to or inconsistent with, the merger or that would result in a breach of any covenant, representation or warranty of the Virgin Group or SK Telecom contained in its respective voting agreement;

against any other acquisition proposal; and

against any other action, agreement or transaction that would otherwise materially interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the other transactions contemplated by the merger agreement or each respective voting agreement or the performance by the Virgin Group or SK Telecom of its obligations under its respective voting agreement.

As of the close of business on the record date:

Sprint Nextel and its direct or indirect wholly-owned subsidiaries had the right to vote one share of Class B common stock entitled to 12,058,626 votes (and no shares of Class A common stock, Class C common stock or preferred stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting;

the Virgin Group had the right to vote 22,901,389 shares of Class A common stock, 115,062 shares of Class C common stock and [] shares of preferred stock (and no shares of Class B common stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting;

SK Telecom had the right to vote 11,192,741 shares of Class A common stock and [] shares of preferred stock (and no shares of Class B common stock or Class C common stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting; and

directors and executive officers of Virgin Mobile USA and their affiliates had the right to vote [] shares of Class A common stock (and no shares of Class B common stock, Class C common stock or preferred stock), or []% of the combined voting power of the outstanding shares of Virgin Mobile USA entitled to be voted at the meeting.

Abstentions

Abstentions are counted as present and entitled to vote for purposes of determining a quorum. For the proposal to adopt the merger agreement, abstentions have the same effect as a vote against adoption of the merger agreement. For a proposal to adjourn the meeting to solicit additional proxies, if necessary or appropriate, abstentions are treated as present and entitled to vote at the meeting and therefore have the same effect as a vote against these proposals.

Voting of Proxies by Holders of Record

If you hold shares in your own name you may submit a proxy for your shares by using the toll-free number or the Internet web site if your proxy card includes instructions for using these quick, cost-effective and easy

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methods for submitting proxies. You also may submit a proxy in writing by simply filling out, signing and dating your proxy card and mailing it in the prepaid envelope included with these proxy materials. If you submit a proxy by telephone or the Internet web site, please do not return your proxy card by mail. You will need to follow the instructions when you submit a proxy using any of these methods to make sure your shares will be voted at the meeting. You also may vote by submitting a ballot in person if you attend the meeting. However, we encourage you to submit a proxy by mail by completing your proxy card, by telephone or via the Internet even if you plan to attend the meeting. If you hold shares through a broker or other nominee, you may instruct your broker or other nominee to vote your shares by following the instructions that the broker or nominee provides to you with these materials. Most brokers offer the ability for stockholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet. If you hold shares through a broker or other nominee and wish to vote your shares at the meeting, you must obtain a legal proxy from your broker or nominee and present it to the inspector of election with your ballot when you vote at the meeting.

Your vote is important. Accordingly, please submit your proxy by telephone, through the Internet or by mail, whether or not you plan to attend the meeting in person. Proxies must be received by 11:59 p.m., local time, on [], 2009.

Shares Held in Street Name

If your shares are held in an account at a broker, you must instruct the broker on how to vote your shares. If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your shares as being present at the meeting for purposes of determining the presence of a quorum, but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on the proposal to adopt the merger agreement. A broker non-vote will have the same effect as a vote against adoption of the merger agreement.

Revocability of Proxies

You may revoke your proxy and change your vote at any time before the meeting. If you are a stockholder of record, you can revoke your proxy before it is exercised by written notice to the Corporate Secretary of Virgin Mobile USA, by timely delivery of a valid, later-dated proxy card or a later-dated proxy submitted by telephone or via the Internet, or by voting by ballot in person if you attend the meeting. Simply attending the meeting will not revoke your proxy. If you hold shares through a broker or other nominee, you may submit new voting instructions by contacting your broker or other nominee.

Solicitation of Proxies

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the Virgin Mobile USA board of directors to be voted at Virgin Mobile USA's special meeting of stockholders to be held on [], 2009 at [] a.m., local time, at []. Stockholders will be admitted to the meeting beginning at [] a.m., local time.

This proxy statement/prospectus and the proxy card are first being sent to Virgin Mobile USA stockholders on or about [], 2009.

Virgin Mobile USA has engaged Innisfree to assist in the solicitation of proxies for the meeting and Virgin Mobile USA estimates that it will pay Innisfree a fee of approximately \$20,000. Virgin Mobile USA has also agreed to reimburse Innisfree for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Innisfree against certain losses, costs and expenses. In addition, our officers and employees may request the return of proxies by telephone or in person, but no additional compensation will be paid to

them.

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THE MERGER

*The following is a discussion of the proposed merger and the merger agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference herein. Virgin Mobile USA stockholders are urged to read this entire proxy statement/prospectus, including the merger agreement, for a more complete understanding of the merger. See *The Merger Agreement*.*

Structure of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, Merger Sub will be merged with and into Virgin Mobile USA, with Virgin Mobile USA surviving the merger and becoming a wholly-owned subsidiary of Sprint Nextel. At the effective time of the merger:

all stockholders of Virgin Mobile USA, excluding the Virgin Group, SK Telecom and Sprint Nextel, will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock that they own, and cash in lieu of fractional shares, based on the exchange ratio described below;

the Virgin Group will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock and Class C common stock that it owns, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 93.09%;

SK Telecom will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of Class A common stock that it owns, and cash in lieu of fractional shares, based on the exchange ratio multiplied by 89.84%;

the Virgin Group and SK Telecom will be entitled to receive a number of shares of Sprint Nextel common stock for each outstanding share of preferred stock that they own, and cash in lieu of fractional shares, equal to the number of shares of Class A common stock into which each share of preferred stock is convertible, multiplied by (1) in the case of the Virgin Group, the exchange ratio multiplied by 93.09%, and (2) in the case of SK Telecom, the exchange ratio multiplied by 89.84%;

the Virgin Group and SK Telecom will be entitled to receive consideration in connection with certain contractual obligations of Virgin Mobile USA, which consideration will be payable in cash or Sprint Nextel common stock, at Sprint Nextel's election, as described in *Voting Agreements and Other Transaction Agreements*; and

all shares of Class B common stock and shares held in the treasury of Virgin Mobile USA will be canceled at the effective time of the merger, without any consideration paid to the holders of these shares.

The exchange ratio will be equal to the number determined by dividing \$5.50 by the average of the closing prices of Sprint Nextel common stock on the NYSE for the 10 trading days ending on the second trading day immediately preceding the effective time of the merger. However, in no event will the exchange ratio be less than 1.0630 or greater than 1.3668. See *The Merger Agreement* *Merger Consideration* beginning on page 75 for a discussion of the exchange ratio and the consideration to be received by Virgin Mobile USA stockholders in connection with the merger.

If the number of shares of Sprint Nextel common stock changes before the merger is completed because of a reclassification, recapitalization, stock split, combination, exchange or readjustment of shares, or any dividend thereon with a record date within this period, the exchange ratio will be adjusted so that the holders of Virgin Mobile USA common stock will be provided with the same economic effect, as contemplated by the merger agreement.

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Background of the Merger

Virgin Mobile USA was formed as a joint venture between the Virgin Group and Sprint Nextel in 2001. Virgin Mobile USA launched services in July 2002 and uses the nationwide Sprint PCS network under a services agreement with Sprint Nextel, which we refer to as the PCS services agreement.

Virgin Mobile USA completed the IPO and a related reorganization in October 2007, and it has since conducted its business affairs through the Operating Partnership. As a result of the reorganization, Sprint Nextel became a limited partner in the Operating Partnership. Since the IPO, Sprint Nextel has held its ownership interest in Virgin Mobile USA through its limited partnership interest in the Operating Partnership and its ownership of one share of Class B common stock. In addition, Sprint Nextel has had representation on the Virgin Mobile USA board of directors at all times since the IPO. As of July 31, 2009, Sprint Nextel owned an approximately 15.2% limited partnership interest in the Operating Partnership and had one representative on the Virgin Mobile USA board of directors. The Sprint Nextel representative on the Virgin Mobile USA board of directors did not participate in any discussion relating to the merger and did not attend any special meetings of the board of directors or any portion of the regular meetings of the board of directors in which the merger with Sprint Nextel or a potential transaction with any other party was discussed.

In keeping with its obligations to the company's stockholders, the Virgin Mobile USA board of directors has, together with its senior management, regularly reviewed strategic opportunities and business development strategies, including potential alliances, synergies, opportunities for organic growth and acquisitions as they arose or were proposed to the company from time to time in the ordinary course of business. In addition, Sprint Nextel has continually reviewed its entire spectrum of strategic opportunities in connection with its investment in Virgin Mobile USA and its ongoing wireless network wholesale relationship with Virgin Mobile USA. To this end, since Virgin Mobile USA's inception, with the authorization of its board of directors, executives from Virgin Mobile USA have from time to time informally discussed various possibilities relating to the two companies with executives from Sprint Nextel.

On November 4, 2008, Keith O. Cowan, Sprint Nextel's President of Strategic Planning and Corporate Initiatives and presently the Acting President of CDMA, first discussed a possible new strategic transaction involving Virgin Mobile USA with Sprint Nextel's board of directors during a presentation regarding a wide range of potential investment opportunities for Sprint Nextel.

On November 20, 2008, Mr. Cowan called Daniel H. Schulman, Virgin Mobile USA's Chief Executive Officer, to follow up on prior discussions between Mr. Schulman and representatives of Sprint Nextel regarding commercial relationships between the companies. During the course of this conversation, Mr. Cowan informed Mr. Schulman that Sprint Nextel might, at some point in the future, be interested in going beyond the then-current arrangements with Virgin Mobile USA and that it would like to discuss ways to establish a closer relationship between the two companies.

In response to the discussions with Sprint Nextel, on December 3, 2008, Virgin Mobile USA executives initiated discussions with representatives of Deutsche Bank relating to Virgin Mobile USA's strategic alternatives.

On December 10, 2008, Mr. Cowan, Christopher Rogers, Sprint Nextel's Senior Vice President of Corporate Development and Spectrum, and Matt Madden, Sprint Nextel's then-Director of Corporate Development, met with Mr. Schulman and David Messenger, Virgin Mobile USA's Chief Administration and Corporate Development Officer, at the offices of King & Spalding LLP, legal counsel to Sprint Nextel, in New York City. The discussions were focused on the respective parties' high level views of valuation of Virgin Mobile USA in connection with a potential business combination between the two companies and touched on potential revenue and cost synergies that might

stem from such a business combination.

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On January 20, 2009, Messrs. Rogers, Madden and Brett Garr, Sprint Nextel's Manager of Corporate Development, contacted Mr. Messenger by phone and discussed, in a general and exploratory manner, the concept that any potential price that Sprint Nextel would consider offering to acquire Virgin Mobile USA could only be based on a premium relative to the applicable trading price of Class A common stock (which was under \$1.00 per share at the time) and that the consideration to be paid by Sprint Nextel would be shares of Sprint Nextel common stock. Virgin Mobile USA's management notified the Virgin Mobile USA board of directors of these discussions with Sprint Nextel. After careful review and consideration of the exploratory discussions and in light of other options, the Virgin Mobile USA board of directors determined that Sprint Nextel's indicative valuation did not constitute a bona fide offer and that the valuation approach was unacceptable because it did not reflect the intrinsic value of Virgin Mobile USA; accordingly, the Virgin Mobile USA board of directors advised executives of Virgin Mobile USA not to proceed on the basis of the implied per share price.

On January 23, 2009, Sprint Nextel held a meeting of its board of directors. Robert H. Brust, Sprint Nextel's Chief Financial Officer, and Charles R. Wunsch, Sprint Nextel's General Counsel and Corporate Secretary, were also present. Mr. Cowan presented an update on the exploratory discussions held with Virgin Mobile USA and Sprint Nextel's initial view of valuation. No action was taken by Sprint Nextel's board of directors with respect to the discussions with Virgin Mobile USA.

In response to a voicemail left by Daniel R. Hesse, Sprint Nextel's Chief Executive Officer and President, on February 13, 2009, Mr. Schulman called Mr. Hesse on February 17, 2009 and discussed the merits of a potential business combination. Mr. Hesse stated that it could be worthwhile for Mr. Cowan to continue to talk to Mr. Schulman and explore possibilities between the two companies.

At a meeting of the Virgin Mobile USA board of directors held on February 25 and 26, 2009, representatives of Deutsche Bank discussed the state of the wireless industry and Virgin Mobile USA's historical and projected enterprise valuation. Deutsche Bank also discussed a number of strategic alternatives with the board of directors, including the business plan then in effect and potential strategic transactions.

On February 27, 2009, Mr. Cowan called Mr. Schulman and revisited those topics previously discussed by Messrs. Hesse and Schulman. Mr. Schulman indicated that Virgin Mobile USA was not prepared to engage in discussions as its board of directors was in the process of evaluating strategic options for the company but suggested another call in one month to continue discussions.

On March 18, 2009, at a special meeting of the Virgin Mobile USA board of directors, representatives of Deutsche Bank discussed strategic alternatives for Virgin Mobile USA, with specific reference to a potential acquisition of Virgin Mobile USA by Sprint Nextel. Deutsche Bank also discussed a timeline for approaching Company X regarding a potential transaction. Deutsche Bank noted that among all potential acquirers in the market Company X would be the company most interested in acquiring Virgin Mobile USA other than Sprint Nextel, based on its perceived financial strength, similar business model and past management dialogue with Virgin Mobile USA. Deutsche Bank also noted that the inclusion of other parties in the process was likely to increase the transaction execution and business risk for Virgin Mobile USA without a commensurate enhancement to the value of a potential acquisition. At the same meeting, the board of directors approved the engagement of Deutsche Bank to serve as Virgin Mobile USA's financial advisor, subject to the successful negotiation of terms in an engagement letter.

On March 26, 2009, Mr. Cowan called Mr. Schulman to express Sprint Nextel's interest in continuing a discussion of an acquisition of Virgin Mobile USA. Mr. Schulman told Mr. Cowan that the Virgin Mobile USA board of directors was considering Sprint Nextel's expression of interest and was reviewing its options, including other strategic alternatives. Mr. Schulman indicated that he would respond to Mr. Cowan when the board of directors had finished its

evaluation.

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On April 1, 2009, at a special meeting of the Virgin Mobile USA board of directors, representatives of Deutsche Bank discussed the company's strategic alternatives, specifically addressing the benefits of a transaction between Virgin Mobile USA and Sprint Nextel related to their existing relationship. Deutsche Bank also reviewed with the board a draft presentation intended for Sprint Nextel, including an update of Virgin Mobile USA's recent results, financial projections and transaction considerations. At the same meeting, the board of directors authorized Virgin Mobile USA's management to respond to the inquiry from Sprint Nextel and to have Deutsche Bank contact Company X's executive officers.

On April 3, 2009, representatives from Deutsche Bank contacted the chief financial officer of Company X to assess Company X's interest in a strategic transaction involving Virgin Mobile USA.

On April 7, 2009, Mr. Schulman called Mr. Hesse and requested a meeting at Sprint Nextel's headquarters in Overland Park, Kansas on April 15, 2009. Mr. Hesse agreed to the meeting.

On April 15, 2009, Mr. Schulman and Jean Manas, who was then the Vice Chairman of Deutsche Bank's Mergers & Acquisitions group, met with Messrs. Hesse and Cowan at Sprint Nextel's headquarters in Overland Park, Kansas, and presented a proposal that Sprint Nextel acquire Virgin Mobile USA in an all stock transaction at an exchange ratio of 1.193 shares of Sprint Nextel common stock for each share of Virgin Mobile USA common stock. Based on the Sprint Nextel common stock price of \$4.19 per share at that time, this proposal valued each share of Virgin Mobile USA common stock at \$5.00. Mr. Hesse indicated that he would provide a general indication of interest following Sprint Nextel's next board meeting, scheduled for mid-May. That evening, Mr. Schulman had dinner with Mr. Hesse at Mr. Hesse's home.

On April 17, 2009, at a special meeting of the Virgin Mobile USA board of directors, Mr. Schulman and Deutsche Bank discussed the meeting with Sprint Nextel on April 15, 2009, and Mr. Schulman noted that Company X had responded to Deutsche Bank's inquiry on Virgin Mobile USA's behalf with an expression of interest. The board agreed that management would continue conversations with Sprint Nextel while simultaneously continuing to explore Company X's interest. Mr. Schulman committed to provide a non-disclosure agreement to Company X and to schedule a meeting with Company X's representatives when possible.

On the same day, Messrs. Cowan and Rogers had a conference call with representatives of Wells Fargo Securities (formerly Wachovia Securities), which we refer to as Wells Fargo, to engage Wells Fargo to initiate financial analyses in support of a potential transaction with Virgin Mobile USA.

On April 27, 2009, Deutsche Bank contacted the chief financial officer of Company X on behalf of Virgin Mobile USA to relay further process-related details and to discuss terms and the timing of a meeting between representatives of Virgin Mobile USA and Company X.

On April 28, 2009, Mr. Hesse called Mr. Schulman and the two discussed possible joint marketing strategies following a merger between Sprint Nextel and Virgin Mobile USA.

On May 1, 2009, at a meeting of the Virgin Mobile USA board of directors, Mr. Schulman briefed the board on the status of the separate discussions with Sprint Nextel and Company X. Mr. Schulman reported that Sprint Nextel had retained Wells Fargo as a financial advisor to represent it in the potential transaction, noting that Wells Fargo had provided a due diligence request list to Virgin Mobile USA. Mr. Schulman further reported that a meeting among Virgin Mobile USA, Deutsche Bank, Sprint Nextel and Wells Fargo had been scheduled for May 4 and 6, 2009 to discuss potential synergies resulting from a business combination between Sprint Nextel and Virgin Mobile USA. Mr. Schulman also reported that Company X had to reschedule its meeting with Virgin Mobile USA, but that

Company X understood that Virgin Mobile USA was in discussions with another potential acquirer and had agreed to provide a prompt response following the initial meeting.

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On May 4, 2009, Mr. Messenger, John Feehan, Virgin Mobile USA's Chief Financial Officer, and Peter Lurie, Virgin Mobile USA's General Counsel and Corporate Secretary, along with representatives of Deutsche Bank, representatives from Sprint Nextel and representatives from Wells Fargo, held a management meeting at the offices of Deutsche Bank in New York. During this presentation, preliminary due diligence material, including management's financial projections, relating to Virgin Mobile USA was provided to Sprint Nextel and discussed in detail.

On May 6, 2009, Messrs. Messenger and Feehan and representatives of Deutsche Bank engaged in general discussions with Rodger Smith, Sprint Nextel's Director of Corporate Development, Tom Lee, Sprint Nextel's Director of Corporate Development, Eric Lew, Sprint Nextel's Corporate Development Manager, Cary Baker, Sprint Nextel's Director of Financial Operations for Boost, and representatives of Wells Fargo regarding estimates of cost synergies that could be realized in a business combination. Mr. Schulman had another call with Mr. Hesse on the same day regarding high level discussions on the potential organizational structure envisioned in connection with a potential transaction.

On May 11, 2009, the finance committee of Sprint Nextel's board of directors held a meeting at the company's headquarters in Overland Park, Kansas. Messrs. Hesse, Brust, Cowan, Gregory Block, Sprint Nextel's Vice President and Treasurer, and Timothy O. Grady, Sprint Nextel's Vice President of Securities and Governance, were also present. At the meeting, Mr. Cowan gave a presentation on the current status of the potential acquisition. The finance committee authorized Sprint Nextel's management to continue with discussions of a potential transaction with Virgin Mobile USA.

On May 12, 2009, Sprint Nextel held a meeting of its board of directors. At this meeting, Robert R. Bennett, a member of Sprint Nextel's board of directors and its finance committee, summarized the finance committee's discussions regarding various matters, including the status of the potential transaction with Virgin Mobile USA.

On May 14, 2009, Mr. Cowan called Mr. Schulman to discuss a potential non-binding bid.

On May 16, 2009, Company X executed a non-disclosure agreement with Virgin Mobile USA.

On May 18, 2009, Sprint Nextel submitted a non-binding proposal to acquire Virgin Mobile USA in which Sprint Nextel would acquire Virgin Mobile USA in a stock-for-stock transaction. Sprint Nextel's proposal provided for a valuation of Class A common stock at \$5.00 per share based on an exchange ratio derived from the average share price of Sprint Nextel common stock for 10 days prior to the signing of the merger agreement. At the time of the offer, the exchange ratio was 0.959 based on the price of \$5.22 per share of Sprint Nextel common stock. The closing price of Class A common stock on that day was \$4.00 per share. The proposal provided for repayment of Virgin Mobile USA's senior debt at closing at par and for repayments in cash or, at Sprint Nextel's election, Sprint Nextel common stock (1) to the Virgin Group and SK Telecom, in satisfaction of loans extended to Virgin Mobile USA by the Virgin Group and SK Telecom pursuant to Virgin Mobile USA's subordinated credit facility (valued at an aggregate of approximately \$80 million outstanding as of March 31, 2009), and (2) to the Virgin Group in an aggregate amount of \$40 million pursuant to proposed amendments to Virgin Mobile USA's tax receivable agreement and trademark license agreement with the Virgin Group, which represented a substantial discount to the amounts payable to the Virgin Group under the existing tax receivable and trademark license agreements.

On May 19, 2009, Messrs. Schulman, Feehan, Lurie and Messenger met with the chief financial officer of Company X in New York City. Preliminary due diligence material, including management's financial projections, relating to Virgin Mobile USA was provided to Company X and discussed in detail during the meeting.

On May 20, 2009, at a regularly scheduled meeting of the Virgin Mobile USA board of directors, representatives of Deutsche Bank discussed the terms of Sprint Nextel's non-binding proposal of May 18,

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2009, noting, among other matters, the exchange ratio that the non-binding proposal represented. A discussion ensued about an appropriate counteroffer. Deutsche Bank also summarized a meeting with the chief financial officer of Company X, stating that it produced a productive and dynamic dialogue. Alan M. Klein, a partner of Simpson Thacher & Bartlett LLP, legal counsel to Virgin Mobile USA, joined the meeting and advised the board of directors of its fiduciary duties. The Virgin Mobile USA board of directors then authorized the formation of the Transaction Committee to consist solely of the company's independent directors, L. Kevin Cox, Thomas O. Ryder, chairman of the board of directors, and Kenneth T. Stevens. The Transaction Committee would be responsible for reviewing strategic alternatives and establishing a process by which Virgin Mobile USA would solicit indications of interest from potential bidders and engage in discussions regarding a potential transaction.

The Transaction Committee of the Virgin Mobile USA board of directors held its first meeting on May 22, 2009, attended by Messrs. Schulman, Feehan, Lurie and Messenger, during which Deutsche Bank reviewed strategic alternatives, including the pursuit of the company's current business plan as a stand-alone entity, implementing a revised business plan that increased earnings at the expense of growth, and the sale of the company to one of the two interested parties, Sprint Nextel and Company X. Deutsche Bank also reviewed the April 15, 2009 discussions among Messrs. Schulman, Hesse, Cowan and Deutsche Bank and the terms of the non-binding offer made by Sprint Nextel on May 18, 2009. The committee proceeded to discuss the various options facing Virgin Mobile USA and authorized Messrs. Schulman and Messenger to present a counteroffer to Sprint Nextel.

Between May 23, 2009 and June 3, 2009, Mr. Schulman engaged in multiple, parallel conversations with Messrs. Hesse and Cowan and the chief financial officer of Company X.

On May 26, 2009, Mr. Messenger provided a counteroffer to Messrs. Cowan and Rogers, reflecting an implied equity value of \$6.37 per share based on the initial exchange ratio of 1.193 used in Virgin Mobile USA's proposal on April 15, 2009 and adjusted for the movements in share price since that date. The terms of Virgin Mobile USA's counterproposal also included revised terms to the tax receivable and trademark license agreements with the Virgin Group approved in advance by the Virgin Group.

On May 27, 2009, the chief executive officer of Company X called Mr. Schulman and stated that his company would imminently provide a letter containing an expression of interest. On the same day, Wells Fargo called Deutsche Bank and, acting on behalf of Sprint Nextel, rejected Virgin Mobile USA's counteroffer. On or about May 31, 2009, Mr. Schulman called Mr. Hesse to discuss Virgin Mobile USA's counteroffer.

On June 1, 2009, Company X submitted a letter of interest to Virgin Mobile USA, offering a preliminary proposal to acquire the company based on an offer price of 4.75x to 5.25x of Virgin Mobile USA's adjusted 2009 EBITDA, an implied price of \$4.27 to \$5.00 per share of Class A common stock based on Virgin Mobile USA's financial data as of March 31, 2009, to be paid in cash. Company X also proposed to repay all outstanding loans to Virgin Mobile USA by its stockholders.

On June 3, 2009, at a meeting of the Transaction Committee, Mr. Schulman compared the terms of the two competing bids to acquire Virgin Mobile USA. Mr. Schulman also detailed his conversations since May 22, 2009 with Mr. Hesse and, separately, the chief financial officer of Company X. The Transaction Committee also approved the terms of the engagement letters with respect to the engagement of Deutsche Bank and Colonnade Securities LLC, an advisory firm Jean Manas joined as an independent contractor on such date before starting his own advisory firm, Foros Advisors LLC, as Virgin Mobile USA's financial advisors in connection with the potential contemplated transaction and authorized Virgin Mobile USA to enter into such engagements.

On June 4, 2009, Mr. Schulman called Mr. Cowan to discuss the gap in valuation between Sprint Nextel's outstanding proposal and Virgin Mobile USA's counteroffer. Mr. Schulman explained that the \$6.37 per share of Class A common

stock counteroffer was based on the initial exchange ratio used in Virgin Mobile USA's

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April 15, 2009 proposal and the benefits that the potential transaction had for both companies. Mr. Cowan restated Sprint Nextel's position that \$5.00 per share was a fair and appropriate price for the proposed transaction.

From June 4, 2009 to June 15, 2009, Deutsche Bank and Company X's financial advisor continued to have discussions with respect to finalizing preparations for the due diligence session between Company X and Virgin Mobile USA and their respective financial and legal advisors.

On June 15 and 16, 2009, Messrs. Schulman, Feehan, Lurie and Messenger participated in due diligence meetings with Company X, along with Virgin Mobile USA's financial advisors, Simpson Thacher & Bartlett LLP, and financial and legal advisors to Company X.

On June 18, 2009, Mr. Hesse contacted Mr. Schulman to reiterate Sprint Nextel's interest in an acquisition of Virgin Mobile USA and to highlight possible flexibility with respect to Sprint Nextel's proposed amendments to the tax receivable agreement between Virgin Mobile USA and the Virgin Group. Mr. Hesse also reaffirmed the \$5.00 per share valuation and stated that Sprint Nextel would consider a share price protection mechanism consisting of floating exchange ratios within a fixed range.

On June 19, 2009, Company X submitted a revised written offer, in which it proposed to pay cash for all outstanding shares of Virgin Mobile USA at a valuation based on a price of \$4.75 per share of Class A common stock. Company X indicated that it would repay the Virgin Group and SK Telecom in full for all amounts outstanding under the subordinated credit agreement, at par. The valuation offered was subject to there being in place arrangements with Sprint Nextel and the Virgin Group relating to each of the tax receivable agreements between Virgin Mobile USA and each of the Virgin Group and Sprint Nextel, each of the trademark license agreements between Virgin Mobile USA and each of the Virgin Group and Sprint Nextel, and the PCS services agreement between Virgin Mobile USA and Sprint Nextel.

On the same day, at a meeting of the Transaction Committee, also attended by Messrs. Feehan, Lurie, Messenger and Klein and Virgin Mobile USA's financial advisors, Mr. Schulman compared the terms of the Sprint Nextel and Company X offers and recounted his June 18, 2009 telephone conversation with Mr. Hesse, noting that he was scheduled to attend an industry event held by Sprint Nextel the following day and would meet Mr. Hesse then. Representatives of Deutsche Bank reviewed both offers and also noted that each offer reflected the upper end of the range of estimated equity values per share of Virgin Mobile USA based on several valuation methodologies including but not limited to discounted cash flow, historical trading range and relative multiples. Mr. Manas stated that Virgin Mobile USA's financial advisors would contact Company X, urging it to submit a revised proposal. Mr. Klein discussed various fiduciary obligations of the committee. The Transaction Committee authorized Virgin Mobile USA management to continue negotiations with Sprint Nextel and Company X.

On June 20, 2009, Messrs. Schulman and Hesse met and discussed prospective valuations of Virgin Mobile USA and possible ways to reconcile the differences in the parties' respective offers.

On June 23, 2009, Mr. Schulman contacted the chief financial officer of Company X and relayed that Company X's offer was less favorable in several key respects than an offer received from another party. Mr. Schulman urged Company X to reconsider its offer and strengthen its proposal. On the same day, Mr. Manas also contacted Company X's financial advisor on behalf of Virgin Mobile USA and urged the same, requesting a response by June 26, 2009. Company X's financial advisor stated that Company X would consider revising certain terms regarding contractual arrangements with Virgin Mobile USA's strategic stockholders, but was unlikely to increase its valuation of the company.

On June 24, 2009, representatives of Sprint Nextel and Wells Fargo met with Mr. Schulman and Robert Samuelson, one of the three representatives designated by the Virgin Group on the Virgin Mobile USA board of directors, at the residence of Mr. Rogers in Prouts Neck, Maine to discuss proposed amendments to the tax

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receivable and trademark license agreements between Virgin Mobile USA and the Virgin Group. Mr. Samuelson indicated that the Virgin Group would be willing to accept an amount that was less than it would otherwise be entitled to receive under the terms and in satisfaction of those agreements in connection with a change of control of Virgin Mobile USA, regardless of whether or not Virgin Mobile USA engaged in a transaction with Sprint Nextel. At the same meeting, Messrs. Schulman and Cowan discussed the merger consideration, and Mr. Cowan indicated the willingness of Sprint Nextel to increase the price per share to approximately \$5.12 in exchange for the Virgin Group agreeing to a reduction of \$11 million in the aggregate amount that it would receive under the tax receivable and the trademark license agreements to offset all of the cost to Sprint Nextel resulting from the increased offer of \$5.12 per share.

On the same day, Mr. Hesse indicated to Mr. Schulman that Sprint Nextel's finance committee was to meet on June 29, 2009 to review the proposed terms for a potential transaction with Virgin Mobile USA.

On June 26, 2009, the Transaction Committee met and received an update from Mr. Schulman. The Transaction Committee directed Mr. Schulman to propose to Sprint Nextel a fixed price per share of Class A common stock to be based on the average share price during a prescribed period prior to closing, and, if Sprint Nextel rejected this approach, to attempt to negotiate an exchange ratio determined as of the date of the signing of a definitive agreement, subject to a collar mechanism that would adjust the exchange ratio within an acceptable range of the share price of Sprint Nextel's common stock. The Transaction Committee also directed Mr. Schulman to seek a more favorable offer from Company X. The Transaction Committee authorized Virgin Mobile USA's management to proceed with negotiating key agreements for, and preparing for a more in-depth due diligence process with, each of Sprint Nextel and Company X, as appropriate. Mr. Klein noted that both prospective acquirers had stated that they required employment agreements with selected executives of Virgin Mobile USA as a condition of any transaction. Virgin Mobile USA's position to date had been that such employment agreements should only be discussed following the signing of any definitive sale and purchase or merger agreement. The Transaction Committee directed management not to discuss employment terms or negotiate employment agreements with any counterparty until the Transaction Committee had been satisfied that the key terms of a potential transaction had been sufficiently agreed upon with a potential acquirer and explicitly permitted such discussions to ensue.

On June 29, 2009, Sprint Nextel's finance committee met via conference call to review the current status of the potential transaction. Messrs. Hesse, Brust, Cowan and Wunsch also participated.

On July 1, 2009, a draft merger agreement was provided by Virgin Mobile USA to Sprint Nextel and King & Spalding LLP. On the same day, a virtual data room, consisting of relevant diligence materials prepared by Virgin Mobile USA, was opened for Sprint Nextel and King & Spalding LLP to begin due diligence.

On July 1, 2009, representatives of Company X's financial advisor contacted representatives of Deutsche Bank to inquire about process updates.

During the week of July 3, 2009, Virgin Mobile USA management had discussions with Sprint Nextel executives, in the course of which Sprint Nextel representatives and its legal and financial advisors continued to conduct appropriate due diligence.

During the same week, Mr. Schulman had a series of discussions with the chief financial officer of Company X while Deutsche Bank had a separate series of discussions with Company X's financial advisor. Both sets of discussions were focused on the process necessary for Company X to submit a competitive offer for a potential transaction and to complete its due diligence. Mr. Schulman spoke with the chief executive officer of Company X on July 6 and July 7, 2009 to discuss details regarding Company X's offer, during the course of which Mr. Schulman noted that certain key terms were missing from Company X's offer, including proposed amendments to key agreements with Virgin Mobile

USA's strategic stockholders, such as the PCS services agreement, the tax receivable agreements and the trademark license agreements.

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On July 8, 2009, Sprint Nextel conducted a second due diligence call with Virgin Mobile USA management. Mr. Schulman and Mr. Hesse had a separate call to discuss the post-closing organizational structure and plans for the business. Following these conversations, Sprint Nextel provided due diligence material to Virgin Mobile USA and its financial advisors.

On July 9, 2009, Virgin Mobile USA and Simpson Thacher & Bartlett LLP received proposed changes to the draft merger agreement from King & Spalding LLP.

On July 10, 2009, Company X submitted a revised proposal to Virgin Mobile USA that increased the cash consideration to be paid to \$5.00 per share but did not propose terms or amendments to any key agreements with Virgin Mobile USA's strategic stockholders.

On the same day, at a meeting of the Transaction Committee, Mr. Schulman reviewed recent developments with Sprint Nextel and Company X. Representatives of Deutsche Bank noted that while Company X had increased the value of its offer, Company X had not, despite several requests, specified its assumptions and proposed amendments, if any, to the PCS services agreement, the trademark license agreements and the tax receivable agreements. Mr. Klein discussed the timing of negotiations regarding the employment agreements and the Transaction Committee agreed that no such discussions should occur until the parties had resolved all key terms of the merger agreement.

On July 11, 2009, Virgin Mobile USA's financial advisors informed Company X's financial advisor of the Transaction Committee's request that Company X clarify and enhance certain aspects of its proposal in order to be competitive with other alternatives being evaluated by Virgin Mobile USA and to provide a response by July 14, 2009.

On July 13, 2009, Simpson Thacher & Bartlett LLP provided a revised draft of the merger agreement to King & Spalding LLP.

On July 14, 2009, Company X submitted a revised proposal to Virgin Mobile USA with an offer price of \$5.00 per share based on its valuation of Virgin Mobile USA's total enterprise value using net debt as of March 31, 2009. Company X indicated that, to the extent Virgin Mobile USA's net debt was lower, the value per share should be correspondingly higher. Based on the net debt level as of June 30, 2009, the implied offer was \$5.23 per share. The offer did not provide any of the previously requested clarifications as to Company X's intentions regarding the tax receivable agreements, the trademark license agreements and the PCS services agreement.

On July 14, 2009, at a meeting of the Transaction Committee, Mr. Schulman presented the revised offer from Company X. Mr. Klein noted that it would be necessary to consider whether the strategic stockholders were likely to exercise their consent rights under Virgin Mobile USA's bylaws and stockholders' agreement. The Transaction Committee decided that Virgin Mobile USA should approach two of its strategic stockholders, the Virgin Group and SK Telecom, to discuss revised terms for a transaction that would increase the consideration to Virgin Mobile USA's public stockholders and the likelihood that each would consent to a transaction with Company X.

On July 14, 2009, King & Spalding LLP provided a revised draft of the merger agreement to Simpson Thacher & Bartlett LLP. Mr. Cowan also provided Mr. Schulman with a lengthy list of open issues in connection with the trademark license agreement with the Virgin Group.

On July 15, 2009, Virgin Mobile USA's financial advisors reiterated to Company X's financial advisor the Transaction Committee's request that Company X provide greater specificity and clarity with respect to its valuation methodology in terms of offer price, key terms of the proposal concerning the tax receivable agreements, the trademark license agreements and the PCS services agreement, and the confirmatory due

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diligence needed to enter into, and the time needed to sign, a definitive agreement. Deutsche Bank requested that Company X respond by July 17, 2009.

On July 16, 2009, Mr. Schulman conversed by phone with Mr. Ryder and Gordon McCallum, one of the three representatives designated by the Virgin Group on the Virgin Mobile USA board of directors, regarding the desire for the unaffiliated public stockholders to receive a higher price for their Class A common stock in a potential transaction.

On July 17, 2009, at a special meeting of the Virgin Mobile USA board of directors, Mr. Schulman discussed the progress of the negotiations with Sprint Nextel and Company X. Mr. Schulman noted that negotiations and due diligence with Sprint Nextel had advanced, with a limited number of remaining issues on the necessary transaction documents, though key terms for a trademark license agreement remained unresolved and negotiations would continue. Mr. Schulman also noted that Virgin Mobile USA's management would not engage in discussions regarding the employment agreements until the parties had resolved all other material issues in the transaction agreements. Mr. Schulman proceeded to note that although Company X had completed its initial due diligence, its offer was predicated upon confirmatory work and the negotiation of revised terms for the trademark license agreements, the tax receivable agreements and the PCS services agreement with Virgin Mobile USA's strategic stockholders, though Company X had not, despite repeated requests, proposed terms to amend these agreements. Mr. Schulman advised the board that there was considerably less certainty of completing the transaction with Company X.

Mr. Schulman described discussions that he held separately with Messrs. Hesse and Cowan, in which both Messrs. Hesse and Cowan specifically stated that Sprint Nextel holds a contractual consent right with respect to any sale of Virgin Mobile USA pursuant to Virgin Mobile USA's bylaws and stockholders' agreement, would have no obligation to consent to any other transaction, and would seriously consider whether or not to refrain from giving its consent to any transaction that would create or strengthen a competitor. Moreover, the sale of Virgin Mobile USA to a strategic competitor of Sprint Nextel would allow Sprint Nextel to significantly shorten the term of the PCS services agreement in accordance with the PCS services agreement. Based on the statements of Messrs. Hesse and Cowan, the Virgin Mobile USA board of directors concluded that Sprint Nextel would likely withhold its consent to the possible transaction with Company X. The board then discussed whether a counteroffer should be extended to Company X, despite the possibility that such a course of action could endanger the transaction with Sprint Nextel. Finally, the board provided the Transaction Committee with the authority to take all necessary actions in connection with a possible transaction.

Over the weekend of July 18 and July 19, 2009, Messrs. Cowan, Hesse and Schulman discussed a bifurcated pricing proposal whereby Sprint Nextel would offer \$5.30 per share to the unaffiliated public stockholders of Virgin Mobile USA and \$5.12 per share to the Virgin Group and SK Telecom provided that the Virgin Group and SK Telecom agreed to reduce in the aggregate amount of \$7.1 million the amounts due to them under the tax receivable agreement, the trademark license agreement and/or the subordinated credit agreement to offset the cost to Sprint Nextel resulting from the increased \$5.30 per share offer price.

On July 20, 2009, at a meeting of the Transaction Committee, Mr. Schulman provided an update regarding the limited number of open issues remaining in connection with the potential transaction with Sprint Nextel. Mr. Ryder reviewed discussions he had with the Virgin Group, noting that the Virgin Group had specifically stated that it had a contractual consent right under Virgin Mobile USA's bylaws and stockholders' agreement to an alternative transaction and that it would have to evaluate its consent right with respect to terms regarding its tax receivable agreement, trademark license agreement and subordinated credit agreement. Based on that statement, the Transaction Committee believed that the Virgin Group would likely withhold its consent to the possible transaction with Company X because the terms regarding the Virgin Group's tax receivable agreement, trademark license agreement and subordinated credit agreement offered by Company X were neither as certain nor as favorable as those offered by Sprint Nextel. After the discussion, it was agreed that increasing the consideration to unaffiliated stockholders to \$5.50 would provide

significantly more

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favorable terms, and the Transaction Committee directed Virgin Mobile USA's management to seek to obtain these terms for the unaffiliated stockholders.

During the week of July 20, 2009, King & Spalding LLP and Simpson Thacher & Bartlett LLP continued to negotiate the merger agreement, the voting agreements and other related documents.

On July 20, 2009 and July 21, 2009, Mr. Schulman contacted Mr. Cowan to discuss a proposed increase in the consideration to unaffiliated stockholders to \$5.50 per share and a reduction in amounts due to the strategic stockholders under the tax receivable agreement, the trademark license agreement and/or the subordinated credit agreement with Virgin Mobile USA to partially offset the cost to Sprint Nextel resulting from the increased \$5.50 per share offer price. Mr. Cowan gave no commitment at this time that Sprint Nextel would be willing to accept the proposed increase.

On July 21, 2009, at the offices of King & Spalding LLP in New York, Messrs. Cowan and Rogers met with Mr. McCallum to negotiate the terms of a revised trademark license agreement between Virgin Mobile USA and the Virgin Group, which revised agreement would become effective upon the completion of a transaction with Sprint Nextel. Messrs. Schulman and Lurie and Clark Lackert, a partner of King & Spalding LLP, also participated in the meeting. In addition, Josh Bayliss, the Virgin Group's General Counsel, and Mark James, the Virgin Group's director of Intellectual Property, participated in the discussion by phone.

On the same day, at a meeting of the Transaction Committee, Mr. Schulman provided an update on the discussions among Virgin Mobile USA, Sprint Nextel and the Virgin Group regarding an amendment of the trademark license agreement between Virgin Mobile USA and the Virgin Group. Mr. Schulman also provided an update on discussions with Sprint Nextel, the Virgin Group and SK Telecom regarding the consideration that would be paid to unaffiliated public stockholders for their shares of Class A common stock and amounts due to strategic stockholders in connection with their contractual arrangements with Virgin Mobile USA. He stated that following Virgin Mobile USA's request for a higher offer at \$5.50 per share for unaffiliated public stockholders, Sprint Nextel indicated it would consider increasing the consideration payable to Virgin Mobile USA's unaffiliated public stockholders to \$5.30 per share provided that the Virgin Group and SK Telecom agreed to reduce the amounts due to them respectively under the tax receivable agreement, the trademark license agreement and the subordinated credit agreement to offset the cost to Sprint Nextel resulting from the increased \$5.30 per share offer price (as noted in the discussions on July 18 and 19, 2009 described above). The Transaction Committee noted that the proposed terms with Sprint Nextel were materially more favorable to the unaffiliated public stockholders than the terms Company X offered and that there were substantial risks regarding Company X's ability to complete the transaction given that its offer was subject to completion of due diligence, negotiations with strategic stockholders regarding Virgin Mobile USA's contractual commitments to them, and obtaining the consent of such strategic stockholders, which the Transaction Committee, based on discussions with two strategic stockholders, believed that these stockholders were unlikely to provide. The Transaction Committee determined that the material issues relating to the transaction between Virgin Mobile USA and Sprint Nextel were resolved and directed Mr. Schulman and other executives to begin negotiations regarding employment agreements with Sprint Nextel, on the condition that any individuals engaged in such discussions cease participating in negotiations regarding other terms of the potential transaction.

Also on the same day, representatives of Company X's financial advisor contacted representatives of Deutsche Bank to ask for an update about the process and logistics regarding a potential transaction. Deutsche Bank responded that Virgin Mobile USA was continuing to evaluate all possible strategic alternatives.

On July 22, 2009, Mr. Schulman submitted a proposal to Sprint Nextel regarding employment terms for him and certain members of management and had an ensuing discussion with representatives of Sprint Nextel. Sprint Nextel agreed that Messrs. Feehan, Lurie and Messenger would enter into binding term sheets and Mr. Schulman would enter

into an employment agreement as of the signing of the merger agreement, with the

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closing of the transaction conditioned on Mr. Schulman not having intentionally rescinded his employment agreement.

On the same day, at a meeting of the Transaction Committee, the Transaction Committee continued its July 21, 2009 discussion of the consideration that Sprint Nextel would pay to Virgin Mobile USA's unaffiliated stockholders. It was also decided during the meeting that, in light of the increased authority granted by the Virgin Mobile USA board of directors to the Transaction Committee, the Transaction Committee and not the compensation committee would review the employment terms and compensation matters.

On July 23, 2009, the Virgin Mobile USA board of directors entered into an engagement letter with respect to the engagement of Foros Advisors LLC, an advisory firm founded by Jean Manas, previously associated with the company's other financial advisors.

On July 24, 2009, Company X informed Virgin Mobile USA and its financial advisors that it was withdrawing its offer.

On July 25, 2009, Mr. Cowan sent an email to Messrs. Smith and Rogers, Douglas Lunenfeld, Sprint Nextel's Senior Counsel, a representative of King & Spalding LLP and a representative of Wells Fargo summarizing the open items which needed to be resolved in order to finalize the merger agreement and the other transaction documents and seeking input from this group. Following Sprint Nextel's internal discussions on these open points, Mr. Cowan presented to Mr. Schulman in a telephone conversation Sprint Nextel's position on approximately eight open issues, which, if resolved to Sprint Nextel's satisfaction, would allow Sprint Nextel to offer a trifurcated consideration pricing structure under which the consideration to be delivered to the unaffiliated public stockholders would be increased to \$5.50 per share under the same terms as originally proposed by Mr. Schulman on July 20 and 21, 2009 (as described above), the consideration to be delivered to the Virgin Group would remain at \$5.12 per share, and the consideration to be delivered to SK Telecom would be set at \$4.94 per share. The reduction in the per share consideration to be paid to SK Telecom was agreed to by SK Telecom in lieu of its agreeing to any reduction in the amounts payable to it under the subordinated credit agreement as was originally proposed by Sprint Nextel, as noted in the discussions on July 18 and 19, 2009 described above. Messrs. Cowan and Schulman agreed to move forward with the preparation of final transaction documents reflecting these terms, which terms included allowing Virgin Mobile USA to speak with third parties who proposed alternative acquisitions which were likely to lead to superior proposals and to terminate the merger agreement by paying a reasonable termination fee, measured as a percentage of Virgin Mobile USA's equity value, upon the receipt of a superior acquisition proposal from a third party.

On July 26, 2009, at a meeting of the Transaction Committee, Mr. Klein reviewed the principal terms of the transaction with Sprint Nextel and the fiduciary obligations of the committee and the full board of directors. Representatives of Deutsche Bank reviewed the valuation framework regarding Virgin Mobile USA and the contemplated transaction with Sprint Nextel.

On the same day, a conference call occurred among Mr. Cowan, Melissa Jobe, Sprint Nextel's Senior Counsel, and Messrs. McCallum and Bayliss to discuss and resolve all outstanding issues regarding the trademark license agreement. Mr. Lurie participated in discussions with both Sprint Nextel and the Virgin Group to address outstanding issues relating to this agreement.

On July 27, 2009, Messrs. Messenger, Feehan and Lurie and executives of Sprint Nextel, along with the financial and legal advisors of Virgin Mobile USA and the financial advisors of Sprint Nextel, participated in a final mutual due diligence call.

On the same day, Sprint Nextel's finance committee held a meeting attended by Messrs. Hesse, Brust, Cowan and Wunsch and Sandra Price, Sprint Nextel's Senior Vice President of Human Resources. Mr. Cowan presented the

material terms of, and the rationale for, the potential transaction with Virgin Mobile USA, and

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the finance committee agreed to recommend to Sprint Nextel's board of directors that it approve the transaction.

Also on the same day, after the meeting of Sprint Nextel's finance committee, Sprint Nextel's board of directors held a meeting attended by Messrs. Hesse, Brust, Cowan and Wunsch and Ms. Price. Mr. Cowan presented the material terms of, and the rationale for, the potential transaction with Virgin Mobile USA. Sprint Nextel's finance committee recommended the transaction to Sprint Nextel's board of directors and Sprint Nextel's board of directors approved the transaction with Virgin Mobile USA.

Also on the same day, at a meeting of the Transaction Committee, the Transaction Committee approved the transaction with Sprint Nextel and recommended that the Virgin Mobile USA board of directors similarly approve the transaction. At the July 27, 2009 meeting of the Transaction Committee, Deutsche Bank delivered its oral opinion, subsequently confirmed in writing as of the same date to the Transaction Committee, to the effect that, as of the date of the opinion, based upon and subject to the assumptions, limitations, qualifications and conditions set forth in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Class A common stock, excluding Sprint Nextel, the Virgin Group, SK Telecom and their affiliates. At a special meeting of the Virgin Mobile USA board of directors held the same day, Mr. Klein reviewed the terms of the transaction and the fiduciary obligations of the board of directors. Based on the recommendation of the Transaction Committee and its approval of the merger agreement, the Virgin Mobile USA board of directors determined that the merger agreement and the terms of the merger are fair to and in the best interests of Virgin Mobile USA and its stockholders, declared the advisability of the merger agreement, approved the merger and the merger agreement and recommended the adoption of the merger agreement by Virgin Mobile USA's stockholders.

A merger agreement in the form approved by the Virgin Mobile USA board of directors was executed by representatives of Virgin Mobile USA and Sprint Nextel along with other agreements relating to the payments and obligations under the subordinated credit agreement and the tax receivable and trademark license agreements between Virgin Mobile USA and the Virgin Group.

On July 28, 2009, Sprint Nextel and Virgin Mobile USA issued a joint press release announcing the proposed transaction.

Virgin Mobile USA's Reasons for the Merger; Recommendation of the Virgin Mobile USA Board of Directors

The Virgin Mobile USA board of directors carefully evaluated the merger agreement and related transactions. The board of directors, under the direction and based upon the recommendation of the Transaction Committee, which was comprised of all independent directors of the board and had broad authority to review, evaluate and approve the proposed transaction, carefully evaluated and determined that the merger agreement and the transactions contemplated thereby, including the proposed merger, are advisable and fair to, and in the best interests of Virgin Mobile USA and its stockholders. At a meeting held on July 27, 2009, the board of directors resolved to approve the merger agreement and the transactions contemplated thereby, including the proposed merger, and to recommend to the stockholders of Virgin Mobile USA that they vote for the adoption of the merger agreement.

In the course of reaching its recommendation, the Transaction Committee consulted with the company's senior management, financial advisors and outside legal counsel and considered a number of substantive factors, both positive and negative, and potential benefits and detriments of the merger to Virgin Mobile USA

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and its stockholders. The Transaction Committee believed that, taken as a whole, the following factors supported its decision to approve the proposed merger:

Challenges facing stand-alone growth prospects for Virgin Mobile USA:

the overall U.S. wireless market has matured rapidly and the future growth of Virgin Mobile USA would primarily need to come from attracting consumers from other wireless providers. While there is still growth opportunity in the prepaid segment, partly due to the recession spurring consumers to re-evaluate prepaid services, it is a highly competitive segment in which margins were likely to face continued pressure;

Virgin Mobile USA faced challenges in developing and implementing growth opportunities, seeking external growth at a time of increased market competition and achieving its future projections and revenue growth; and

many of Virgin Mobile USA's challengers have substantially greater financial, technical, personnel and marketing resources, as well as a larger market share.

Strong strategic rationale based on increased growth opportunities and reduced integration risks:

the alignment of Virgin Mobile USA with Sprint Nextel's network and marketing resources would enable Virgin Mobile USA to increase its growth rate and take advantage of increasing consumer interest in prepaid wireless service;

the integration of Virgin Mobile USA's strong brand recognition and marketing strategy with Sprint Nextel's portfolio, including Boost Mobile and postpaid services, would enable Virgin Mobile USA to target segments of the wireless market more effectively and create new opportunities in distribution and life cycle management;

the combination of Virgin Mobile USA's operations with Boost Mobile and Sprint Nextel would create significant efficiencies and synergies;

the possibility that Virgin Mobile USA may realize additional strategic business relationships with, and benefit from the resources of, Sprint Nextel;

the minimization of integration risks given Virgin Mobile USA's current use of Sprint Nextel's network platform and technology; and

the fact that Sprint Nextel's management has deep knowledge of Virgin Mobile USA's business and organization since Virgin Mobile USA's inception, which further minimizes integration risks and enhances the ability of Sprint Nextel and Virgin Mobile USA to achieve efficiencies and synergies that have the potential to increase stockholder value.

Superior value to strategic alternatives:

the Transaction Committee, in consultation with its financial advisors, considered a range of strategic alternatives, including continuing Virgin Mobile USA's existing business plan or pursuing an alternative business plan to maximize returns to Virgin Mobile USA's stockholders by limiting growth, with its attendant expenses, thereby increasing earnings and cash flow, in addition to aggressively seeking other offers for Virgin Mobile USA;

none of the available alternative strategies would have provided a premium to the trading range of Class A common stock after Virgin Mobile USA's results for the quarter ended March 31, 2009 had been announced in May 2009;

the Transaction Committee believed that it was unlikely that another purchaser would make a higher offer for Virgin Mobile USA. In this regard, the Transaction Committee noted that, although Company X had approached Virgin Mobile USA prior to the signing of the merger agreement, Company X ultimately suggested a possible transaction value below the implied offer price made by

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Sprint Nextel, the proposal may have created a taxable event for Virgin Mobile USA stockholders and there were substantial risks regarding the ability of Company X to complete the merger, including that (1) Sprint Nextel had specifically stated that it had no obligation to consent to any other transaction with respect to its contractual consent right under Virgin Mobile USA's bylaws and stockholders' agreement and that it would have to seriously consider whether or not to refrain from giving its consent with respect to any transaction that would create or strengthen a competitor; (2) the Virgin Group had specifically stated that it had a contractual consent right under Virgin Mobile USA's bylaws and stockholders' agreement to an alternative transaction and that it would have to evaluate its consent right with respect to terms regarding its tax receivable agreement, trademark license agreement and subordinated credit agreement; and (3) based on the statements made by Sprint Nextel and the Virgin Group, the Transaction Committee believed that (i) Sprint Nextel would likely withhold its consent to the possible transaction with Company X and (ii) the Virgin Group would likely withhold its consent to the possible transaction with Company X because the terms regarding its tax receivable agreement, trademark license agreement and subordinated credit agreement offered by Company X were neither as certain nor as favorable as the terms offered by Sprint Nextel. See Background of the Merger above for more details;

the all stock merger consideration from Sprint Nextel represented a per share value for holders of Class A common stock (other than the Virgin Group, SK Telecom and Sprint Nextel) of \$5.50 based on the merger agreement, a premium of approximately:

- § 41.8% over \$3.88 per share, which was the closing price of Class A common stock as of July 24, 2009, the last business day prior to the day of the meeting of the Virgin Mobile USA board of directors to approve the merger agreement;
- § 10.0 - 188.0% over \$1.91 - \$5.00 per share, which was the closing trading price range of Class A common stock for the three months prior to July 24, 2009;
- § 45.5% over \$3.78 per share, which was the two-week volume-weighted average price of Class A common stock for the two weeks prior to July 24, 2009; and
- § 42.5% over \$3.86 per share, which was the one-week volume-weighted average price of Class A common stock for the one week prior to July 24, 2009.

the business diversification and larger market capitalization and public float of Sprint Nextel compared to Virgin Mobile USA would provide Virgin Mobile USA stockholders with greater liquidity and the opportunity to hold liquid stock allowing them to elect to continue to participate in the growth and development of the combined company or dispose of their shares;

the expectation that the merger would qualify as a reorganization within the meaning of Section 368(a) of the Code, in which case the receipt of the merger consideration, except in connection with any cash received in lieu of fractional shares of Sprint Nextel common stock, generally would be tax-free to Virgin Mobile USA stockholders;

the written opinion of Deutsche Bank that, as of July 27, 2009, based upon and subject to the procedures followed, assumptions made, matters considered, and limitations, qualifications and conditions set forth in its opinion, the merger consideration to be received in the merger was fair from a financial point of view to the holders of Class A common stock, excluding Sprint Nextel, the Virgin Group, SK Telecom and their affiliates; and

the fact that Sprint Nextel was able to reach agreement with Virgin Mobile USA's other strategic stockholders, the Virgin Group and SK Telecom, relating to the repayment amounts under the tax receivable and trademark license agreements with the Virgin Group and the subordinated credit agreement.

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Fair terms of the merger agreement:

the conditions to effect the merger as described in The Merger Agreement Conditions to Completion of the Merger are limited and can be satisfied;

the merger agreement is not subject to approval by Sprint Nextel stockholders, thus increasing the likelihood that the merger will be consummated;

no external financing is required for the transaction, which increases the likelihood that the merger will be consummated;

the provisions of the merger agreement allow Virgin Mobile USA to engage in negotiations with, and provide information to, third parties in response to credible inquiries from third parties regarding alternative acquisition proposals; and

the ability of Virgin Mobile USA to specifically enforce the terms of the merger agreement.

The Transaction Committee also considered and, as appropriate, balanced against the potential benefits of the merger a number of neutral and potentially negative factors, including the following:

the precise value of the merger consideration that would be delivered to Virgin Mobile USA stockholders upon closing is not certain because the merger consideration is based on an exchange ratio determined by reference to the Average Parent Stock Price. Based on a review of Sprint Nextel's trading history and analysts' forecasts for the Sprint Nextel common stock, the Transaction Committee negotiated a collar mechanism to provide some protection against a significant decline of Sprint Nextel's stock price prior to the effective time of the merger;

the number of shares of Sprint Nextel common stock to be received by the public holders of Class A common stock in connection with the merger is limited by the ceiling of the exchange ratio of 1.3668 if the Average Parent Stock Price were to be lower than \$4.02;

the loss of control over the future operations of Virgin Mobile USA following the merger;

the risk that the voting agreements with the Virgin Group and SK Telecom, the non-solicitation provision in the merger agreement, the termination fee and related provisions in the merger agreement could discourage third parties from seeking to negotiate a superior proposal for a business combination with Virgin Mobile USA, although they would not preclude bona fide alternative proposals;

the requirement under the merger agreement that Virgin Mobile USA obtain Sprint Nextel's consent before it can take specified actions as described in The Merger Agreement Conduct of Business Prior to Closing and that Virgin Mobile USA is otherwise restricted in the conduct of its business, so that, among other things, Virgin Mobile USA's ability to enter into financing arrangements during this pre-closing period is limited;

the possible disruptions to Virgin Mobile USA's business that could result from the announcement of the merger and the completion of the transactions required to effect the merger, including the diversion of management and employee attention, employee attrition, the potential inability of Virgin Mobile USA to retain, recruit and motivate its key personnel and the potential negative effect on business and customer relationships;

the risks and costs to Virgin Mobile USA if the merger does not close, and the potential effect of the resulting public announcement of termination of the merger agreement on, among other things, the market price for Class A common stock, which may reflect a market assumption that the merger will

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occur, and the perception of Virgin Mobile USA by equity investors, Virgin Mobile USA's operating results and Virgin Mobile USA's ability to complete an alternative transaction; and

other matters described in Risk Factors.

The Transaction Committee concluded that the potentially negative factors associated with the proposed merger were outweighed by the potential benefits that it expected Virgin Mobile USA's stockholders would realize as a result of the merger, including the belief that the proposed merger would maximize the immediate value of Virgin Mobile USA's stockholders' shares and eliminate certain risks associated with Virgin Mobile USA's strategic plan. Accordingly, the Virgin Mobile USA board of directors, under the direction and based upon the recommendation of the Transaction Committee, determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to, and in the best interests of, Virgin Mobile USA and its stockholders.

In addition, the Virgin Mobile USA board of directors and the Transaction Committee were aware of and considered the interests that the company's directors and executive officers may have with respect to the merger that differ from, or are in addition to, their interests as stockholders of Virgin Mobile USA generally, as described in Interests of Certain Persons in the Merger beginning on page 56.

The foregoing discussion of the information and factors considered by the Virgin Mobile USA board of directors and the Transaction Committee is not exhaustive, but Virgin Mobile USA believes it includes all of the material factors considered by the board of directors and the Transaction Committee. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not consider it practicable or useful to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. Rather, each of the board of directors and the Transaction Committee viewed its position and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by it. In reaching their decisions, individual directors may have weighted the factors described above differently. After considering this information, the board of directors approved the merger agreement and the merger, and recommended that Virgin Mobile USA stockholders adopt the merger agreement.

This explanation of Virgin Mobile USA's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under Cautionary Statement Regarding Forward-Looking Statements.

Opinion of Virgin Mobile USA's Financial Advisor

Opinion of Deutsche Bank. Deutsche Bank has acted as financial advisor to the Transaction Committee. At the July 27, 2009 meeting of the Transaction Committee, Deutsche Bank delivered its oral opinion, subsequently confirmed in writing as of the same date to the Transaction Committee, to the effect that, as of the date of the opinion, based upon and subject to the assumptions, limitations, qualifications and conditions set forth in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Class A common stock, excluding Sprint Nextel, the Virgin Group, SK Telecom and their affiliates.

The full text of the Deutsche Bank opinion, which sets forth, among other things, the assumptions made, matters considered, and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in connection with the opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. **The Deutsche Bank opinion was approved and authorized for issuance by a fairness opinion review committee and is addressed to, and for the use and benefit of, the Transaction Committee. It is not a recommendation to Virgin Mobile USA's stockholders to approve the merger. The Deutsche Bank opinion is limited to the fairness, from a financial point of view, of the merger consideration to the holders of Class A common stock, excluding**

Sprint Nextel, the Virgin Group, SK Telecom and their affiliates. Deutsche Bank was not asked to, and the Deutsche Bank opinion does not, address the fairness of the merger, or any

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consideration received in connection therewith, as to the holders of any other class of securities, creditors or other constituencies of Virgin Mobile USA, nor does it address the fairness of the contemplated benefits of the merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision by Virgin Mobile USA to engage in the merger, or the relative merits of the merger as compared to any alternative business strategies, nor did it express an opinion as to how any holder of shares of Class A common stock should vote with respect to the merger. Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of Virgin Mobile USA's officers, directors, or employees, or any group of these people in connection with the merger, relative to the merger consideration to be received by the holders of Class A common stock. Further, Deutsche Bank expressed no view as to, and its opinion did not address, the relative impact on the holders of Class A common stock of any payments other than the payment of the merger consideration in respect of shares of Class A common stock to be made by Virgin Mobile USA, Sprint Nextel or their affiliates in connection with the merger, or any arrangements entered into by Virgin Mobile USA or Sprint Nextel, including any of the agreements or arrangements as described in Voting Agreements and Other Transaction Agreements. Deutsche Bank assumed with the Transaction Committee's permission, that the payments and arrangements were negotiated on arms-length terms and are fair to the holders of Class A common stock. Deutsche Bank also assumed with the Transaction Committee's permission that no agreements or arrangements with the holders of any class of securities, creditors or other constituencies of Virgin Mobile USA, other than the agreements and arrangements contemplated in the merger agreement, are being entered into, amended, or terminated as part of the merger. You are urged to read the Deutsche Bank opinion carefully and in its entirety. This summary of the Deutsche Bank opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the Deutsche Bank opinion.

In connection with Deutsche Bank's role as financial advisor to the Transaction Committee, and in arriving at its opinion, Deutsche Bank, among other things, reviewed certain publicly available financial and other information concerning Virgin Mobile USA and Sprint Nextel, including certain publicly available financial forecasts relating to the business and financial prospects of Sprint Nextel prepared by certain research analysts. Deutsche Bank also reviewed certain internal analyses, financial forecasts and other information relating to Virgin Mobile USA prepared by management of Virgin Mobile USA. Deutsche Bank also held discussions with members of Virgin Mobile USA's management regarding the businesses and prospects of Virgin Mobile USA. In addition, Deutsche Bank, (1) reviewed the reported prices and trading activity of Class A common stock and Sprint Nextel common stock, (2) to the extent publicly available, compared certain financial and stock market information for Virgin Mobile USA and Sprint Nextel with similar information for certain other companies it considered relevant whose securities are publicly traded, (3) to the extent publicly available, reviewed the financial terms of certain recent business combinations it deemed relevant, (4) reviewed the merger agreement and certain related documents, as described in Voting Agreements and Other Transaction Agreements, and (5) performed any other studies and analyses and considered any other factors as it deemed appropriate. With respect to the Deutsche Bank opinion, Sprint Nextel did not provide internally prepared analyses and did not comment on any publicly available forecasts relating to its business and financial prospects. Deutsche Bank assumed, with the Transaction Committee's permission, that certain publicly available financial forecasts relating to the business and financial prospects of Sprint Nextel were a reasonable basis upon which to evaluate the business and financial prospects of Sprint Nextel. Deutsche Bank expressed no view as to any of these analyses, estimates or forecasts, including the assumptions on which they were based.

Deutsche Bank did not assume responsibility for the independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning Virgin Mobile USA and Sprint Nextel, including, without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank, with the Transaction Committee's permission, assumed and relied upon the accuracy and completeness of all relevant information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance sheet liabilities), of Virgin Mobile

USA or Sprint Nextel or any of their respective subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of Virgin Mobile USA or Sprint Nextel under any state or federal law relating

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to bankruptcy, insolvency or similar matters. With respect to the financial forecasts made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed with the Transaction Committee's permission that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Virgin Mobile USA as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of the forecasts or the assumptions on which they are based. The Deutsche Bank opinion is necessarily based upon the economic, market and other conditions, and information made available to Deutsche Bank, as of the date of the opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting the Deutsche Bank opinion of which it becomes aware after the date of the opinion.

For purposes of rendering its opinion, Deutsche Bank assumed with the Transaction Committee's permission that, in all respects material to its analysis, the merger would be consummated in accordance with its terms, without any material waiver, modification or amendment of any term, condition or agreement, and without any adjustment in the exchange ratio attributable to changes in the outstanding shares of capital stock of Sprint Nextel or Virgin Mobile USA by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend thereon. Deutsche Bank assumed that all material governmental, regulatory, contractual or other approvals and consents required in connection with the consummation of the merger will be obtained and that in connection with obtaining any approvals and consents, no material restrictions or conditions will be imposed. Deutsche Bank is not a legal, regulatory, tax or accounting expert and relied on the assessments made by Virgin Mobile USA and its advisors with respect to these issues.

Deutsche Bank's Financial Analysis. The following is a summary of the material financial analyses underlying the Deutsche Bank opinion, delivered to the Transaction Committee in connection with the merger at a meeting of the Transaction Committee on July 27, 2009. The order of the analyses described below does not represent relative importance or weight given to those analyses by Deutsche Bank or the Transaction Committee. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Deutsche Bank's financial analyses.

Historical Stock Performance. Deutsche Bank analyzed the initial value of the consideration of \$5.50 to be received by public holders of Class A common stock pursuant to the merger agreement (based upon an exchange ratio calculated as if the signing date were the closing date, referred to herein as the initial value) in relation to the closing price as of July 24, 2009, the closing prices over three months prior to July 24, 2009, the two-week volume-weighted average price prior to July 24, 2009 and the one-week volume-weighted average price prior to July 24, 2009. This analysis indicated that the value per share of Class A common stock to be received by public stockholders of Virgin Mobile USA pursuant to the merger agreement represented:

a premium of 41.8% based upon the closing price of \$3.88 per share as of July 24, 2009;

a premium of 10.0 - 188.0% based upon the closing trading price range of \$1.91 - \$5.00 per share for three months prior to July 24, 2009;

a premium of 45.5% based upon the two-week volume-weighted average price of \$3.78 per share prior to July 24, 2009; and

a premium of 42.5% based upon the one-week volume-weighted average price of \$3.86 per share prior to July 24, 2009.

Analysis of Equity Analyst Price Targets. As of July 27, 2009, equity analysts covering Virgin Mobile USA were expecting Virgin Mobile USA share prices in a range of \$2.70 - \$4.00 per share. Deutsche Bank compared these expectations with the initial value of the consideration offered to each public stockholder of

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Virgin Mobile USA, and noted that this value of \$5.50 per share represented a premium of 37.5% - 103.7% per share.

Analysis of Selected Publicly Traded Companies. Deutsche Bank compared certain financial information and commonly used valuation measurements for Virgin Mobile USA to corresponding information and measurements for a group of five publicly traded wireless telecommunications companies consisting of MetroPCS Communications Inc., Leap Wireless International, Inc., Sprint Nextel, United States Cellular Corporation, and iPCS Inc., which we refer to collectively as the Selected Companies. The financial information and valuation measurements included (1) common equity market valuation and (2) ratios of common equity market value as adjusted for debt and cash, which we refer to as Total Enterprise Value, to EBITDA. To calculate the trading multiples for Virgin Mobile USA and the Selected Companies, Deutsche Bank used publicly available information concerning historical and projected financial performance, including published historical financial information and earnings estimates reported by selected equity research analysts. Deutsche Bank noted that, based on the ratio of Total Enterprise Value to EBITDA, the initial value of the consideration offered to the public stockholders of Virgin Mobile USA was within the range of ratios of the comparable companies. Deutsche Bank further noted that the implied Total Enterprise Value to EBITDA based on the initial value of the consideration offered to the public stockholders of Virgin Mobile USA was above the range of ratios observed by Virgin Mobile USA over the past 18 months of public trading activity.

None of the companies utilized as a comparison is identical to Virgin Mobile USA. Accordingly, Deutsche Bank believes the analysis of publicly traded comparable companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading value of the comparable companies.

Analysis of Discounted Cash Flows. Deutsche Bank performed an illustrative discounted unlevered free cash flow analysis to determine indications of implied equity value per share of Class A common stock derived from Virgin Mobile USA's management's estimates. In performing the illustrative discounted cash flow analysis, Deutsche Bank applied discount rates ranging from 13.0% to 15.0% to projected unlevered free cash flows of Virgin Mobile USA for each of the years ending December 31, 2009, 2010 and 2011. The terminal values of Virgin Mobile USA were calculated based on a range of unlevered free cash flow perpetuity growth rates of -1.0% to 1.0%. Deutsche Bank derived implied equity value per share of Class A common stock ranging from \$3.20 to \$4.94.

Analysis of Discounted Virgin Mobile USA Future Share Price. Deutsche Bank performed an illustrative discounted future share price analysis to determine indications of a range of implied potential forward equity value per share of Class A common stock derived from Virgin Mobile USA's management's estimates of EBITDA and expected net debt balances. In performing the illustrative discounted future stock price analysis, Deutsche Bank applied a range of Total Enterprise Value to EBITDA multiples to 2010 EBITDA as provided by Virgin Mobile USA's management, subtracted ending 2010 expected net debt as provided by Virgin Mobile USA management, and applied equity discount rates ranging from 17.5% to 22.5%. Deutsche Bank derived an implied equity value per share of Class A common stock ranging from \$3.91 to \$4.82.

Analysis of Discounted Dividend Strategy. Deutsche Bank performed an illustrative discounted cash return analysis to determine indications of cash return per share of Virgin Mobile USA common stock derived from Virgin Mobile USA's management's estimates of an illustrative Dividend Strategy. In performing the illustrative discounted cash return analysis, Deutsche Bank applied equity discount rates ranging from 14.0% to 16.0% to projected cash returned to common stockholders of Virgin Mobile USA for each of the years ending December 31, 2009, 2010, 2011 and 2012. The analysis assumes that any remaining value, less rationalization costs, is returned to stockholders as cash in 2013. Deutsche Bank derived implied cash returns per share of Class A common stock ranging from \$3.70 to \$3.90.

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Historical Exchange Ratio. Deutsche Bank analyzed the initial exchange ratio of 1.196 per share of Sprint Nextel common stock, as well as the maximum exchange ratio of 1.3668 per share of Sprint Nextel common stock and minimum exchange ratio of 1.0630 per share of Sprint Nextel common stock, for each public stockholder's share of Class A common stock pursuant to the merger agreement. This analysis indicated that the exchange ratio offered to the public stockholders of Virgin Mobile USA pursuant to the merger agreement represented:

a premium of 39.3% based upon the initial exchange ratio, and 23.9% premium based on the minimum exchange ratio, to the exchange ratio implied by the closing prices of Sprint Nextel and Virgin Mobile USA as of July 24, 2009;

a premium of 46.9% based upon the initial exchange ratio, and 30.6% premium based on the minimum exchange ratio, to the exchange ratios implied by the one-month average share prices of Sprint Nextel and Virgin Mobile USA as of July 24, 2009;

a premium of 58.3% based upon the initial exchange ratio, and 40.8% premium based on the minimum exchange ratio, to the exchange ratios implied by the three-month average share prices of Sprint Nextel and Virgin Mobile USA as of July 24, 2009;

a premium of 111.0% based upon the initial exchange ratio, and 87.5% premium based on the minimum exchange ratio, to the exchange ratios implied by the six-month average share prices of Sprint Nextel and Virgin Mobile USA as of July 24, 2009; and

a premium of 142.5% based upon the initial exchange ratio, and 115.6% premium based on the minimum exchange ratio, to the exchange ratios implied by average share prices of Sprint Nextel and Virgin Mobile USA since the Virgin Mobile USA initial public offering, as of July 24, 2009.

Price Protection Mechanism. Deutsche Bank reviewed the price protection mechanism to be received by the public stockholders of Class A common stock as part of its analysis of the transaction. This analysis indicated that the range of Sprint Nextel common stock share prices at which the price protection mechanism would no longer be employed was approximately \$4.02 to \$5.17 per share of Sprint Nextel common stock, as compared to the average equity analyst Sprint Nextel common stock share price target of \$5.39. The range of Sprint Nextel common stock equity analyst share price targets as of July 27, 2009 was \$1.00 to \$8.00.

The foregoing summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to the Transaction Committee of the board of directors, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of these analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the Transaction Committee as to the fairness of the merger consideration to the public holders of Class A common stock and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be

sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by Virgin Mobile USA management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Virgin Mobile USA's control. Analyses based on estimates or forecasts of

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future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Virgin Mobile USA or its advisors, neither Virgin Mobile USA nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the merger were determined through negotiations between Virgin Mobile USA and Sprint Nextel and were approved by the Virgin Mobile USA board of directors. Although Deutsche Bank provided advice to the Transaction Committee during the course of these negotiations, the decision to enter into the merger was solely that of the Virgin Mobile USA board of directors. As described above, the opinion and presentation of Deutsche Bank to the Transaction Committee were only two of a number of factors taken into consideration by the Virgin Mobile USA board of directors in making its determination to approve the merger. Deutsche Bank's opinion was provided to the Transaction Committee to assist it in connection with its consideration of the merger and does not constitute a recommendation to any holder of Virgin Mobile USA common stock as to how to vote with respect to the merger.

Virgin Mobile USA selected Deutsche Bank as financial advisor in connection with the merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. Virgin Mobile USA has retained Deutsche Bank pursuant to a letter agreement dated June 2, 2009, which we refer to as the engagement letter. Assuming the 10-day average price of Sprint Nextel common stock is between \$4.02 and \$5.17 per share, Virgin Mobile USA will pay Deutsche Bank a fee of approximately \$4.7 million, a substantial portion of which is contingent upon the consummation of the merger. Regardless of whether the merger is consummated, Virgin Mobile USA has agreed to reimburse Deutsche Bank for its reasonable expenses incurred in connection with the merger or otherwise arising out of the retention of Deutsche Bank under the engagement letter. Virgin Mobile USA has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities, including certain liabilities under the federal securities laws arising out of its engagement or the merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, which, together with its affiliates, we refer to as the DB Group. One or more members of the DB Group have, from time to time, provided investment banking, commercial banking (including extension of credit) and other financial services to Sprint Nextel, Virgin Mobile USA and Virgin Mobile USA's other strategic stockholders and their respective affiliates for which it has received compensation. The DB Group may provide investment and commercial banking services to Virgin Mobile USA and Sprint Nextel in the future, for which the DB Group would expect to receive compensation. In the ordinary course of its business, members of the DB Group may actively trade in the securities and other instruments and obligations of Virgin Mobile USA, Sprint Nextel and Virgin Mobile USA's other strategic stockholders and their respective affiliates. Accordingly, the DB Group may at any time hold a long or short position in these securities, instruments and obligations.

Sprint Nextel's Reasons for the Merger

The Sprint Nextel board of directors' reasons for entering into the merger agreement include:

Sprint Nextel's belief that the transaction will enhance its ability to compete in the growing prepaid business. Customer usage of prepaid wireless services is growing with consumers keenly focused on value. Sprint Nextel believes that this transaction will strengthen its position in the growing prepaid business by bringing together under one umbrella the Virgin Mobile brand with Sprint Nextel's Boost Mobile business. These complementary prepaid brands, each with a distinctive offer, style and appeal to different customer demographics, will continue to serve existing and prospective customers following the completion of the transaction.

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Sprint Nextel's expectation of obtaining financial benefits as a result of the transaction. The merger is expected to be free cash flow accretive for Sprint Nextel before synergies and is expected to reduce Sprint Nextel's debt to EBITDA ratio. Furthermore, significant synergies are expected to be derived from general and administrative reductions, operational efficiencies, and streamlined distribution. In addition, the stock-for-stock structure assists in Sprint Nextel's goal of preserving cash.

Sprint Nextel would gain deeper managerial talent with additional expertise in the prepaid business. Daniel H. Schulman, Virgin Mobile USA's current Chief Executive Officer, would be responsible for the strategy, growth and operations of Sprint Nextel's prepaid business after the completion of the merger. Sprint Nextel believes Mr. Schulman would bring exceptional telecom leadership credentials to Sprint Nextel. In addition to Mr. Schulman, the transaction would bring to Sprint Nextel a talented group of executives with deep experience in the prepaid business.

The transaction would enhance Sprint Nextel's ability to cross-sell its full suite of products and services across a larger target audience. As a part of Sprint Nextel, Virgin Mobile USA would get voice and data capacity at more favorable economics, have better access to handsets and wireless devices, each of which should position Virgin Mobile USA for growth in the prepaid segment. In addition, as customers choose to move from prepaid to post-paid (or vice versa), Sprint Nextel believes it would have a greater opportunity to move customers between the Sprint brand and the Virgin Mobile USA brand.

The transaction enabled Sprint Nextel and Virgin Mobile USA to negotiate an extension of the term and scope of the trademark license agreement with the Virgin Group. Under an amended agreement which would become effective upon the completion of the merger, the term and scope of the trademark license agreement with the Virgin Group will be expanded, with the potential overall term extending (with renewal options) through 2046.

In evaluating the potential transaction, Sprint Nextel's board of directors weighed the potential benefits described above against the potential risks of the transaction, including in particular that Sprint Nextel would not be successful in achieving the expected synergies and that, as a result, Sprint Nextel would not obtain the financial benefits of the merger it had expected.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Sprint Nextel board of directors did not find it useful and did not attempt to assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement. In addition, individual members of the Sprint Nextel board of directors may have given differing weights to different factors. The Sprint Nextel board of directors conducted an overall analysis of the factors described above, including through discussions with, and inquiry of, Sprint Nextel's management, which in turn discussed some of the matters described above with Sprint Nextel's outside legal and financial advisors.

Virgin Mobile USA Unaudited Prospective Financial Information

Virgin Mobile USA does not as a matter of course make public long-term projections as to future revenues, earnings or other results because of, among other reasons, the uncertainty of the underlying assumptions and estimates. Virgin Mobile USA is including this prospective financial information in this proxy statement/prospectus, however, to provide its stockholders access to certain non-public unaudited prospective financial information that was made available to the Sprint Nextel board of directors in accordance with the terms of a confidentiality agreement between Sprint Nextel and Virgin Mobile USA, the Virgin Mobile USA board of directors and Virgin Mobile USA's financial advisors in connection with the merger. This information included Virgin Mobile USA's senior management's

estimates of net service revenue, adjusted EBITDA and free cash flow.

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The unaudited prospective financial information was not prepared with a view toward public disclosure, and the inclusion of this information should not be regarded as an assurance by Virgin Mobile USA, its financial advisors or Sprint Nextel that the prospective financial information is predictive of actual future results; actual future results could materially differ. Virgin Mobile USA's financial advisors did assume with the Transaction Committee's permission that the financial information had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Virgin Mobile USA as to the matters covered thereby.

The unaudited prospective financial information reflects numerous estimates and assumptions with respect to industry performance, general business, economic, regulatory, litigation, market and financial conditions, interest on investments, and matters specific to Virgin Mobile USA's business, such as approval and successful launch of new products and competitive conditions, many of which are beyond Virgin Mobile USA's control. The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. Virgin Mobile USA's stockholders are urged to review Virgin Mobile USA's most recent SEC filings for a description of risk factors with respect to Virgin Mobile USA's business. See *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 26 and *Where You Can Find More Information* beginning on page 134. The unaudited prospective financial information was not prepared with a view toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Virgin Mobile USA's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on the information or its achievability. The report of Virgin Mobile USA's independent registered public accounting firm contained in Virgin Mobile USA's Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this proxy statement/prospectus, relates to Virgin Mobile USA's historical financial information. It does not extend to the unaudited prospective financial information and should not be read to do so. Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared.

The following table presents prospective net service revenue, adjusted EBITDA and free cash flow for the fiscal years ending 2009 through 2011:

	For the Year Ending December 31,		
	2009	2010	2011
	<i>(in millions)</i>		
Net service revenue ⁽¹⁾	\$ 1,146.7	\$ 1,214.3	\$ 1,297.5
Adjusted EBITDA ⁽²⁾	126.9	136.1	154.1
Free cash flow ⁽³⁾	58.4	71.4	89.5

(1) Net service revenue consists primarily of voice and mobile data services, reduced primarily by sales and E911 taxes.

(2) Adjusted EBITDA is calculated as net income (loss) plus interest expense - net, income tax expense, tax receivable agreements expense, depreciation and amortization (including the amortization of intangibles associated with the acquisition of Helio LLC), write-offs of property and equipment, non-cash compensation expense, equity issued to a member and debt extinguishment costs.

- (3) Free cash flow is calculated as net cash provided by operating activities less capital expenditures. Free cash flow is a non-GAAP indicator of cash generated by the business after operating expenses, capital expenditures and interest expense.

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In preparing the above unaudited prospective financial information, Virgin Mobile USA made the following material assumptions for the period from 2009 to 2011:

no legislative changes affecting the wireless industry;

no significant economic or regulatory changes;

no significant impact from pending litigation;

no significant increase in total gross adds and churn as compared to Virgin Mobile USA's latest results;

continuation of Virgin Mobile USA's recent trends of an increased mix shift of gross adds and resulting customer base from prepaid to hybrid customers;

no significant increase in average revenue per user, which we refer to as ARPU, for each type of prepaid, hybrid and postpaid customer;

total ARPU and resulting net service revenue would increase marginally on a year-on-year basis due to a mix shift in customer base;

equipment margin would increase with the shift in customer base;

no significant change in cost of service as a percentage of revenue; and

no significant change in operating expenses.

No assurances can be given that these assumptions will accurately reflect future conditions. In addition, the above unaudited prospective financial information reflects numerous assumptions and estimates as to future events made by Virgin Mobile USA's management that Virgin Mobile USA's management believed were reasonable at the time the unaudited prospective financial information was prepared. The unaudited prospective financial information above does not give effect to the merger.

Readers of this proxy statement/prospectus are cautioned not to rely on the unaudited prospective financial information set forth above. No representation is made by Virgin Mobile USA, Sprint Nextel or any other person to any stockholder of Virgin Mobile USA regarding the ultimate performance of Virgin Mobile USA compared to the information included in the unaudited prospective financial information above. The inclusion of unaudited prospective financial information in this proxy statement/prospectus should not be regarded as an indication that this prospective financial information will be an accurate prediction of future events, and they should not be relied on as an accurate prediction of future events.

VIRGIN MOBILE USA DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROSPECTIVE FINANCIAL INFORMATION ABOVE TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING THIS PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.

Interests of Certain Persons in the Merger

Some Virgin Mobile USA directors and executive officers have interests in the merger that are different from, or are in addition to, the interests of Virgin Mobile USA's unaffiliated holders of Class A common stock.

Table of Contents***Interests of Directors Designated by Virgin Mobile USA's Strategic Stockholders***

The Virgin Mobile USA board of directors consists of ten directors, including Douglas B. Lynn, who is designated by Sprint Nextel; Gordon D. McCallum, Mark Poole and Robert W. Samuelson, who are designated by the Virgin Group; and Richard H. Chin and Sungwon Suh, who are designated by SK Telecom.

In connection with the merger and the other transactions contemplated by the merger agreement, Virgin Entertainment Holdings, Inc., an affiliate of the Virgin Group, which we refer to as Virgin Entertainment, and SK Telecom will receive from Sprint Nextel, at the effective time of the merger, the amount necessary for the Operating Partnership to pay off and terminate its obligations under the subordinated credit agreement, as described in [Voting Agreements and Other Transaction Agreements - Subordinated Credit Facility Payoff Agreement](#) beginning on page 65; the Virgin Group will receive from Sprint Nextel, on the first business day that is at least two days after the effective time of the merger, the amount necessary for the release of obligations under the tax receivable agreement, as described in

[Voting Agreements and Other Transaction Agreements - Tax Receivable Termination Agreement](#) beginning on page 66; and Virgin Enterprises Limited, an affiliate of the Virgin Group, which we refer to as Virgin Enterprises, will receive from Sprint Nextel, at the effective time of the merger, an amount representing the initial payment for certain exclusive rights to use [Virgin Mobile USA](#) and related brands under the amended trademark license agreement, as described in [Voting Agreements and Other Transaction Agreements - Trademark License Agreement](#) beginning on page 67. As a result of these agreements, the Virgin Group and SK Telecom have interests in the merger that may be different from, or in addition to, the interests of Virgin Mobile USA's unaffiliated holders of Class A common stock.

As a result of these potential conflicts of interest, Virgin Mobile USA established a special committee of independent and disinterested directors to consider the merger and to make a recommendation to the full board of directors. Moreover, Mr. Lynn did not participate in any discussion relating to the proposed transaction and did not attend any of the meetings of the board of directors in which the proposed transaction was discussed. See [Background of the Merger](#).

Effect on Equity-Based Awards Outstanding Under the Omnibus Plan

As discussed below under [Treatment of Virgin Mobile USA Stock Options and Other Equity-Based Awards](#), upon completion of the merger, the outstanding and unexercised Virgin Mobile USA stock options and equity-based awards will be converted into stock options and equity-based awards of Sprint Nextel (or cancelled without payment or consideration, in the case of [underwater Virgin Mobile USA stock options](#)). Under the merger agreement, while the service-based vesting conditions applicable to the converted stock options and equity-based awards will remain unchanged, the performance-based vesting conditions for some equity-based awards will be modified (in the case of vesting conditions linked to 2009 performance) or automatically deemed to be met at the end of 2010 (in the case of vesting conditions linked to 2010 performance). In addition, pursuant to the Omnibus Plan and applicable equity award or employment agreements, if an equity award holder's employment or service as a member of the Virgin Mobile USA board of directors is terminated by Virgin Mobile USA or the surviving corporation without cause or by the participant for good reason, in either case within six to 12 months (depending on the applicable agreement) immediately following a change in control transaction such as the contemplated merger, then that equity award holder's unvested stock options and other equity-based awards will become immediately vested. Upon the effective time of the merger, all existing members of the Virgin Mobile USA board of directors will be removed from the board and therefore deemed involuntarily terminated without cause by Virgin Mobile USA and, in accordance with the Omnibus Plan and applicable award agreements, all of the directors' outstanding equity-based awards will fully vest.

The following table sets forth the approximate value of (1) equity-based awards that would become fully vested for each of the executive officers if each executive officer's employment were to be terminated upon the consummation of the merger and (2) the value of other severance payments and benefits for each of the

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executive officers pursuant to the respective new employment agreements described below in *New Employment Agreements* (assuming restricted stock unit grants and performance-based awards have been made under such agreements), in the case of Messrs. Schulman, Feehan, Lurie and Messenger, and pursuant to Mr. Marchbank's and Ms. Gihuley's existing employment agreements, in the event the executive officer were to be terminated without cause upon the consummation of the merger, assuming an October 31, 2009 closing date and that the per share value of Class A common stock is \$5.00 as of that date:

	Value of Accelerated Equity-Based Awards	Value of Other Severance Payments and Benefits
<u>Executive Officers:</u>		
Daniel H. Schulman	\$ 11,546,195	\$ 4,516,667
John D. Feehan Jr.	3,045,945	1,550,000
Jonathan H. Marchbank	2,525,610	1,650,000
David R.J. Messenger	2,909,410	1,550,000
Peter Lurie	2,800,110	1,275,000
Marie Gihuley	504,475	380,000

The table above does not include any gross-up payments for excise and related taxes that may be payable to Mr. Schulman in connection with a change in control under his employment agreement. In general, Section 4999 of the Code imposes a 20% excise tax on an executive officer on some payments made in connection with a change in control.

Annual and Mid-Term Incentive Plans

Some of the employees of Virgin Mobile USA (including the executive officers) participate in the Virgin Mobile USA 2009 Incentive Plan and the Virgin Mobile USA 2009 Mid-Term Incentive Plan. Under the merger agreement, Sprint Nextel has agreed to continue, or to cause the surviving corporation to continue, these incentive plans through the end of the current performance cycles ending on December 31, 2009 and to pay the bonuses, if any, earned for the current performance cycles pursuant to the terms and conditions set forth in the plans. However, the extent to which the applicable performance conditions for a bonus under the plans are met will be determined based on Virgin Mobile USA's actual performance (adjusted in a manner reasonably acceptable to Sprint Nextel to eliminate the impact of costs relating to the negotiation, closing, transition and integration of the transactions contemplated by the merger agreement) through the end of the calendar month which ends on, or immediately precedes, the closing date of the merger and comparing the performance to Virgin Mobile USA's targeted year-to-date performance goals through the end of that calendar month.

In addition, under the terms of the incentive plans, in the event of a participant's termination of employment without cause or for good reason within a specified period following the consummation of the merger, the participant will remain entitled to receive bonus payments under the plans to the extent not previously paid, based on actual or targeted performance, as set forth under the plans.

New Employment Agreements

Amended and Restated Employment Agreement with Daniel H. Schulman, Sprint Nextel's President *Prepaid*

Contemporaneously with entering into the merger agreement on July 27, 2009, Sprint Nextel entered into an employment agreement with Mr. Schulman. Mr. Schulman's employment agreement will become effective upon and subject to the completion of the merger and will supersede his current agreement with Virgin Mobile USA. Under the terms of the merger agreement, one of the conditions to Sprint Nextel's obligations to effect the merger is that Mr. Schulman will not have rescinded his employment agreement with Sprint Nextel or advised Sprint Nextel that he is unwilling to continue employment following the effective time of the merger.

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The following is a summary of the terms of the employment agreement. This summary does not cover all of the provisions of the employment agreement.

Mr. Schulman's employment agreement does not provide for a specified term, but instead provides that Mr. Schulman's employment term will end upon a termination of his employment. Under his employment agreement, Mr. Schulman will receive an annual base salary equal to \$750,000, subject to increases from time to time, as determined in the discretion of the compensation committee of Sprint Nextel's board of directors. Mr. Schulman will also be eligible to earn short-term and long-term incentive awards for the 2009, 2010 and 2011 calendar years.

Mr. Schulman's short-term and long-term incentives for 2009 will be based on the achievement of the performance goals set under the corresponding short-term and long-term Virgin Mobile USA incentive plans currently in effect except that the level of achievement will be determined at the effective time using year-to-date performance against year-to-date target.

Mr. Schulman's short-term incentives for 2010 and 2011 will be based on the achievement of objectives set by the compensation committee of Sprint Nextel's board of directors with input from Mr. Schulman, which objectives will be based on the criteria set forth in a schedule to the employment agreement, and on Mr. Schulman satisfying employment requirements at the end of 2010 and 2011, subject to exceptions set forth in the employment agreement. Mr. Schulman's bonus for 2010 and for 2011 at target for each year is 125% of his annual base salary, and his maximum bonus is 250% of his annual base salary. Mr. Schulman's long-term aggregate target incentive opportunity for 2010 and 2011 is \$6,000,000, 25% of which will be awarded in restricted stock units granted under Sprint Nextel's 2007 Omnibus Incentive Plan and will vest, subject to exceptions set forth in the employment agreement, based on Mr. Schulman satisfying employment requirements at the end of 2010 and 2011, and the balance of which will be awarded as performance-based awards subject to a maximum payout of 150% of the performance-based awards. These performance-based awards will be payable at the discretion of the compensation committee in cash or in shares of Sprint Nextel stock, granted under Sprint Nextel's 2007 Omnibus Incentive Plan and will vest, subject to exceptions set forth in the employment agreement, based on the achievement of performance objectives for 2010 and 2011 set by the compensation committee with input from Mr. Schulman, which objectives will be consistent with the criteria set forth in a schedule to the employment agreement, and on the satisfaction of an employment requirement at the end of 2011.

If Mr. Schulman's employment is terminated by reason of death or disability or by Sprint Nextel without cause (as defined in his employment agreement) or Mr. Schulman resigns for good reason (as defined in his employment agreement), Mr. Schulman will generally be entitled to receive severance payments and benefits consisting of:

a lump sum payment equal to two times the sum of (1) his annual base salary in effect on the closing date of the merger and (2) his short-term target bonus amount for 2009;

a pro rata portion (based on actual performance) of the actual bonuses for any uncompleted measuring period that he would have been entitled to receive; and

full vesting of any unvested restricted stock units and a pro rata payment of his performance-based awards (based on actual performance), if any.

Mr. Schulman will have the shorter of two years or the remaining term of the option following any termination by Sprint Nextel without cause or resignation for good reason to exercise any vested stock options previously granted by Virgin Mobile USA, unless he breaches any of his restrictive covenant obligations under his employment agreement.

For purposes of Mr. Schulman's employment agreement, except with respect to equity awards granted to Mr. Schulman after the effective time of the merger, good reason includes (in addition to customary

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constructive termination triggering events) either (1) a resignation by Mr. Schulman for any reason during a 30-day period commencing on the date that is six months after a change in control of Sprint Nextel, or (2) a resignation by Mr. Schulman for any reason during a 60-day period commencing on January 1, 2012.

If, within six months following the effective time of the merger, either (1) Mr. Schulman is still employed by Sprint Nextel or (2) his employment is terminated by reason of death, disability, by Sprint Nextel without cause or he resigns for good reason, all unvested equity awards previously granted to him by Virgin Mobile USA will fully vest and any restricted stock units will be distributed as provided in the applicable award agreements.

If, within 24 months of a change in control of Sprint Nextel, Mr. Schulman's employment is terminated by reason of death, disability, by Sprint Nextel without cause or Mr. Schulman resigns for good reason, all unvested future equity awards granted before 2012 will fully vest, except that some awards subject to multiple levels of performance-vesting will vest based on required achievement, as established by Sprint Nextel's compensation committee.

If, within six months prior to a change in control of Sprint Nextel and in anticipation of the change in control, Mr. Schulman's employment is terminated by Sprint Nextel without cause or Mr. Schulman resigns for good reason, all unvested future equity awards granted before 2012 will fully vest as if the date of termination was immediately after the date of the change in control, but payment of the amounts will be made at that time as if a change in control had not occurred.

If Mr. Schulman's employment is terminated under the terms of a mutually agreed succession plan with respect to the position of Sprint Nextel's President Prepaid prior to the occurrence of any of the events that constitute good reason, Mr. Schulman will generally be entitled to receive severance payments and benefits consisting of:

- a lump sum payment equal to the sum of (1) his annual base salary in effect on the date of termination and (2) his target bonus amount for the year in which the termination occurs;

- a pro rata portion of the actual bonuses for any uncompleted measuring period that he would have been entitled to receive; and

- full vesting of any unvested restricted stock units and a pro rata payment of his performance-based awards, if any.

If any payments and/or benefits that Mr. Schulman is entitled to receive in connection with the merger between Virgin Mobile USA and Sprint Nextel give rise to an excise tax liability under Section 280G of the Code, Mr. Schulman is entitled to a gross-up payment in an amount equal to the lesser of (1) \$5,000,000 and (2) the amount necessary so that after payment by Mr. Schulman of all federal, state and local taxes, he retains an amount of such payment from Sprint Nextel equal to the excise tax imposed upon these payments. If Mr. Schulman becomes subject to Section 280G excise tax liability in connection with a future change of control of Sprint Nextel, he will be entitled to gross-up rights equivalent to those provided to Sprint Nextel's Chief Executive Officer.

Mr. Schulman's employment agreement provides for customary protections of Sprint Nextel's confidential information and intellectual property and provides that Mr. Schulman will not, during his employment term and for a period of one year following his period of employment, compete with Sprint Nextel or hire/solicit employees of Sprint Nextel.

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Amended and Restated Employment Agreements with John D. Feehan, Jr., Peter Lurie and David R.J. Messenger

On September 3, 2009, Sprint Nextel entered into additional employment agreements with the following Virgin Mobile USA executive officers, each of which will become effective upon and is subject to the completion of the merger: John D. Feehan, Jr.; Peter Lurie; and David R.J. Messenger. The new employment agreements with Messrs. Feehan, Lurie and Messenger will each supersede and replace the executives' current employment agreements with Virgin Mobile USA at the effective time of the merger. The following is a summary of the terms of the employment agreements. This summary does not cover all of the provisions of the employment agreements.

The employment agreements provide for an initial term commencing on the consummation of the merger and terminating on March 31, 2012, with automatic one-year renewal periods, unless either party provides notice of non-renewal. Under the employment agreements, the executives will each serve as a Senior Vice President and receive an annual base salary equal to \$400,000, \$400,000 and \$375,000 for Messrs. Feehan, Messenger and Lurie, respectively, subject to increases from time to time. The executives will also be eligible to earn short-term and long-term incentive awards for the 2009, 2010 and 2011 calendar years.

The executives' short-term and long-term incentives for 2009 will be based on the achievement of the performance goals set under the corresponding short-term and long-term Virgin Mobile USA incentive plans currently in effect except that the level of achievement will be determined at the effective time using year-to-date performance against year-to-date target.

The executives' short-term incentives for 2010 and 2011 will be based on the achievement of objectives set by the compensation committee of Sprint Nextel's board of directors with input from Sprint Nextel's President. Prepaid, which objectives will be based on the criteria set forth in a schedule to the employment agreements. An executive's bonus for 2010 and for 2011 at target for each year is 75% of his annual base salary, and his maximum bonus is 150% of his annual base salary subject to the executive satisfying the employment requirement set forth in his employment agreement, subject to exceptions set forth in the employment agreement. Each executive has a long-term aggregate target incentive opportunity for 2010 and 2011, which is \$2,348,000, \$2,348,000 and \$1,898,000 for Messrs. Feehan, Messenger and Lurie, respectively, 25% of which will be awarded in restricted stock units granted under Sprint Nextel's 2007 Omnibus Incentive Plan and will vest, subject to exceptions set forth in the employment agreement, based on the executives satisfying employment requirements at the end of 2010 and 2011 and the balance of which will be awarded as performance-based awards subject to a maximum payout of 150% of the performance-based awards. These performance-based awards will be payable at the discretion of the compensation committee in cash or in shares of Sprint Nextel stock, granted under Sprint Nextel's 2007 Omnibus Incentive Plan and will vest, subject to exceptions set forth in the employment agreements, based on the achievement of performance objectives for 2010 and 2011 set by the compensation committee with input from the President. Prepaid, which objectives will be consistent with the criteria set forth in a schedule to the employment agreements, and on the satisfaction of an employment requirement at the end of 2011.

If an executive's employment is terminated by reason of death or disability or by Sprint Nextel without cause (as defined in each employment agreement) or the executive resigns for good reason (as defined in each employment agreement), each executive will be entitled to receive severance payments and benefits consisting of:

payment of either (1) base salary in effect on the closing date of the merger and continued health, death and disability benefits, each for 12 months following the date of termination or (2) in the event the termination occurs within 12 months of the effective time of the merger or a subsequent change in control of Sprint Nextel, a lump sum amount equal to the executive's annual base salary in effect on the closing date of the merger;

an amount equal to the executive's target short-term bonus for 2009;

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a pro rata portion (based upon actual performance) of the actual bonuses for any uncompleted measuring period (or, in the case of an executive's mid-term bonus for 2009, full payment of the amounts payable pursuant to Virgin Mobile USA's 2009 Mid-Term Incentive Plan);

full vesting of any outstanding equity awards held by the executive as of the effective time of the merger; and

full vesting of any unvested restricted stock units and a pro rata payment of performance-based awards (based upon actual performance), if any.

For purposes of each executive's employment agreement, except with respect to equity awards granted after the effective time of the merger, good reason includes, in addition to customary constructive termination triggering events, a resignation by an executive for any reason during a 60-day period commencing on January 1, 2012 and for which at least 60 days' prior written notice has been provided to Sprint Nextel.

If any payments and/or benefits that an executive is entitled to receive in connection with the merger with Virgin Mobile USA or any subsequent change of control of Sprint Nextel would subject the executive to an excise tax under Section 280G of the Code, the payments and/or benefits will be reduced to the extent necessary to avoid subjecting the executive to the excise tax, unless the executive determines that he would be in a better net-after-tax position without the reduction in payments and benefits, in which case there would be no reduction in payments and benefits.

Under the employment agreements, each executive reaffirms his obligations under his employment responsibilities agreement, previously entered into with Virgin Mobile USA, which contains customary restrictive covenants and a definition of competition which includes Sprint Nextel's business.

Indemnification and Insurance of Virgin Mobile USA Directors and Executive Officers

The merger agreement provides that, following completion of the merger, Sprint Nextel will indemnify and hold harmless each present and former officer, director or employee of Virgin Mobile USA or any of its subsidiaries and any fiduciary under any Virgin Mobile USA benefit plan, determined as of the effective time of the merger, as provided in Virgin Mobile USA's amended and restated certificate of incorporation, which we refer to as Virgin Mobile USA's certificate of incorporation, and Virgin Mobile USA's bylaws.

The merger agreement also provides that Sprint Nextel will obtain tail insurance policies with a claims period of six years from the completion of the merger from an insurance carrier with the same or better credit rating as Virgin Mobile USA's current insurance carrier with respect to directors' and officers' liability insurance and fiduciary liability insurance, which we refer to collectively as D&O insurance, for the persons covered by Virgin Mobile USA's existing D&O insurance, with terms, conditions, retentions and levels of coverage at least as favorable as Virgin Mobile USA's existing D&O insurance with respect to matters existing or occurring prior to the effective time of the merger (including in connection with the merger agreement and the actions contemplated thereby). See The Merger Agreement Other Covenants and Agreements Indemnification and Insurance for more information.

Board of Directors of Sprint Nextel Following Completion of the Merger

There are no changes to the composition of the Sprint Nextel board of directors contemplated in connection with the merger. Information about the current Sprint Nextel directors and executive officers can be found in the documents listed under Where You Can Find More Information.

Sprint Nextel's Dividend Policy

In light of conditions in its business and financial markets, Sprint Nextel decided in early 2008 that it

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will not pay dividends for the foreseeable future, and Sprint Nextel did not declare any dividends on its shares in 2008 or to date in 2009. In addition, under Sprint Nextel's revolving bank credit facility, Sprint Nextel is restricted from paying cash dividends unless its ratio of total indebtedness to trailing four quarters earnings before interest, taxes, depreciation and amortization and other non-cash gains or losses, such as goodwill impairment charges, is less than 2.5 to 1.0. Currently, Sprint Nextel is restricted from paying dividends due to this covenant.

Manner and Procedure for Exchanging Virgin Mobile USA Shares; No Fractional Shares

The conversion of Class A common stock, Class C common stock and preferred stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. Prior to the effective time of the merger, Sprint Nextel will appoint Computershare Limited (or another commercial bank or trust company reasonably acceptable to Virgin Mobile USA) to act as the exchange agent, for the purpose of exchanging Virgin Mobile USA shares for the merger consideration. Simultaneously with or prior to the effective time of the merger, Sprint Nextel will deposit with the exchange agent, to be held in trust for the holders of Virgin Mobile USA shares, certificates of Sprint Nextel common stock (if the shares will be certificated) and cash in lieu of fractional shares of Sprint Nextel common stock payable to Virgin Mobile USA stockholders in exchange for outstanding Virgin Mobile USA shares.

Promptly after the effective time of the merger, a form of letter of transmittal and instructions for surrendering Virgin Mobile USA shares for distribution of the merger consideration will be mailed to each record holder of shares as of the effective time of the merger. Upon delivery to the exchange agent of this letter of transmittal, duly completed and validly executed in accordance with the instructions, and other documents as may be required pursuant to the instructions, the holder of Virgin Mobile USA shares will be entitled to receive shares of Sprint Nextel common stock and any cash in lieu of fractional shares of Sprint Nextel common stock equal to the merger consideration for each Virgin Mobile USA share. The exchanged Virgin Mobile USA shares will then be canceled. The merger consideration paid to you will be reduced by any applicable tax withholding.

If the merger consideration is to be issued to a person other than the person in whose name the surrendered shares are registered, the surrendered shares must be properly endorsed or otherwise be in proper form for transfer (as determined by the exchange agent in its sole discretion) and the person requesting issuance of the merger consideration must have paid any required transfer taxes and other similar charges or established that no transfer taxes or other charges are applicable.

One year after the effective time of the merger, the surviving corporation will be entitled to require the exchange agent to deliver to it any shares of Sprint Nextel common stock and cash in lieu of fractional shares of Sprint Nextel common stock that were to be issued as merger consideration and remain unclaimed by holders of Virgin Mobile USA shares. Thereafter, all remaining holders of Virgin Mobile USA shares will be entitled to look to Sprint Nextel and the surviving corporation (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to the merger consideration issuable upon due surrender of their Virgin Mobile USA shares. None of Sprint Nextel, Virgin Mobile USA, Merger Sub, the surviving corporation or the exchange agent will be liable to any person in respect of any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

If any Virgin Mobile USA shares have not been surrendered prior to six years after the effective time of the merger, any merger consideration and other amounts payable will, to the extent permitted by applicable law, become the property of Sprint Nextel.

No dividends or other distributions with respect to shares of Sprint Nextel common stock issuable with respect to Virgin Mobile USA shares will be paid to a holder of any Virgin Mobile USA shares until the Virgin Mobile USA shares are surrendered in accordance with the procedures outlined above. Upon surrender, holders of shares of Sprint

Nextel common stock received in exchange for Virgin Mobile USA shares will

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receive, without interest, the dividends or other distributions payable with respect to those shares of Sprint Nextel common stock with a record date on or after the date of the effective time of the merger but prior to surrender and a payment date on or prior to the date of the surrender and not previously paid.

Sprint Nextel will not issue any fractional shares of Sprint Nextel common stock in the merger. Instead, a Virgin Mobile USA stockholder who otherwise would have received a fraction of a share of Sprint Nextel common stock will receive an amount in cash rather than a fractional share. This cash amount will be determined by multiplying the fraction of a share of Sprint Nextel common stock to which the holder would otherwise be entitled by the per share closing price on the effective date of the merger, as reported on the Composite Tape of the NYSE.

Treatment of Virgin Mobile USA Stock Options and Other Equity-Based Awards

Stock Options. Each Virgin Mobile USA stock option granted under the Omnibus Plan outstanding as of the effective time of the merger under which the option price to purchase a share of Virgin Mobile USA common stock exceeds the fair market value of a share of Virgin Mobile USA common stock immediately prior to the effective time of the merger will be canceled without payment or consideration pursuant to the terms of the Omnibus Plan as a result of the merger. Each other outstanding option will cease to represent a right to acquire shares of Virgin Mobile USA common stock and will be converted into an option to purchase a number of shares of Sprint Nextel common stock.

Other Equity-Based Awards. Each Virgin Mobile USA stock-based award, all of which are either restricted stock unit awards or restricted stock awards, outstanding immediately prior to the effective time of the merger will be converted into an award with respect to a number of shares of Sprint Nextel common stock.

Some of the outstanding Virgin Mobile USA stock-based awards are subject to performance-based vesting requirements based on Virgin Mobile USA's performance for 2009 and for 2010.

For more information on the basis for converting options and awards and the vesting of performance-based awards, see The Merger Agreement Treatment of Virgin Mobile USA Options and Other Equity-Based Awards.